APPENDIX: ESTIMATED BUDGET EFFECTS OF ITEMS IN HOUSE AND SENATE REVENUE RECONCILIATION PROVISIONS, Fiscal Years 1988-90

(Millions of Dollars)

Item	House 1988	House 1989	House 1990	House 1988-90	Senate 1988	Senate 1989	Senate 1990	Senate 1988-90
PART 1.--IDENTICAL ITEMS								
I. Individual								
Child and Dependent Care Credit: Deny credit for overnight camp expenses	11	106	112	229	11	106	112	229
II. Corporate								
Denial of Graduated Sales for Personal Service Corporations	75	125	140	340	75	125	140	340
III. Excise Taxes								
Telephone Tax: 3-Year Extension	1,324	2,266	2,472	6,062	1,324	2,266	2,472	6,062
IV. FICA Taxes								
A. Expand Employer Share of FICA Tax to Include All Cash Tips	184	281	302	767	184	281	302	767
B. Expand FICA Tax to Inactive Duty Reservists, Certain Agricultural Employees, Family Members, and Group-Term Life Insurance Includible in Wages	187	255	275	717	187	255	275	717
V. User Fees								
A. Internal Revenue Service	46	60	60	166	46	60	60	166
B. Extensions and Increases in Certain Alcohol, Tobacco, and Firearms Occupational Taxes	167	106	106	379	167	106	106	379
Subtotals, PART 1 (Not including User Fees):	**1,781**	**3,033**	**3,301**	**8,115**	**1,781**	**3,033**	**3,301**	**8,115**
PART 2.--REVENUE-INCREASING PROVISIONS								
I. Individual Tax Provisions								
A. Income Tax Provisions								
1. Limit interest deduction: Home equity debt in excess of acquisition debt capped at $100,000; total for qualified residence debt capped at $1 million	8	32	55	95	----- No Provision -----			
B. Employee Benefit Provisions								
1. Cap cash option under a cafeteria plan at $500 per year	638	1,100	1,501	3,239	----- No Provision -----			
2. Modify definition of active participant for IRA rules	(1)	(1)	(1)	2	----- No Provision -----			
C. Limit deferral for like-kind exchange for real estate gain to $100,000 per year	176	401	415	992	----- No Provision -----			

Item	House 1988	House 1989	House 1990	House 1988-90	Senate 1988	Senate 1989	Senate 1990	Senate 1988-90
II. Business Tax Provisions								
A. Accounting Provisions								
1. Repeal vacation pay reserve	614	1,499	1,834	3,947	396	1,983	2,038	4,417
2. Repeal completed contract method	835	1,546	1,950	4,331	----- No Provision -----			
3. Require capitalization of pension past service liability	----- No Provision -----				70	110	120	300
4. Apply Section 265 to holders of installment sale obligations of State and local governments	54	67	74	195	----- No Provision -----			
5. Installment sale rules	----- No Provision -----				2,043	2,964	2,143	7,150
6. Below-market loans to certain continuing-care facilities	2	5	8	15	----- No Provision -----			
7. Require current accrual of market discount on bonds	46	155	246	447	----- No Provision -----			
8. Repeal cash method of accounting for farms with receipts over $25 million	30	40	40	110	24	36	38	98
9. Amortization of customer base intangibles	60	110	180	350	----- No Provision -----			
B. Partnership Provisions								
1. Portfolio income	77	127	170	374	77	127	170	374
2. Other publicly-traded partnership provisions and collection provision	23	48	73	144	----- No Provision -----			
3. Treatment of tax-exempt partners	46	161	185	392	----- No Provision -----			
4. Study of publicly-traded partnerships	--	--	--	---	--	--	--	---
C. Corporate Provisions								
1. Modify computation of earnings and profits for inter-corporate dividends and basis adjustments (overrule Woods Investment Company case)	244	418	450	1,112	94	328	450	872
2. Limit consolidated return pass-through	164	259	238	661	----- No Provision -----			
3. Dividends received deduction:								
a. Tax benefitted transfers through intercorporate dividends received deduction (including preferred stock loss transfers)	77	162	218	457	----- No Provision -----			
b. Dividend received deduction to 75%	118	199	211	528	----- No Provision -----			
4. Debt financing and corporate acquisitions	330	544	617	1,491	----- No Provision -----			
5. Reduction of tax avoidance in certain corporate dispositions	289	448	572	1,309	----- No Provision -----			
6. Greenmail and hostile corporate takeovers	13	21	24	58	----- No Provision -----			
7. Limitations on net operating loss carryforwards of corporations following worthless securities deduction by shareholders	5	8	9	22	----- No Provision -----			
8. Tax loss mergers and benefit acquisitions	38	65	72	175	----- No Provision -----			
9. LIFO recapture on conversion from C corporation to S corporation	210	221	256	687	----- No Provision -----			
D. Minimum Tax Provisions: Increase book and adjusted current earnings preference to 100%	2,808	4,971	2,754	10,533	----- No Provision -----			
F. Pensions: Modify funding rules (2)	654	1,643	1,253	3,550	679	1,502	992	3,173

Item	House 1988	House 1989	House 1990	House 1988-90	Senate 1988	Senate 1989	Senate 1990	Senate 1988-90
F. Foreign Tax Provisions								
1. Treatment of South African income	20	23	14	57	----- No Provision -----			
2. Income from runaway plants	130	236	238	604	----- No Provision -----			
G. Insurance Provisions								
1. Interest rate used in computing reserves for life insurance and annuity contracts	43	154	208	405	----- No Provision -----			
2. Treatment of investment income of foreign insurance companies	11	27	39	77	----- No Provision -----			
3. Minimum tax treatment of mutual life insurance companies	50	114	136	300	----- No Provision -----			
4. Treatment of certain insurance syndicates	(1)	(1)	(1)	(1)	----- No Provision -----			
H. Unrelated Businesss Income Tax (UBIT) on Net Investment Income of Trade Associations	15	20	23	58	----- No Provision -----			
III. Estimated Taxes	1,940	419	271	2,630	1,580	779	271	2,630
IV. Estate and Gift Taxes								
1. Freeze estate and gift rates at 55%	21	176	232	429	21	176	165	362
2. Modify rates and unified credit	7	69	76	152	----- No Provision -----			
3. Change State death tax credit to deduction	41	428	460	929	----- No Provision -----			
4. Valuation of property (estate tax freezes and minority discount)	56	564	588	1,208	----- No Provision -----			
5. ESOP estate tax deduction	1,226	1,553	1,862	4,641	1,226	1,553	1,862	4,641
V. Excise Taxes								
1. Repeal of excise tax exemptions for buses	26	38	38	102	----- No Provision -----			
2. Collect diesel fuel and special motor fuels taxes on sales to retailer	208	230	200	638	208	230	200	638
3. Extension of termination date for coal excise tax rate	----- No Provision -----				--	--	--	---
VI. Employment Taxes								
1. Railroad retirement taxes	144	182	183	509	144	182	183	509
2. FUTA Tax: 3-year extension	715	1,009	1,033	2,757	715	1,009	1,033	2,757
3. Expand FICA tax to corporate directors	11	6	3	20	----- No Provision -----			
VII. Other Revenue-Increase Provisions								
A. Targeted Jobs Tax Credit	4	2	2	7	----- No Provision -----			
B. Illegal Federal Irrigation Subsidies as Gross Income	(1)	(1)	(1)	1	----- No Provision -----			
C. Compliance Provisions								
1. Escheat of refunds	10	10	10	30	----- No Provision -----			
2. IRS funding	--	--	--	---	----- No Provision -----			
D. Tax-Exempt Bond Provisions								
1. Limitation on issuance of tax-exempt bonds to acquire existing output facilities	10	77	179	266	----- No Provision -----			

Item	House 1988	House 1989	House 1990	House 1988-90	Senate 1988	Senate 1989	Senate 1990	Senate 1988-90
2. Limitation on issuance of tax-exempt bonds by Indian tribes	8	21	33	62	----- No Provision -----			
Subtotals, PART 2:	**12,255**	**19,608**	**19,233**	**51,098**	**7,277**	**10,979**	**9,665**	**27,921**
GRAND TOTALS (Not Including User Fees):	**14,036**	**22,641**	**22,534**	**59,213**	**9,058**	**14,012**	**12,966**	**36,036**
ADDENDUM--ADDITIONAL REVENUE-RELATED ITEMS								
A. Debt Collection: 3-Year Extension	----- No Provision -----				300	425	425	1,150
B. Vaccine Compensation Trust Fund (3)	67	89	-5	151	----- No Provision -----			
C. Customs Service	253	326	775	1,354	122	152	591	865
D. Pension Funding:								
1. Full-funding limitation	679	1,687	1,301	3,667	679	1,687	1,301	3,667
2. Underfunding	-25	-44	-48	-117	--	-185	-309	-494

(1) Gain of less than $500,000.
(2) Estimates represent the net effects of full-funding rules and underfunding rules adopted by the House Ways and Means Committee and the Senate Finance Committee. For detail, see Addendum Part D.
(3) Estimate net of outlay amounts.