

REVENUE EFFECTS OF HOUSE OFFER OF NOVEMBER 9, 1989

Fiscal Years 1990-1994
[Millions of Dollars]

Item	1990	1991	1992	1993	1994	1990-94		
I. CHILD CARE AND EARNED INCOME TAX CREDIT PROVISIONS								
A. Expand earned income tax credit								
1. Adjustments for family size (3+): phasein 17%, 21%, 25%; phaseout 12%, 15%, 18%.....	--	-296	-2,878	-3,092	-3,315	-9,581		
2. Supplemental for children under 6 years old: phasein 6%; phaseout 4.25%.....	--	-119	-1,194	-1,274	-1,358	-3,945		
B. Expand Title XX block grant for child care services (1).....	-120	-266	-362	-394	-400	-1,542		
II. REVENUE PROVISIONS								
	Code Section	Current-Law Expiration						
A. Extension of Expiring Provisions (2)								
1. Research and experimentation credit (with modifications).....	Sec. 41	12/31/89	-398	-383	-129	-72	-64	-1,046
2. Research and experimentation cost allocation rules (64% allocation; effective for taxable years beginning after August 1, 1989).....	Sec. 861	*	-335	-255	--	--	--	-590
3. Low-income housing credit (with modifications).....	Sec. 42	12/31/89	-82	-243	-317	-337	-337	-1,316
4. Mortgage revenue bonds and mortgage credit certificates.....	Sec. 143	12/31/89	-11	-44	-71	-73	-71	-270
5. Qualified small-issue bonds.....	Sec. 144	12/31/89	-7	-31	-49	-47	-45	-179
6. Employer-provided educational assistance.....	Sec. 127	12/31/88	-439	-91	--	--	--	-530
7. Targeted jobs tax credit.....	Sec. 51	12/31/89	-47	-85	-55	-22	-13	-222
8. Business energy credits (geothermal).....	Sec. 46	12/31/89	-44	-27	3	2	1	-65
9. Health insurance for self-employed.....	Sec. 162(1)	12/31/89	-244	-131	--	--	--	-375
Subtotal, Expiring Provisions:			-1,607	-1,290	-618	-549	-529	-4,593
B. Corporate Provisions								
1. Modify treatment of distributions by certain corporations filing consolidated returns.....			45	92	154	209	271	771
2. Modify treatment of certain high-yield original issue discount (OID) obligations.....			25	51	94	131	160	461
3. Limit nonrecognition treatment when securities are received in certain section 351 transactions.....			164	288	289	316	359	1,416
4. Provisions relating to regulated investment companies (RICs)								
a. Adjust basis for mutual fund load charge only if shareholder holds shares for required time period.....			28	46	22	7	5	108
b. Include dividends in income of RICs on ex-dividend date.....			110	20	20	20	20	190

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5. Reduce built-in gain or loss threshold of sections 382 and 384.....	195	233	277	298	307	1,310
6. Require Treasury study of "debt vs. equity" and integration issues...	--	--	--	--	--	---
7. Limit interest deductions for earnings-stripping payments to related tax-exempt parties.....	28	38	44	47	49	206
C. Employee Benefit Provisions						
1. Employee stock ownership plans (ESOPs)						
a. Repeal partial exclusion for interest paid on ESOP loans if ESOP owns less than 30% of the employer's stock (section 133) (effective for any loan made after June 6, 1989).....	1,434	1,580	1,989	2,366	2,702	10,071
b. Repeal the deduction for dividends paid on employer securities obtained by an ESOP if ESOP owns less than 30% of the employer's stock (section 404(k)) (effective for stock acquired after July 10, 1989, other than stock acquired with a loan made on or before July 10, 1989, or made pursuant to a binding commitment in effect on or before July 10, 1989).....	307	404	536	657	765	2,669
c. Impose 3-year holding period on seller to be eligible for tax-free rollover (section 1042).....(3)	3	3	3	3	3	15
d. Repeal special ESOP contribution limit (section 415(c)(6)).....	15	25	30	35	40	145
e. Repeal assumption of estate tax liability by ESOP (section 2210).....	3	3	3	3	3	15
f. Repeal ESOP estate tax deduction (section 2057).....	57	142	21	10	10	240
g. Repeal special ESOP net operating loss rule (section 382(1)(3)(C)).....(3)	3	3	3	3	3	15
2. Require exercise of Treasury regulatory authority with respect to full-funding limitation on a revenue-neutral basis.....	--	--	--	--	--	---
3. Permit limited use of excess pension funds to pay current retiree health benefits.....	266	465	176	-3	-3	901
4. Limit contributions to pension plans for retiree medical benefits (section 401(h) accounts).....	80	126	150	175	200	731
D. Foreign Provisions						
1. Conform tax years of controlled foreign corporations and foreign personal holding companies to the tax years of their U.S. shareholders.....	48	71	71	71	36	297
2. Improve information reporting by U.S. subsidiaries and branches of foreign corporations.....	60	80	85	90	95	410
3. Tax stock gains of certain foreign persons.....	2	5	6	35	50	98
4. Repeal transition rule for certain high withholding tax interest....	168	229	150	81	22	650
5. Deny expensing for certain R&D not performed in the United States....	43	81	68	57	47	296
6. Treat certain foreign corporate dividends and deemed income inclusions as unrelated business taxable income.....(3)	3	3	3	3	3	15
E. Excise Tax Provisions						
1. Aviation excise taxes						
a. Suspend Airport and Airway Trust Fund tax reduction trigger.....	851	565	--	--	--	1,416
b. Modify collection period of airline ticket tax.....	112	-54	2	2	2	64
c. Increase air passenger international departure tax from \$3.00 to \$6.00 per person (4).....	51	89	94	100	106	440
2. Impose \$3.00-per-passenger tax on international departures by commercial ships (5).....	5	7	8	8	8	36
3. Impose Oil Spill Liability Trust Fund petroleum tax at \$0.05/barrel (cap at \$1 billion), without waiting for authorizing legislation....	106	205	229	212	--	752
4. Impose tax on ozone-depleting chemicals subject to the Montreal Protocol (6).....	396	579	771	1,199	1,550	4,495

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5. Telephone excise tax						
a. Permanent extension.....	--	1,612	2,732	2,931	3,143	10,418
b. Modify collection period of tax (100% speedup, effective for taxes billed by service producers after June 30, 1990).....	102	5	5	6	6	124
c. Exemption certificates.....	--	--	--	--	--	--
6. Collection of gasoline excise tax						
a. Impose tax when gasoline is received at terminal.....	117	60	60	60	60	357
b. Accelerate deposit requirement for gasoline excise tax.....	111	4	1	2	4	122
7. Eliminate the excise tax imposed on the Inactivated Polio Vaccine, conditioned upon comparable changes to the vaccine compensation program.....	--	--	--	--	--	--
F. Like-Kind Exchanges						
1. Restrict like-kind exchange basis-shifting techniques between related parties.....	100	120	130	140	151	641
2. Limit like-kind exchanges to similar use property.....	143	222	273	325	378	1,341
3. Amend holding period requirements.....(3)	3	3	3	3	3	15
G. Accounting Provisions						
1. Repeal remaining portion of completed contract method of accounting..	171	390	262	116	28	967
2. Modify treatment of costs of acquiring franchises, trademarks, and trade names.....	75	135	173	203	225	811
3. Adjust regular and alternative minimum tax treatment of installment sales of timeshares and residential lots by C corporations.....	-9	-12	-8	-4	-4	-37
H. Employment Tax Provisions						
Payroll Tax Speedup.....	1,650	1,300	700	-700	600	3,550
I. Miscellaneous Provisions						
1. Limit section 104 exclusion from income to amount received for personal injury.....	4	8	8	10	12	42
2. Tax pre-contribution gain on certain in-kind partnership distributions.....	9	20	26	31	36	122
3. Treat cellular telephones and other similar telecommunications equipment as "listed property".....	2	10	14	18	24	68
4. Deny amortization of life estate in related party joint purchases....	3	5	9	14	22	53
5. Require reporting of mortgage points by lender.....	2	5	5	5	5	22
6. Codify tax exemption for Overseas Private Investment Corporation.....	--	--	--	--	--	--
7. Require IRS to provide notice of certain amounts withheld.....	--	--	--	--	--	--
8. Modify treatment of investment-oriented life insurance contracts.....	(7)	(7)	1	1	1	3
9. Increase Joint Committee on Taxation refund review threshold to \$1 million.....	--	--	--	--	--	--
10. Modify rules concerning recapture of bad-debt reserves of mutual savings banks and other thrift institutions.....	1	3	10	13	20	47
11. Modify treatment of safe-harbor leases entered into by rural electric cooperatives.....	-12	-7	-7	-7	-6	-39
12. Exclude certain overseas allowances received by certain Department of Defense personnel.....	(8)	(8)	(8)	(8)	(8)	(9)
13. Rehabilitation tax credit						
a. Modify rehabilitation tax credit under passive loss rule.....	-8	-21	29	-39	-48	-145
b. Treat certain relocated buildings as qualifying property.....	2	--	--	--	--	-2
J. Technical Corrections.....	--	--	--	--	--	--
K. Pension Technical Exempting Fully-Funded Plans from Variable PBGC Premium.....	-10	-10	-10	-10	-10	-50
L. Other Technical Corrections with Revenue Effects.....	-5	-12	-11	-7	-7	-42

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M. Tax-Exempt Bond Provisions						
1. Allow issuers of certain qualified mortgage bonds additional time to elect to rebate arbitrage.....	2	2	1	(8)	(8)	5
2. Impose restrictions on hedge bonds.....	3	8	14	23	29	77
3. Expand 6-month exception to tax-exempt bond arbitrage rebate rules...	-5	-11	-16	-19	-23	-74
N. Penalty Reform (Title IV effective January 1, 1991).....	--	(10)	-5	-24	-6	-35
D. Modifications to the Corporate Alternative Minimum Tax						
1. Adjusted current earnings (ACE)						
a. Eliminate book backstop.....	-388	-590	-575	-538	-560	-2,650
b. Allow DRD from ACE for 80% or more stock ownership.....	-5	-7	-6	-5	-5	-28
c. Allow DRD from ACE for 20%-80% stock ownership.....	-15	-24	-20	-17	-14	-90
d. Exclude certain cooperative foreign sales corporations (FSCs) from ACE.....	-2	-3	-3	-3	-3	-14
e. Other ACE changes.....(3)	-3	-3	-3	-3	-3	-15
2. Other minimum tax changes						
a. Allow residential construction firms to use CCM for AMT.....	--	-5	-5	-5	-5	-20
b. Eliminate individual R&E preference for all non-corporate entities if material participation by owner/partner.....	--	-4	-14	-14	-14	-46
c. Permit certain corporations with 100% foreign income to use 100% of foreign tax credits for AMT purposes.....	-2	-5	-5	-5	-5	-22
d. Allow carryover of orphan drug credit for minimum tax purposes...	-1	-2	-1	-1	--	-5
e. Allow exclusion preferences as credits.....	--	-24	-61	-92	-119	-296
SUBTOTAL: NON-IDENTICAL ITEMS	4,912	6,580	3,894	3,234	5,126	23,747

IDENTICAL ITEMS

1. Repeal financial institution (FSLIC & FDIC) tax benefits (P.L. 101-73) (11).....	568	31	351	310	213	1,473
2. Require regulated investment companies (mutual funds) to distribute 98% of ordinary income to their shareholders.....	50	5	5	5	5	70
3. Require basis reduction for nontaxed portion of dividends on self-liquidating ("wasting") stock.....	6	10	11	12	13	52
4. Modify consolidated return excess loss account recapture rules to prevent shifting of basis to debt.....	54	69	61	52	42	278
5. Clarify Treasury regulation authority relating to bifurcation of an instrument into debt and equity portions (section 385).....(3)	3	3	3	3	3	15
6. Require reporting to IRS of acquisitions and recapitalizations.....(3)	3	3	3	3	3	15
7. Require corporate estimated tax payments on tax liability for certain Subchapter S income.....(3)	25	3	3	3	3	37
8. Limit net operating loss carrybacks attributable to interest expense in certain circumstances.....	226	406	420	384	343	1,779
9. Change the sourcing of income of certain corporations in commonly-controlled groups.....	20	37	41	45	49	192

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10. Impose income tax withholding on the wages of certain agricultural workers.....	270	68	21	22	23	404
11. Deny retroactive certification of WIN credit.....	38	28	12	--	--	78
SUBTOTAL: IDENTICAL ITEMS	1,263	663	931	839	697	4,393
SUBTOTAL: NON-IDENTICAL ITEMS	4,912	6,580	3,894	3,234	5,126	23,747
SUBTOTAL: IDENTICAL ITEMS	1,263	663	931	839	697	4,393
GRAND TOTALS:	6,175	7,243	4,825	4,073	5,823	28,140

Joint Committee on Taxation

- * Rules expire 4 months after start of a firm's first tax year beginning after 8/1/87.
- (1) Outlay estimates provided by the Congressional Budget Office.
 - (2) All provisions are extended through 12/31/90, except the research and experimentation cost allocation rules which are extended for one taxable year.
 - (3) For the purpose of this table, items previously estimated as less than \$5 million are assigned an arbitrary amount of \$3 million.
 - (4) Under the Senate Commerce, Science, and Transportation Committee amendment (Title III), the Secretary of Transportation is to collect a fee of \$3 per person on each departing international flight during FY 1990 (in addition to the existing \$3-per-person tax).
 - (5) Under the Senate Commerce, Science, and Transportation Committee amendment (Title III), the Secretary of Transportation is to collect a fee of \$3 per person for certain international departures of ship passengers (including passengers engaged in gambling on vessels offshore) during FY 1990.
 - (6) Under the Senate Environment and Public Works Committee amendment (Title IV), the EPA Administrator is to impose production, importation, and distribution fees on certain ozone depleting chemicals.
 - (7) Negligible gain.
 - (8) Negligible loss.
 - (9) Total is not available for estimates represented by footnotes.
 - (10) Gain of less than \$500,000.
 - (11) Estimate reflects net budget effects (including outlay effects as estimated by the Congressional Budget Office).