

ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS IN H.R. 2014  
 AS PASSED BY THE SENATE ON JUNE 27, 1997

Fiscal Years 1997 - 2007

[Millions of Dollars]

| Provision  | Effective           | 1997                                  | 1998           | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           | 2007           | 1998-02        | 1998-07         |
|--|---------------------|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| <b>I. FAMILY TAX RELIEF PROVISIONS</b>   |                     |                                       |                |                |                |                |                |                |                |                |                |                |                |                 |
| 1. \$500 tax credit for children under age 17 (under age 18 after 2002) (pro-rata \$250 for 1997 for children under age 13); post-50% EIC, deposit requirement for age 13 to 16 (age 13 - 17 after 2002); \$75,000/\$110,000 phaseout; no indexing [1]; (includes targeted AMT adjustment).....  | 7/1/97              | ---                                   | -10,598        | -18,680        | -18,379        | -17,998        | -17,720        | -17,534        | -18,147        | -17,914        | -17,679        | -17,450        | -83,375        | -172,099        |
| 2. Individual AMT - annually increase exemption amounts by \$600 joint/\$450 single for 2001 and 2002; \$950 joint/\$700 single for 2003 and thereafter (includes targeted AMT adjustment).....  | tybo/a 1/1/01       | ---                                   | ---            | ---            | ---            | -28            | -187           | -589           | -1,279         | -2,248         | -3,765         | -5,651         | -215           | -13,747         |
| <b>SUBTOTAL OF FAMILY TAX RELIEF PROVISIONS.....</b>   |                     | ---                                   | <b>-10,598</b> | <b>-18,680</b> | <b>-18,379</b> | <b>-18,026</b> | <b>-17,907</b> | <b>-18,123</b> | <b>-19,426</b> | <b>-20,162</b> | <b>-21,444</b> | <b>-23,101</b> | <b>-83,590</b> | <b>-185,846</b> |
| <b>II. EDUCATION TAX INCENTIVES</b>  |                     |                                       |                |                |                |                |                |                |                |                |                |                |                |                 |
| 1. Administration's HOPE scholarship tax credit as modified - drop B average requirement; credit is 50% of up to \$3,000 (75% of up to \$2,000 for students attending community colleges and technical schools) adjusted out-of-pocket tuition expenses to include books required for attendance (phaseout \$40,000 - \$50,000 singles/ \$80,000 - \$100,000 joint) [2]; require high school diploma or equivalent thereof to claim HOPE scholarship credit..... | pma & tyba 12/31/97 | ---                                   | -1,531         | -4,630         | -4,689         | -4,752         | -4,822         | -4,884         | -4,935         | -4,985         | -5,035         | -5,085         | -20,425        | -45,349         |
| 2. Student loan interest deduction (\$2,500 above-the-line deduction; phaseout \$40,000 - \$50,000 singles/ \$80,000 - \$100,000 joint); deduction amounts are indexed; income limits indexed beginning in 2003.....   | poida 12/31/97      | ---                                   | -56            | -176           | -218           | -274           | -347           | -386           | -409           | -434           | -461           | -490           | -1,071         | -3,251          |
| 3. Treatment of cancellation of certain student loans.....   | Da DOE              | ----- Negligible Revenue Effect ----- |                |                |                |                |                |                |                |                |                |                |                |                 |
| 4. Permanent extension of employer-provided educational assistance for graduates and undergraduates.....   | tyba 12/31/96       | ---                                   | -636           | -660           | -704           | -745           | -778           | -813           | -850           | -888           | -928           | -972           | -3,522         | -7,972          |
| 5. Penalty-free IRA withdrawals for post-secondary and graduate education; allow withdrawals from education savings IRAs for elementary and secondary school expenses.....   | tyba 12/31/97       | ---                                   | -102           | -278           | -290           | -312           | -344           | -377           | -412           | -448           | -486           | -527           | -1,326         | -3,576          |

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|---|---------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| 6. Education IRAs - allow contributions of \$500 child tax credit; and \$2,000 nondeductible contributions; tax-free inside buildup; tax free withdrawals if used for tuition, room and board and graduate education; create prepaid plans for private education institutions (\$2,000 per year) [3].....   | tyba 12/31/97 | ---          | -211          | -867          | -1,224        | -1,421        | -1,510        | -1,949        | -2,376        | -2,801         | -3,232         | -3,684         | -5,233         | -19,275        |
| 7. Allow tax-free withdrawals from qualified State-sponsored tuition programs; expanded to include room and board [3].....  | tyba 12/31/97 | ---          | -60           | -199          | -216          | -236          | -258          | -281          | -308          | -336           | -368           | -403           | -969           | -2,665         |
| 8. Repeal \$150 million limit on tax-exempt section 501(c)(3) bonds for new capital expenditures.....   | 1/1/98        | ---          | -6            | -45           | -75           | -89           | -99           | -106          | -115          | -125           | -138           | -162           | -315           | -962           |
| 9. Remove expenses for teachers' training courses, approved by school board, from the 2% miscellaneous itemized deduction floor.....  | tyba 12/31/97 | ---          | -11           | -23           | -24           | -25           | -26           | -27           | -28           | -30            | -31            | -32            | -109           | -256           |
| 10. Raise small issuer arbitrage rebate exception for governmental bonds used to finance education facilities from \$5 million to \$10 million.....   | bia 12/31/97  | ---          | -1            | -4            | -7            | -11           | -14           | -27           | -30           | -33            | -36            | -38            | -36            | -199           |
| <b>SUBTOTAL OF EDUCATION TAX INCENTIVES.....</b>  |               | <b>---</b>   | <b>-2,614</b> | <b>-6,882</b> | <b>-7,447</b> | <b>-7,865</b> | <b>-8,198</b> | <b>-8,850</b> | <b>-9,463</b> | <b>-10,080</b> | <b>-10,715</b> | <b>-11,393</b> | <b>-33,006</b> | <b>-83,505</b> |
| <b>III. ECONOMIC GROWTH, SAVINGS AND INVESTMENT INCENTIVES</b>  |               |              |               |               |               |               |               |               |               |                |                |                |                |                |
| 1. Capital gains (a) 20%/10% rate structure; (b) retain maximum 28% for collectibles; (c) section 1250 recapture at maximum of 24%; (d) symmetric AMT treatment; (e) exclusion for gain on personal residence (including remainder interests).....  | 5/7/97        | 1,292        | 6,961         | -132          | -3,202        | -3,394        | -3,548        | -3,729        | -3,953        | -4,126         | -4,348         | -4,654         | -3,315         | -24,125        |
| 2. Qualified small business stock rules: extend present law to corporate investors, repeal the excluded gains from AMT, increase size of eligible business to \$100 million, repeal pre-issue limitation, allow qualified tax-free rollover, other changes.....   | various       | ---          | -73           | -129          | -149          | -171          | -197          | -226          | -260          | -299           | -344           | -396           | -719           | -2,244         |
| 3. Expand deductible IRAs - increase income limits by \$10,000 for joint filers in 1998, 2000, 2002, and 2004 (\$5,000 for single filers in 1998, 2000, 2002; \$10,000 in 2004) and eliminate active spousal participant rules; create IRA Plus as in S. 197; penalty-free withdrawals for first-time home purchases capped at \$10,000; and long-term unemployment [4]; permit IRAs to invest in bullion; limit IRA penalty-free withdrawals to \$10,000 to replace or repair property damage in Presidentially declared disaster areas [5]; allow penalty-free IRA withdrawals for adoption expenses [6]..... | tyba 12/31/97 | [7]          | -438          | -461          | -118          | -980          | -1,356        | -2,072        | -3,674        | -4,386         | -4,911         | -5,475         | -3,353         | -23,869        |
| <b>SUBTOTAL OF ECONOMIC GROWTH, SAVINGS AND INVESTMENT INCENTIVES.....</b>  |               | <b>1,292</b> | <b>6,450</b>  | <b>-722</b>   | <b>-3,469</b> | <b>-4,545</b> | <b>-5,101</b> | <b>-6,027</b> | <b>-7,887</b> | <b>-8,811</b>  | <b>-9,603</b>  | <b>-10,525</b> | <b>-7,387</b>  | <b>-50,238</b> |

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|---|------------------|------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| <b>IV. ESTATE AND GIFT TAX PROVISIONS</b>   |                  |      |        |        |        |        |        |        |        |        |        |        |         |         |
| 1. Increase unified estate and gift tax credit to \$625,000 in 1998; \$640,000 in 1999; \$660,000 in 2000; \$675,000 in 2001, \$725,000 in 2002, \$750,000 in 2003, \$800,000 in 2004, \$900,000 in 2005, and \$1 million in 2006 and thereafter; index other provisions beginning in 1999..... | dda 12/31/97     | ---  | ---    | -295   | -557   | -977   | -1,277 | -2,110 | -2,912 | -3,946 | -5,677 | -7,782 | -3,106  | -25,533 |
| 2. Exclude up to \$1 million of qualified family farms and businesses.....  | dda 12/31/97     | ---  | ---    | -598   | -702   | -823   | -957   | -1,138 | -1,327 | -1,543 | -1,686 | -1,841 | -3,080  | -10,616 |
| 3. 20-year installment payment where estate consists largely of interest in closely held business.....  | dda 12/31/97     | ---  | ---    | ---    | ---    | ---    | ---    | -14    | -10    | -7     | -5     | -2     | ---     | -38     |
| 4. No interest on certain portion of estate tax extended under section 6166 and interest rate reduced to 45% of present-law interest but nondeductible.....   | dda 12/31/97     | ---  | ---    | -10    | -20    | -32    | -45    | -59    | -73    | -88    | -103   | -119   | -107    | -549    |
| 5. Certain farmland cash rentals do not cause recapture of special valuation.....   | roa 12/31/76     | ---  | -25    | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -2     | -33     | -43     |
| 6. Expand exception from generation-skipping transfer tax for transfers to individuals with deceased parents.....   | gsta 12/31/97    | ---  | ---    | -4     | -4     | -4     | -4     | -4     | -5     | -5     | -5     | -6     | -16     | -41     |
| 7. Exclude up to \$1 million estate tax exclusion for treatment of land subject to a qualified conservation easement coordinated with exclusion of family farms and businesses (expanded treatment of land with severed mineral rights) business relief used.....                               | dda 12/31/97     | ---  | ---    | -43    | -48    | -52    | -55    | -60    | -64    | -70    | -75    | -80    | -198    | -547    |
| <b>SUBTOTAL OF ESTATE AND GIFT TAX PROVISIONS.....</b>  |                  | ---  | -25    | -952   | -1,333 | -1,890 | -2,340 | -3,387 | -4,393 | -5,661 | -7,553 | -9,832 | -6,540  | -37,367 |
| <b>V. EXPIRING TAX PROVISIONS</b>   |                  |      |        |        |        |        |        |        |        |        |        |        |         |         |
| 1. Contributions of appreciated stock to private foundations (through 5/31/99).....   | 6/1/97           | ---  | -55    | -80    | -44    | -6     | -1     | ---    | ---    | ---    | ---    | ---    | -185    | -185    |
| 2. Orphan drug tax credit (permanent).....  | 6/1/97           | ---  | -29    | -28    | -30    | -32    | -34    | -35    | -37    | -39    | -40    | -42    | -152    | -346    |
| 3. Extend a modified work opportunity tax credit (through 5/31/99); include SSI recipients.....   | wpoifhma 9/30/97 | ---  | -201   | -287   | -224   | -107   | -41    | -12    | -2     | ---    | ---    | ---    | -860    | -874    |
| 4. R&E credit (through 5/31/99).....  | 6/1/97           | -161 | -1,062 | -1,312 | -882   | -475   | -312   | -146   | -30    | ---    | ---    | ---    | -4,043  | -4,219  |
| 5. Extend wind and closed-loop biomass production credit for facilities placed in service before 7/1/01.....  | DOE              | ---  | ---    | 1      | -1     | -5     | -8     | -8     | -8     | -8     | -8     | -8     | -14     | -54     |
| <b>SUBTOTAL OF EXPIRING TAX PROVISIONS.....</b>   |                  | -161 | -1,347 | -1,706 | -1,181 | -625   | -396   | -201   | -77    | -47    | -48    | -50    | -5,254  | -5,678  |
| <b>VI. DISTRICT OF COLUMBIA TAX INCENTIVES [8]</b>  |                  |      |        |        |        |        |        |        |        |        |        |        |         |         |
| 1. \$5,000 credit for first-time homebuyer in D.C. (sunset 12/31/01).....   | po/a DOE         | ---  | -23    | -25    | -25    | -32    | -19    | [7]    | [7]    | [7]    | [7]    | [7]    | -125    | -125    |
| 2. 0% capital gains rate (10% for 1998 property) for new investment in qualified D.C. business property held for at least 5 years; sunset 12/31/02.....   | 1/1/98           | ---  | [7]    | -7     | -18    | -33    | -47    | -67    | -122   | -139   | -154   | -167   | -106    | -755    |



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| 18. Provide involuntary conversion tax treatment for livestock sold on account of certain weather-related conditions.....   | sea 12/31/96     | ---  | -12  | -2   | -2   | -2   | -1   | -1   | -1   | -1   | -1   | -1   | -18     | -23     |
| 19. Reverse IRS position on AMT treatment of certain installment sales by farmers.....  | di tyba 12/31/87 | -8   | -157 | -158 | -167 | -164 | -157 | -148 | 22   | 22   | 21   | 21   | -803    | -864    |
| 20. Require study on simplified collection of distilled spirits taxes.....  | ---              | ----- <i>No Revenue Effect</i> -----         |      |      |      |      |      |      |      |      |      |      |         |         |
| 21. Restore meals deduction to 80% in 5% increments every other year for persons subject to Federal hours of service limitation and Alaskan seafood processors; and clarify treatment of section 119 meals..... | tyba 12/31/97    | ---  | -8   | -17  | -27  | -38  | -50  | -63  | -77  | -92  | -109 | -126 | -140    | -607    |
| 22. Delay penalties for failure to make payments through EFTPS until after 6/30/98.....   | DOE              | ----- <i>No Revenue Effect</i> -----         |      |      |      |      |      |      |      |      |      |      |         |         |
| 23. Allow grandfathered publicly traded partnerships to elect to pay a PTP tax.....   | tyba 12/31/97    | ----- <i>Revenue Neutral</i> -----           |      |      |      |      |      |      |      |      |      |      |         |         |
| 24. Exempt multi-employer plans from section 415 percentage limitation.....   | tyba 12/31/97    | ---  | -2   | -3   | -3   | -4   | -4   | -5   | -5   | -5   | -5   | -5   | -16     | -41     |
| 25. Clarify partial termination rules for Trans-Alaska pension trusts.....  | ---              | ----- <i>Negligible Revenue Effect</i> ----- |      |      |      |      |      |      |      |      |      |      |         |         |
| 26. Montana simplified tax and wage reporting system (5-year demo).....   | ---              | ----- <i>No Revenue Effect</i> -----         |      |      |      |      |      |      |      |      |      |      |         |         |
| 27. Increase the size of projects financed with small-issue tax-exempt bonds to \$20 million (keep bond cap at \$10 million).....   | bia 12/31/97     | ---  | [7]  | -2   | -5   | -7   | -9   | -12  | -14  | -17  | -20  | -23  | -24     | -109    |
| 28. Purchasing of receivables by tax-exempt hospital cooperative service organizations.....   | tyba 12/31/96    | ----- <i>Negligible Revenue Effect</i> ----- |      |      |      |      |      |      |      |      |      |      |         |         |
| 29. Travel expenses of certain construction workers while working away from home.....   | tyba 12/31/97    | ---  | -4   | -14  | -15  | -16  | -17  | -17  | -18  | -19  | -20  | -21  | -66     | -161    |
| 30. Worker classification of securities brokers.....  | spa 12/31/97     | ----- <i>Negligible Revenue Effect</i> ----- |      |      |      |      |      |      |      |      |      |      |         |         |
| 31. Provide safety net for marginal oil and gas production when crude oil annual average wellhead falls below \$14.....   | DOE              | ----- <i>No Revenue Effect</i> -----         |      |      |      |      |      |      |      |      |      |      |         |         |
| 32. Loosen mortgage revenue bond requirements in Presidentially declared disaster areas for 2 years.....  | [10]             | ---  | -2   | -5   | -6   | -6   | -5   | -5   | -4   | -4   | -3   | -3   | -24     | -43     |
| 33. Modification of empowerment zone and enterprise community criteria in the event of future designations of additional zones and communities.....   | DOE              | ----- <i>No Revenue Effect</i> -----         |      |      |      |      |      |      |      |      |      |      |         |         |
| 34. Exclusion of ministers from discrimination testing of nondenominational retirement plans.....   | tyba 12/31/97    | ----- <i>Negligible Revenue Effect</i> ----- |      |      |      |      |      |      |      |      |      |      |         |         |
| 35. Deduction for contributions made by ministers to retirement plans.....  | tyba 12/31/97    | ----- <i>Negligible Revenue Effect</i> ----- |      |      |      |      |      |      |      |      |      |      |         |         |
| 36. Treat service income of nonresident alien individuals earned on foreign ships as foreign source income and disregard the U.S. presence of such individuals.....   | tyba 12/31/97    | ---  | -2   | -4   | -3   | -3   | -3   | -3   | -3   | -3   | -3   | -3   | -15     | -30     |
| 37. Exemption from subpart F for active financing income.....   | tybi 1998        | ---  | -23  | -68  | -3   | ---  | ---  | ---  | ---  | ---  | ---  | ---  | -94     | -94     |

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| 38. Pension proposals:  |                    |   |               |               |               |               |               |               |               |               |               |               |                |                |
| a. Spousal consent.....   | pyba 12/31/97      | ----- Negligible Revenue Effect -----   |               |               |               |               |               |               |               |               |               |               |                |                |
| b. Increase in full funding limit.....  | pyba 12/31/98      | ---                                     | ---           | -5            | -14           | -16           | -20           | -21           | -25           | -25           | -27           | -27           | -55            | -180           |
| 39. Charitable contribution deduction for certain expenses incurred in support of Native Alaskan subsistence whaling.....   | tybbo/a DOE        | ---                                     | -1            | [7]           | [7]           | [7]           | [7]           | [7]           | [7]           | [7]           | [7]           | [7]           | -1             | -3             |
| 40. Codify Bureau of Alcohol, Tobacco, and Firearms regulations on wine labeling.....   | DOE                | ----- No Revenue Effect -----           |               |               |               |               |               |               |               |               |               |               |                |                |
| 41. Require study of rate structure of vaccine excise tax.....  | DOE                | ----- No Revenue Effect -----           |               |               |               |               |               |               |               |               |               |               |                |                |
| 42. Exception from rule denying tax-exempt status to Federally guaranteed bonds for certain bonds receiving letter of credit backing from Federal Home Loan Banks.....  | bia 12/31/97       | ---                                     | [7]           | -1            | -1            | -2            | -2            | -2            | -3            | -3            | -3            | -4            | -6             | -21            |
| 43. Increase deduction for health insurance expenses of self-employed individuals: 50% in 1997, 55% in 1998, 60% in 1999 through 2001, 65% in 2002, 80% in 2003 through 2005, 90% in 2006, and 100% in 2007 and thereafter..... | tyba 12/31/96      | -58                                     | -183          | -245          | -349          | -382          | -457          | -704          | -882          | -601          | -404          | -604          | -1,616         | -4,811         |
| 44. Exclude from unrelated business taxable income for certain charitable gambling.....   | prsa 12/31/97      | ----- Negligible Revenue Effect -----   |               |               |               |               |               |               |               |               |               |               |                |                |
| 45. Eliminate the 10% floor for casualty losses attributable to a disaster in a Federally declared disaster area (1997 disaster areas only).....  | doa 12/31/96       | ---                                     | -46           | [7]           | [7]           | ---           | ---           | ---           | ---           | ---           | ---           | ---           | -46            | -46            |
| 46. Abatement of interest on underpayments by taxpayers in Presidentially declared disaster areas (1997 disaster areas only).....   | 1/1/97             | -5                                      | ---           | ---           | ---           | ---           | ---           | ---           | ---           | ---           | ---           | ---           | ---            | ---            |
| 47. Exclude from gross income certain survivor benefits attributable to a public safety officer who is killed in the line of duty.....  | [11]               | ---                                     | [7]           | -1            | -1            | -1            | -1            | -1            | -1            | -1            | -2            | -2            | -4             | -12            |
| 48. Clarify the tax treatment of certain disability benefits received by former police officers or firefighters.....  | DOE                | ---                                     | -70           | -9            | ---           | ---           | ---           | ---           | ---           | ---           | ---           | ---           | -79            | -79            |
| 49. Diversification of 401(k) investments.....  | DOE                | ----- Negligible Revenue Effect -----   |               |               |               |               |               |               |               |               |               |               |                |                |
| 50. Credit for qualified employer provided day care facilities (50%) with \$150,000 cap; sunset 12/31/99.....   | tyba 12/31/97      | ---                                     | -637          | -603          | -749          | -481          | -136          | -19           | ---           | ---           | ---           | ---           | -2,606         | -2,625         |
| 51. Exclusion for first \$2,000 of severance pay in workforce reductions.....   | tyba 12/31/97      | ---                                     | -5            | -110          | -113          | -117          | -120          | -124          | -128          | -131          | -135          | -139          | -466           | -1,123         |
| 52. Income averaging for farmers.....   | tyba DOE ab 1/1/01 | -1                                      | -10           | -53           | -54           | -50           | ---           | ---           | ---           | ---           | ---           | ---           | -168           | -168           |
| 53. Repeal of bad debt reserve method for thrift savings associations.....  | aiii SBJPA         | ---                                     | -4            | -7            | -7            | -7            | -7            | -6            | -1            | [12]          | [12]          | [12]          | -32            | -38            |
| 54. Permit the current refunding of certain tax-exempt bonds.....   | roia DOE           | ----- Negligible Revenue Effect -----   |               |               |               |               |               |               |               |               |               |               |                |                |
| 55. Expand non-Amtrak States' use of the Intercity Passenger Rail Fund.....   | 10/1/97            | ----- No Revenue Or Outlay Effect ----- |               |               |               |               |               |               |               |               |               |               |                |                |
| <b>SUBTOTAL OF MISCELLANEOUS PROVISIONS.....</b>  |                    | <b>-74</b>                              | <b>-1,938</b> | <b>-2,217</b> | <b>-2,564</b> | <b>-2,069</b> | <b>-1,446</b> | <b>-1,614</b> | <b>-1,675</b> | <b>-1,458</b> | <b>-1,369</b> | <b>-1,671</b> | <b>-10,234</b> | <b>-18,021</b> |

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| <b>VIII. REVENUE OFFSETS</b>   |                         |        |       |       |       |       |       |       |       |       |       |       |         |         |
| 1. Extension of Airport and Airway Trust Fund excise taxes through 9/30/07; modify airline ticket tax deposit rule.....  | 10/1/97                 | -1,017 | 6,255 | 5,521 | 5,865 | 3,620 | 9,220 | 7,016 | 7,445 | 7,901 | 8,385 | 8,895 | 30,481  | 70,122  |
| 2. Reduce air passenger ticket tax rate from 10% to 7.5% of ticket price for flight segments to/from certain rural airports; and modify the definition of "rural airports" that qualify for a reduced ad valorem tax rate [13].....  | 10/1/97                 | ---    | -26   | -27   | -27   | -27   | -27   | -28   | -29   | -30   | -31   | -32   | -134    | -284    |
| 3. Increase international departure tax from \$6.00 to \$8.00, impose \$8.00 tax on international arrivals, and impose 10% tax on portion of ticket price attributable to domestic segments of international flights (but retain present law for domestic flights to/from Alaska and Hawaii) [14]..... | 10/1/97                 | ---    | 590   | 657   | 694   | 734   | 776   | 821   | 867   | 914   | 965   | 1,018 | 3,451   | 8,037   |
| 4. Impose 10% tax on cash payments to airlines for air travel under credit card and similar programs.....  | 10/1/97                 | ---    | 87    | 97    | 103   | 109   | 116   | 123   | 130   | 138   | 147   | 155   | 512     | 1,205   |
| 5. Require gain recognition for certain extraordinary dividends.....   | da 5/3/95<br>da 9/13/95 | ---    | 44    | -93   | -54   | -10   | 38    | 73    | 79    | 85    | 92    | 98    | -75     | 352     |
| 6. Require gain recognition on certain distributions of controlled corporation stock (with modifications for intragroup distributions).....  | da 4/16/97              | ---    | 504   | 293   | 257   | 221   | 184   | 149   | 113   | 77    | 41    | 9     | 1,459   | 1,848   |
| 7. Require recognition of gain on certain appreciated positions in personal property.....  | csa 6/8/97              | ---    | 367   | 121   | 68    | 73    | 79    | 85    | 94    | 111   | 118   | 127   | 708     | 1,243   |
| 8. Modify net operating loss carryback and carryover rules with the exception related to Presidentially declared disaster areas.....   | NOLgi tyba DOE          | ---    | 42    | 303   | 361   | 256   | 179   | 136   | 112   | 100   | 93    | 90    | 1,141   | 1,672   |
| 9. Limit carryback period for general business credits to 1 year, extend carryforward period to 20 years.....  | cai tyba 12/31/97       | ---    | 182   | 300   | 81    | -60   | -32   | -9    | 5     | 15    | 21    | 25    | 471     | 527     |
| 10. Modify foreign tax credit carryover rules.....   | ftpa tyba 12/31/97      | ---    | 80    | 520   | 468   | 441   | 416   | 390   | 275   | 271   | 267   | 263   | 1,925   | 3,391   |
| 11. Modify holding period for dividends-received deduction with 2 year transition period.....  | droaa 30da DOE          | ---    | 1     | 3     | 15    | 16    | 16    | 16    | 17    | 17    | 17    | 18    | 51      | 136     |
| 12. Inclusion of income from notional principal contracts and stock lending transactions under subpart F.....  | tyba DOE                | ---    | 9     | 20    | 21    | 21    | 21    | 21    | 22    | 22    | 22    | 23    | 91      | 202     |
| 13. Further restrict like-kind exchanges involving foreign personal property.....  | Ta dofca                | ---    | 4     | 8     | 11    | 13    | 15    | 17    | 19    | 21    | 23    | 25    | 51      | 156     |
| 14. Extend LUST excise tax through 9/30/07.....  | 10/1/97                 | ---    | 129   | 129   | 128   | 129   | 131   | 134   | 136   | 139   | 142   | 145   | 645     | 1,340   |
| 15. Treatment of preferred stock as "boot".....  | ta 6/8/97               | ---    | 35    | 37    | 39    | 41    | 43    | 10    | 10    | 11    | 11    | 12    | 194     | 248     |
| 16. Extend FUTA surtax and increase the statutory limit on the FUA Trust Fund from .25% of covered wages to .50% [15].....   | lpo/a 1/1/99            | ---    | ---   | 1,063 | 1,763 | 1,797 | 1,733 | 661   | -73   | -71   | -74   | -73   | 6,356   | 6,726   |
| 17. Expansion of requirement that involuntarily converted property be replaced with property acquired from an unrelated person.....  | icoa dofca              | ---    | 1     | 4     | 6     | 8     | 11    | 13    | 15    | 17    | 19    | 21    | 30      | 115     |
| 18. Require registration of confidential corporate tax shelters; substantial understatement penalty.....   | tsoaiTg                 | ---    | 15    | 37    | 38    | 39    | 41    | 42    | 43    | 44    | 46    | 47    | 170     | 392     |





| Provision  | Effective     | 1997   | 1998   | 1999    | 2000    | 2001    | 2002                          | 2003    | 2004    | 2005    | 2006    | 2007    | 1998-02 | 1998-07  |  |  |
|--|---------------|--------|--------|---------|---------|---------|-------------------------------|---------|---------|---------|---------|---------|---------|----------|--|--|
| 42. Provide employers the option to offer tax-free employee parking or taxable cash compensation [18].....   | tyba 12/31/97 | ---    | 3      | 8       | 11      | 12      | 12                            | 13      | 14      | 14      | 15      | 16      | 46      | 118      |  |  |
| 43. Replace truck tax deduction for tire value with tax credit for excise tax paid on tires.....   | sa 1/1/1998   | ---    | 66     | 94      | 96      | 97      | 99                            | 101     | 102     | 105     | 108     | 110     | 452     | 979      |  |  |
| 44. Increase of \$0.20 per pack with proportionate increase in other tobacco products.....   | 10/1/97       | ---    | 2,980  | 2,949   | 2,960   | 2,972   | 2,983                         | 2,993   | 3,003   | 3,014   | 3,026   | 3,037   | 14,844  | 29,917   |  |  |
| 45. Limitation on Charitable Remainder Trust annual payouts.....   | Ta 6/18/97    | ---    | 1      | 1       | 1       | 1       | 1                             | 1       | 1       | 1       | 1       | 1       | 5       | 10       |  |  |
| 46. Treatment of income from certain sales of inventory as U.S. source income.....   | tyba DOE      | ---    | 3      | 7       | 8       | 9       | 10                            | 11      | 15      | 13      | 14      | 15      | 37      | 105      |  |  |
| 47. Reduce ethanol income and excise tax subsidy from 54 cents/gallon to 53 cents/gallon for 2001 - 2002, 52 cents/gallon for 2003 - 2004, and 51 cents/gallon thereafter..... | 1/1/01        | ---    | ---    | ---     | ---     | 10      | 14                            | 25      | 29      | 40      | 45      | 45      | 24      | 208      |  |  |
| 48. Modify levy exemption and provide continuous levy on certain payments (without RRB beneficiaries).....   | lia DOE       | ---    | 328    | 323     | 252     | 212     | 156                           | 117     | 101     | 85      | 81      | 77      | 1,271   | 1,732    |  |  |
| 49. Pension proposals:   |               |        |        |         |         |         |                               |         |         |         |         |         |         |          |  |  |
| a. Increase in prohibited transactions excise tax.....   | ptoa DOE      | ---    | 2      | 4       | 4       | 4       | 4                             | 4       | 4       | 4       | 4       | 4       | 14      | 34       |  |  |
| b. Basis recovery method.....  | aba 12/31/97  | ---    | 1      | 3       | 6       | 9       | 11                            | 15      | 18      | 21      | 24      | 27      | 30      | 133      |  |  |
| c. Increase in full funding limit with 20-year amortization.....   | pyba 12/31/98 | ---    | ---    | 1       | 2       | 2       | 2                             | 2       | 2       | 2       | 2       | 2       | 7       | 16       |  |  |
| 50. Authorize IRS to implement matching program for non-custodial parents.....   | 10/1/97       | ---    | ---    | ---     | ---     | ---     | ---                           | ---     | ---     | ---     | ---     | ---     | ---     | ---      |  |  |
| <b>SUBTOTAL OF REVENUE OFFSETS.....</b>  |               |        |        |         |         |         | ----- No Revenue Effect ----- |         |         |         |         |         |         |          |  |  |
|  |               | -1,017 | 11,920 | 12,843  | 13,768  | 11,453  | 17,004                        | 13,725  | 13,373  | 13,957  | 14,576  | 15,227  | 66,982  | 137,838  |  |  |
| <b>SIMPLIFICATION PROPOSALS.....</b>   |               | ---    | -174   | -132    | -144    | -159    | -171                          | -183    | -199    | -220    | -236    | -254    | -788    | -1,886   |  |  |
| <b>TECHNICAL CORRECTIONS.....</b>  |               | ---    | ---    | ---     | ---     | ---     | ---                           | ---     | ---     | ---     | ---     | ---     | ---     | ---      |  |  |
| <b>COMMITTEE AMENDMENT ON CHILD HEALTH.....</b>  |               | ---    | -1,000 | -1,000  | -2,000  | -2,000  | -2,000                        | ---     | ---     | ---     | ---     | ---     | -8,000  | -8,000   |  |  |
| <b>TOTAL OF H.R. 2014, AS AMENDED.....</b>   |               | 40     | 643    | -19,495 | -22,814 | -25,814 | -20,632                       | -24,733 | -29,876 | -32,627 | -36,551 | -41,771 | -88,127 | -253,691 |  |  |

Source: Joint Committee on Taxation

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

**Legend and Footnotes for JCX-36-97:**

## Legend for "Effective" column:

|   |  |   |
|---|--|---|
| ab = and before   | eia = expenses incurred after                  | roa = rentals occurring after (for returns open                             |
| aba = annuities beginning after   | eii = expenses incurred in                     | roia = refunding obligation issued after                                    |
| aiii SBJPA = as if included in the Small Business Job<br>Protection Act of 1996 | ftpa = foreign taxes paid or accrued in        | sa = sales after  |
| bia = bonds issued after  | ftpoa = foreign taxes paid or accrued in       | sea = sales or exchanges after  |
| cai = credits arising in  | gra = gross receipts after                     | sepda = sales and exchanges, and certain<br>partnership distributions after |
| cia = contracts issued after  | gsta = generation skipping transfers after     | spa = services performed after  |
| csa = constructive sales after  | icoa = involuntary conversions occurring after | ta = transactions after   |
| da = distributions after  | lia = levies issued after                      | Ta = transfers after  |
| Da = discharges after   | lpo/a = labor performed on or after            | tyba = taxable years beginning after  |
| da/a = distributions and acquisitions after                                     | NOLgi = net operating losses generated in      | tybi = taxable years beginning in   |
| dda = decedents dying after   | pda = partnership distributions after          | tybbo/a = taxable years beginning before, on or after                       |
| di = dispositions in  | po/a = purchases on or after                   | tybo/a = taxable years beginning on or after                                |
| dma = disclosures made after  | poida = payments of interest due after         | tyea = taxable years ending after   |
| doa = disasters occurring after   | pma = payments made after                      | tsoaiTg = tax shelters offered after issuance of<br>Treasury guidance       |
| DOE = date of enactment   | prsa = payments received or solicited after    | wpoifhma = wages paid or incurred for hires made after                      |
| dofca = date of first committee action  | ptoa = prohibited transactions occurring after | 30da = 30 days after  |
| dpoaa = dividends paid or accrued after   | pyba = plans years beginning after             | 90da = 90 days after  |
| droaa = dividends received or accrued after                                     | rd = returns due                               |   |
| eca = events conducted after  | rfa = returns filed after                      |   |

- [1] Estimate considers interaction with HOPE tax credit proposal.
- [2] Estimate includes interaction with employer education.
- [3] Estimate includes interaction with estate and gift taxes.
- [4] Estimate includes interaction with education IRAs.
- [5] Effective for disasters occurring after 12/31/96.
- [6] Effective for payments and distributions after 12/31/96.
- [7] Loss of less than \$500,000.
- [8] All D.C. tax initiatives are contingent on the creation of an Economic Development Corporation in 1997; estimate assumes creation of such an Economic Development Corporation and enactment of reforms to D.C. borrowing authority similar to that in the Administration's proposal.
- [9] This provision would transfer net revenues from 0.5 cents/gallon of the excise taxes on all transportation motor fuels to the fund. The provision has no revenue effect. Federal outlays would increase by \$2.3 billion over fiscal years 1998 - 2001. Negative numbers in the table show the budget effect of the increase in outlays. Estimate provided by the Congressional Budget Office.
- [10] Effective for bonds issued after 12/31/96 and bonds issued before 1/1/99.
- [11] Effective for payments received in taxable years beginning after 12/31/96 with respect to individuals dying after such date.
- [12] Gain of less than \$500,000.
- [13] Rural airports would be defined as airports receiving "essential air service" assistance on date of enactment and having fewer than 100,000 enplanements in the previous calendar year, and (2) other airports having fewer than 100,000 passenger enplanements in the previous calendar year, excluding those within 75 miles of airports having more than 100,000 passenger enplanements in the previous year.
- [14] Under present law, domestic flight to or from Alaska or Hawaii are subject to a \$6.00 departure tax plus a 10% tax on the portion of ticket price attributable to the portion of flight over land.
- [15] Estimate provided by the Congressional Budget Office.
- [16] Balances in new accounts would be included in income over a 10-year period, and balances in existing accounts over a 20-year period. For existing accounts, the amounts included in income in any year would not exceed 50% of the taxable income of the taxpayer before the inclusion. The provision would eliminate the present-law requirement that a portion of the suspense account be restored to income whenever the gross receipts of the corporation decline.
- [17] Provision would be effective for taxable years ending after the date of first committee action, for new suspense accounts, and taxable years beginning after that date for existing accounts.
- [18] Estimate does not include increase in receipts to Social Security trust fund (\$21 million for 1997 - 2002; \$51 million for 1997 - 2007).