JOINT COMMITTEE ON TAXATION December 19, 2012 JCX-77-12

ESTIMATED REVENUE EFFECTS OF AN AMENDMENT TO THE SENATE AMENDMENT TO H.J. RES. 66, THE "MIDDLE CLASS TAX CUT ACT," SCHEDULED FOR CONSIDERATION BY THE HOUSE COMMITTEE ON RULES ON DECEMBER 19, 2012

Fiscal Years 2013 - 2022

[Millions of Dollars]

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Temporary Extension of Certain Tax Cuts A. Temporary Extension of Certain Tax Cuts Enacted in 2001 1. Individual income tax rate relief:													
a. Retain 10% income tax bracket (sunset 12/31/13)													
[1]	tyba 12/31/12	-30,723	-13,167	[2]								-43,890	-43,890
b. Retain the 25% and the 28% and part of the	. 1 10/01/10	12.207	5.605	[0]								10.002	10.002
33% income tax brackets (sunset 12/31/13)	tyba 12/31/12	-13,287	-5,695	[2]								-18,982	-18,982
Repeal overall limitation on itemized deduction and the personal exemption phaseout													
for certain taxpayers (sunset 12/31/13)	tyba 12/31/12	-440	-406	[2]								-846	-846
2. Retain the child tax credit at \$1,000; refundable up to	ty ou 12/01/12		.00	(-)								0.10	0.0
greater of 15% of earned income in excess of \$10,000													
(indexed from 2001) or the taxpayer's social security tax													
liability to the extent that it exceeds the taxpayer's earned													
income credit; allow credit against the AMT; repeal AMT													
offset of refundable credits (sunset 12/31/13) [1]	tyba 12/31/12	-4,117	-31,515									-35,632	-35,632
3. Marriage penalty relief:													
a. Standard deduction and 15% rate bracket set at													
2 times single for married filing jointly (sunset													
12/31/13) [1]	tyba 12/31/12	-4,494	-1,926	[2]								-6,420	-6,420
b. EIC modification and simplification - increase													
in joint returns beginning and ending income level													
for phaseout by \$3,000 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 (sunset 12/31/13) [1]	tyba 12/31/12	-31	-3,095									-3,126	-3,126
ocganing in 2004 (sunset 12/31/13) [1]	ty 0 a 12/31/12	-31	-3,093									-5,120	-5,120

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
4. Education Tax Relief:													
a. 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 (sunset 12/31/13)	tyba 12/31/12	-9	-3									-12	-12
b. Employer provided educational assistance - extend													
the exclusion for undergraduate courses and graduate													
level courses (sunset 12/31/13) [3]	cba 12/31/12	-230	-919									-1,148	-1,148
c. 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 (sunset 12/31/13)	ipa 12/31/12	-89	-797									-887	-887
d. 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													
(sunset 12/31/13)	tyba 12/31/12	-32	-95									-127	-127
e. Increase arbitrage rebate exception for													
governmental bonds used to finance qualified													
school construction from \$10 million to \$15													
million (sunset 12/31/13)	bia 12/31/12	[2]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-12
f. 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 (sunset 12/31/13)	bia 12/31/12	[2]	-2	-3	-3	-3	-3	-3	-3	-3	-3	-11	-27

5. 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 (sunset 12/31/13) [1]	tyba 12/31/12	-62	-187									-249	-249
\$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 (sunset													
12/31/13) [1]	tyba 12/31/12	-154	-359									-513	-513
7. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource (sunset													
12/31/13)	tyba 12/31/12	-14	-9									-23	-23
8. Allow electing Alaska Native Settlement Trusts to tax inco	•	-14	-9									-23	-23
to the Trust not the beneficiaries (sunset 12/31/13)	tyba 12/31/12	-2	-2									-4	-4
3. Temporary Extension of Certain Tax Cuts Enacted in 2003	•												
1. Tax capital gains with a 0%/15%/20% rate structure													
(sunset 12/31/13)	tyba 12/31/12	178	381	-3,566								-3,006	-3,006
2. Tax dividends with a 0%/15%/20% rate structure													
(sunset 12/31/13)	tyba 12/31/12	-5,301	-9,844									-15,144	-15,144
. Temporary Extension of Certain Tax Cuts Enacted in 2009													
1. American opportunity tax credit (sunset 12/31/13) [1]	tyba 12/31/12	-2,625	-10,498									-13,123	-13,123
2. Reduce the earnings threshold for the refundable portion of		_	40.450									40.450	40.450
the child tax credit to \$3,000 (sunset 12/31/13) [1]	tyba 12/31/12	-7	-10,672									-10,679	-10,679
3. Extend the earned income tax credit ("EITC") for larger	4-1- 10/21/10	10	1.755									1 772	1.772
families (sunset 12/31/13) [1]	tyba 12/31/12	-18	-1,755									-1,773	-1,773
returns beginning and ending income level for phaseout by													
\$5,000 indexed after 2008 (sunset 12/31/13) [1]	tyba 12/31/12	-16	-1,623									-1,639	-1,639
5. Refunds disregarded in the administration of Federal	tyou 12/31/12	-10	-1,023									-1,037	-1,037
programs and federally assisted programs (sunset													
12/31/13) [1] [5]	ara 12/31/12	-2										-2	-2
otal of Temporary Extension of Certain Tax Cuts		-61,474	-92,190	-3,570	-4	-4	-4	-4	-4	-4	-4	-157,242	-157,265

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Increase AMT Exemption Amount to \$50,600 (\$78,750 Joint) and Allow Personal Credits Against AMT (sunset 12/31/12)	tyba 12/31/11	-98,670	6,630									-92,039	-92,039
NET TOTAL	•••••	-164,925	-88,359	-1,368	1,371	1,001	764	462	258	147	94	-252,279	-250,556

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be December 31, 2012. Revenue provisions as submitted in statutory draft HWC_180.

Legend for "Effective" column:

ara = amounts received after

ipa = interest paid after

bia = bonds issued after

tyba = taxable years beginning after

cba = courses beginning after

[1] Estimate includes the following outlay effects:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Retain 10% bracket		1,682									1,682	1,682
Retain the child tax credit at \$1,000; refundable; AMT rules		15,048									15,048	15,048
Marriage penalty - standard deduction and 15% rate		159									159	159
EIC modification and simplification (\$3,000)		2,541									2,541	2,541
Dependent care tax credit		43									43	43
Adoption credit		88									88	88
American opportunity tax credit		3,191									3,191	3,191
Reduce the earnings threshold for the refundable portion of the												
child tax credit to \$3,000		10,645									10,645	10,645
Extend EIC for larger families		1,611									1,611	1,611
EIC modification and simplification (\$5,000)		1,305									1,305	1,305
Refunds disregarded in the administration of Federal programs and federally												
assisted programs [5]	2										2	2
[2] Loss of less than \$500,000.												
[3] Estimates includes the following budget effects:	2013	2014	2015	<u>2016</u>	2017	2018	2019	<u>2020</u>	2021	2022	2013-17	2013-22
Total Revenue Effects	-230	-919									-1,149	-1,149
On-budget effects	-153	-613									-766	-766
Off-budget effects	-77	-306									-383	-383
[5] Estimate provided by the Congressional Budget Office.												