JOINT COMMITTEE ON TAXATION
March 4, 2003
JCX-15-03

ESTIMATED BUDGET EFFECTS OF THE REVENUE PROVISIONS CONTAINED IN THE PRESIDENT'S FISCAL YEAR 2004 BUDGET PROPOSAL

Fiscal Years 2003 - 2013

[Millions of Dollars]

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
I. Economic Growth Provisions														
A. Accelerate Reduction in Individual Income Tax Rates														
1. Accelerate the expansion of the 10% bracket	tyba 12/31/02	-1,549	-8,445	-6,596	-6,909	-7,385	-4,973	-3,931	-3,859	-1,145	---	---	-35,857	-44,792
2. Accelerate the 2006 rate schedule	tyba 12/31/02	-9,531	-38,809	-19,811	-5,864	---	---	---	---	---	---	---	-74,015	-74,015
B. Accelerate the Expansion of the 15% Individual Income Tax Rate Bracket and the Increase in the Standard Deduction for Married Taxpayers Filing Joint Returns	tyba 12/31/02	-4,936	-25,944	-13,310	-6,357	-3,041	-1,519	-335	---	---	---	---	-55,107	-55,442
C. Accelerate Child Credit Increase to $1,000 [1]	tyba 12/31/02	-13,711	-5,658	-15,466	-12,523	-12,372	-12,267	-11,314	-6,336	---	---	---	-71,997	-89,647
D. Eliminate the Double Taxation of Corporate Earnings [2] [3]	[4]	-7,589	-23,341	-26,169	-29,003	-32,406	-35,710	-39,465	-43,508	-47,687	-52,440	-58,514	-154,218	-395,832
E. Increase Section 179 Expensing - increase the amount that can be expensed from $25,000 to $75,000 and increase the phaseout threshold amount from $200,000 to $325,000; include software in section 179 property; and index both the deduction limit and the phaseout threshold after 2003	tyba 12/31/02	-1,390	-2,658	-3,066	-3,467	-3,088	-2,781	-2,593	-2,490	-2,429	-2,392	-2,420	-16,450	-28,775
F. Increase Individual AMT Exemption Amount by $4,000 Single and $8,000 Joint for 2003 and 2004, Maintain Level for 2005	tyba 12/31/02	-1,094	-9,041	-13,823	-13,310	---	---	---	---	---	---	---	-37,268	-37,268
Total of Economic Growth Provisions		**-39,800**	**-113,896**	**-98,241**	**-77,433**	**-58,292**	**-57,250**	**-57,638**	**-56,193**	**-51,261**	**-54,832**	**-60,934**	**-444,912**	**-725,771**
II. Tax Incentive Provisions														
A. Provisions Related to Charitable Giving														
1. Provide charitable contribution deduction for non-itemizers	tyba 12/31/02	-130	-1,405	-1,361	-1,399	-1,449	-1,480	-1,501	-1,515	-1,530	-1,536	-1,553	-7,225	-14,859
2. Permit tax-free withdrawals from IRAs for charitable contributions	da 12/31/02	-141	-285	-301	-309	-305	-287	-267	-268	-381	-505	-531	-1,628	-3,580
3. Expand and increase the enhanced charitable deduction for contributions of food inventory	tyba 12/31/02	-26	-154	-173	-185	-193	-201	-209	-217	-225	-234	-246	-932	-2,063
4. Reform excise tax based on investment income of private foundations	tyba 12/31/02	-32	-228	-196	-218	-225	-230	-237	-244	-251	-260	-270	-1,129	-2,391
5. Modify tax on unrelated business taxable income of charitable remainder trusts	tyba 12/31/02	---	-4	-4	-5	-5	-5	-5	-6	-6	-6	-6	-23	-52
6. Modify basis adjustment to stock of S corporations contributing appreciated property	tyba 12/31/02	-8	-22	-30	-33	-37	-41	-45	-50	-55	-62	-68	-172	-453
7. Repeal the $150 million limitation on qualified 501(c)(3) bonds	bia DOE	-4	-16	-26	-26	-21	-16	-12	-10	-10	-10	-10	-110	-161
8. Repeal restrictions on the use of qualified 501(c)(3) bonds for residential rental property	bia DOE	-1	-5	-11	-16	-21	-27	-32	-38	-43	-49	-54	-81	-297

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
B. Education Provisions														
1. Refundable tax credit for certain costs of attending a different school for pupils assigned to failing public schools (estimate includes outlay effects)	[5]	---	-31	-68	-83	-98	-92	-54	---	---	---	---	-372	-426
2. Above-the-line deduction for qualified out-of-pocket classroom expenses	eii tyba 12/31/03	---	-249	-337	-341	-345	-349	-353	-358	-362	-366	-370	-1,621	-3,430
C. Health Care Provisions														
1. Refundable tax credit for the purchase of health insurance [6] [7]	[8]	---	-161	-6,223	-7,533	-7,324	-7,216	-7,170	-7,153	-7,185	-7,032	-6,990	-28,456	-63,987
2. Above-the-line deduction for long-term care insurance premiums (phased in as follows: 25% deductible in 2004, 35% deductible in 2005, 65% deductible in 2006, and 100% deductible in 2007 and thereafter) [6]	tybo/a 1/1/04	---	-168	-632	-994	-1,694	-2,479	-2,735	-3,008	-3,300	-3,619	-3,971	-5,967	-22,601
3. Allow up to $500 in unused benefits in a health flexible spending arrangement to be carried forward to the next year	pyba 12/31/03	---	-361	-627	-767	-867	-919	-957	-992	-1,023	-1,055	-1,094	-3,542	-8,664
4. Provide additional choice with regard to unused benefits in a health flexible spending arrangement	pyba 12/31/03	*Negligible Revenue Effect*												
5. Permanently extend and reform Archer Medical Savings Accounts ("MSAs")	tyba 12/31/03	---	-146	-433	-484	-541	-586	-633	-676	-700	-707	-752	-2,190	-5,658
6. Provide an additional personal exemption to home caretakers of family members	tyba 12/31/03	---	-194	-421	-383	-351	-359	-344	-350	-338	-334	-337	-1,708	-3,411
7. Expand human clinical trial expenses qualifying for the orphan drug tax credit	qeia 12/31/02	-8	-15	-16	-16	-17	-18	-19	-20	-21	-22	-23	-90	-194
D. Exclude from Income the Value of Employer-Provided Computers, Software and Peripherals	tyba 12/31/03	---	-50	-82	-115	-138	-155	-165	-173	-181	-189	-199	-540	-1,447
E. Tax Credit for Developers of Affordable Single-Family Housing	[9]	---	-12	-92	-320	-720	-1,241	-1,798	-2,286	-2,618	-2,794	-2,872	-2,384	-14,751
F. Individual Development Accounts ("IDAs")	tyea 12/31/04 & tybb 1/1/12	---	---	-186	-366	-352	-334	-309	-280	-247	-113	[10]	-1,237	-2,186
G. Environment and Conservation-Related Provisions														
1. Permanently extend expensing of "Brownfields" environmental remediation costs	eia 12/31/03	8	-161	-285	-283	-270	-254	-239	-226	-215	-206	-199	-1,246	-2,330
2. Exclude 50% of gains from the sale of property for conservation purposes	so/a 1/1/04	---	-19	-80	-94	-99	-104	-110	-116	-122	-128	-134	-396	-1,006
H. Energy Provisions														
1. Extend and modify the tax credit for producing electricity from certain sources	DOE	-59	-142	-228	-229	-207	-206	-201	-196	-197	-202	-205	-1,072	-2,073
2. Tax credit for residential solar energy systems	[11]	-2	-11	-14	-18	-18	-18	---	---	---	---	---	-82	-82
3. Tax treatment of nuclear decommissioning funds	tyba 12/31/02	-47	-183	-170	-191	-214	-239	-268	-267	-265	-259	-249	-1,044	-2,352
4. Provide temporary tax credits for purchase of certain hybrid and fuel cell vehicles	poqva 12/31/02 & before 1/1/08	-19	-119	-234	-328	-419	-466	-33	-32	-30	-30	-30	-1,585	-1,739
5. Provide tax credit for energy produced from landfill gas	DOE	-7	-25	-47	-71	-95	-124	-155	-175	-63	---	---	-369	-764
6. Tax credit for combined heat and power property	[12]	-64	-97	-92	-50	-13	[13]	8	13	14	14	14	-317	-254
7. Extend income tax credit and partial excise tax exemption for certain renewable fuels (through 12/31/10)	DOE	---	---	---	---	---	-3	-5	-5	-2	---	---	-3	-16
Total of Tax Incentive Provisions		**-540**	**-4,263**	**-12,369**	**-14,857**	**-16,038**	**-17,449**	**-17,848**	**-18,648**	**-19,356**	**-19,704**	**-20,149**	**-65,521**	**-161,227**

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
III. Tax Administration Provisions														
A. Modify the IRS Restructuring and Reform Act of 1998 ("RRA'98")														
1. Modify section 1203 of RRA'98	DOE	*Negligible Revenue Effect*												
2. Increased penalty for frivolous tax returns and submissions	sma DOE	---	1	3	3	3	3	3	3	3	3	3	13	28
3. Authorize IRS to enter into installment agreements that provide for partial payment	iaeio/a DOE	10	28	13	5	[13]	[13]	[13]	[13]	[13]	[13]	[13]	57	59
4. Allow for the termination of installment agreements	foo/a DOE	*No Revenue Effect*												
5. Consolidate review of collection due process cases in the Tax Court	afa DOE	*Negligible Revenue Effect*												
6. Office of Chief Counsel review of offers-in-compromise	oicsopo/a DOE	*Negligible Revenue Effect*												
B. Extend the Due Date for Electronically Filed Returns	tyba 12/31/02	*No Revenue Effect*												
C. Authorize the Secretary of the Treasury to Issue Rules to Address Inappropriate Nonqualified Deferred Compensation Arrangements	DOE	*Negligible Revenue Effect*												
D. Permit Private Sector Debt Collection Companies to Collect Tax Debts [14]	DOE	---	---	70	129	131	116	106	106	106	106	106	445	973
E. Provisions Designed to Combat Abusive Tax Avoidance Transactions														
1. Combat abusive tax avoidance transactions	generally DOE	4	14	25	32	31	32	34	35	38	41	44	139	330
2. Penalty for failure to report interests in foreign financial accounts	DOE	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	1	3
3. Holding period requirement for obtaining foreign tax credit	pada DOE	[13]	1	3	3	3	3	3	3	3	3	3	13	28
4. Income separation transactions	pada DOE	1	11	8	3	[13]	[13]	[13]	[13]	[13]	[13]	[13]	23	23
F. Limit Related-Party Interest Deductions	tyba 12/31/03	---	33	54	129	155	178	205	235	259	285	313	549	1,846
Total of Tax Administration Provisions		**15**	**88**	**176**	**304**	**323**	**332**	**351**	**382**	**409**	**438**	**469**	**1,240**	**3,290**
IV. Unemployment Insurance - Reform Unemployment Compensation [15]	**---**	***Estimate Will Be Provided by the Congressional Budget Office***												
V. Simplification Provisions														
A. Establish Uniform Definition of a Qualifying Child	tyba 12/31/03	---	-1	-128	-134	-137	-143	-152	-164	-176	-184	-193	-543	-1,411
B. Repeal Phaseout for Adoption Provisions	tyba 12/31/02	-6	-24	-34	-37	-39	-42	-46	-46	-45	-51	-46	-182	-416
C. Expansion of Tax-Free Savings Opportunities	DOE	1,695	3,170	3,143	2,796	1,418	-185	-1,580	-2,602	-3,514	-4,356	-4,917	12,037	-4,932
D. Consolidate Employer-Based Savings Accounts [16]	yba 12/31/03	---	-175	-228	-319	-380	-429	-489	-548	-439	-461	-576	-1,531	-4,045
Total of Simplification Provisions		**1,689**	**2,970**	**2,753**	**2,306**	**862**	**-799**	**-2,267**	**-3,360**	**-4,174**	**-5,052**	**-5,732**	**9,781**	**-10,804**
VI. Expiring Provisions														
A. Permanent Extension of Certain Expiring Provisions														
1. Permanently extend provisions expiring in 2010 (the "Economic Growth and Tax Relief Reconciliation Act of 2001") (certain estimates include outlay effects)														
a. Individual income tax marginal tax rate reductions	tyba 12/31/10	---	---	---	---	---	---	---	---	-87,625	-130,238	-132,898	---	-350,761
b. Child tax credit	tyba 12/31/10	---	---	---	---	---	---	---	---	-6,054	-30,279	-30,339	---	-66,672
c. Marriage penalty relief	tyba 12/31/10	---	---	---	---	---	---	---	---	-4,838	-9,293	-8,819	---	-22,951
d. Education incentives	generally 1/1/11	---	---	---	---	---	---	---	---	-2,535	-3,701	-4,235	---	-10,471

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
e. Repeal of estate and generation-skipping transfer taxes, and modification of gift taxes	dda & gma 12/31/10	-115	-508	-795	-983	-1,276	-1,691	-1,582	-2,350	-31,185	-57,764	-63,553	-5,368	-161,802
f. Modifications of IRAs and pension plans	generally 1/1/11	---	---	---	---	---	---	---	---	-1,851	-3,569	-4,261	---	-9,685
g. Other incentives for families and children	generally 1/1/11	---	---	---	---	---	---	---	---	-251	-776	-830	---	-1,852
Total	---	-115	-508	-795	-983	-1,276	-1,691	-1,582	-2,350	-134,339	-235,620	-244,935	-5,368	-624,194
2. Tax credit for research and experimentation expenses	epoia 6/30/04	---	-500	-3,250	-4,254	-5,167	-5,953	-6,564	-7,022	-7,450	-7,892	-8,340	-19,125	-56,393
3. Repeal of section 809 (related to the reduction in policyholder dividends for mutual life insurance companies)	tyba 12/31/03	---	-14	-33	-38	-49	-45	-40	-37	-35	-35	-35	-179	-361
4. Permanently extend and expand disclosure of tax return information for administration of student loans [15]	10/1/03	*No Revenue Effect*												
B. Temporary Extension of Expiring Provisions														
1. Combine, modify, and extend the work opportunity tax credit and the welfare-to-work tax credit (through 12/31/05)	wpoifibwa 12/31/03	---	-101	-273	-270	-140	-68	-38	-17	-4	---	---	-852	-911
2. Treatment of nonrefundable personal credits under the individual alternative minimum tax and EGTRRA exemption increase (through 12/31/05) [17]	tyba 12/31/02	---	-76	-413	-439	---	---	---	---	---	---	---	-928	-928
3. Extend the District of Columbia enterprise zone (through 12/31/05)	1/1/04	---	-45	-80	-24	-2	-2	-26	-58	-69	-54	-50	-153	-409
4. Expand the District of Columbia first-time homebuyer credit (through 12/31/05)	1/1/04	---	-12	-23	-14	[10]	[10]	[10]	---	---	---	---	-49	-49
5. Extend authority to issue qualified zone academy bonds (through 12/31/05)	1/1/04	---	[10]	-2	-8	-18	-24	-26	-26	-26	-26	-26	-53	-183
6. Deduction for corporate donations of computer technology (through 12/31/05)	dma 12/31/03	---	-66	-132	-62	---	---	---	---	---	---	---	-260	-260
7. Treatment of alternative minimum tax net operating loss deductions	tybi 2003, 2004, & 2005	-711	-1,823	-1,476	-519	626	510	411	330	275	231	195	-3,392	-1,950
8. IRS user fees (through 9/30/05) [15]	10/1/03	---	33	34	---	---	---	---	---	---	---	---	67	67
9. Disclosure of return information relating to terrorist activity (through 12/31/04)	12/31/03	*No Revenue Effect*												
Total of Expiring Provisions		**-826**	**-3,112**	**-6,443**	**-6,611**	**-6,026**	**-7,273**	**-7,865**	**-9,180**	**-141,648**	**-243,396**	**-253,191**	**-30,292**	**-685,571**
VII. Respond to Foreign Sales Corporation/Extraterritorial Income Decisions	**DOE**	***No Revenue Effect***												
VIII. Other Provisions Modifying the Internal Revenue Code														
A. Increase in limit on cover over of rum excise tax revenues (from $10.50 to $13.25 per proof gallon) to Puerto Rico and the Virgin Islands (through 12/31/05) [15]	abiUSa 12/31/03	-10	-60	-67	-15	---	---	---	---	---	---	---	-152	-152
B. Deposit Full Amount of Excise Tax Imposed on Gasohol in the Highway Trust Fund	10/1/03	*No Revenue Effect*												
C. Merge Treasury Inspector General for Tax Administration and Treasury Inspector General into New Inspector General for Treasury	DOE	*No Revenue Effect*												
Total of Other Provisions Modifying the Internal Revenue Code		**-10**	**-60**	**-67**	**-15**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**-152**	**-152**

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
IX. Interaction ……		**21**	**117**	**302**	**362**	**381**	**502**	**605**	**690**	**775**	**860**	**943**	**1,685**	**5,558**
NET TOTAL [18] ……		**-39,451**	**-118,156**	**-113,889**	**-95,944**	**-78,790**	**-81,937**	**-84,662**	**-86,309**	**-215,255**	**-321,686**	**-338,594**	**-528,171**	**-1,574,677**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be July 1, 2003.

Legend for "Effective" column:

afa = appeals filed after
bia = bonds issued after
da = distributions after
DOE = date of enactment
dma = donations made after
eia = expenses incurred after
eii = expenses incurred in
epoia = expenses paid or incurred after
foo/a = failures occurring on or after
iaeio/a = installment agreements entered into on or after
lpo/a = labor performed on or after
oicsopo/a = offers in compromise submitted or pending on or after
pada = purchases and dispositions after
poqva = purchase of qualified vehicles after
pyba = plan years beginning after
qeia = qualified expenses incurred after
sma = submissions made after
so/a = sales on or after
tyba = taxable years beginning after
tybb = taxable years beginning before
tyea = taxable years ending after
tybo/a = taxable years beginning on or after
wpoifibwa = wages paid or incurred for individuals beginning work after

[1] Estimate includes outlay effects.
[2] Estimate includes interaction with other economic growth provisions contained in Title I.
[3] Estimate assumes that the proposal includes a rule that the EDA computation is made without regard to AMT credits attributable to AMT liability arising in taxable years ending before April 1, 2001.
[4] Generally effective for distributions made on or after January 1, 2003, with respect to corporate earnings ending on or after April 30, 2001.
[5] Effective with respect to expenses incurred beginning with the 2003-2004 school year and through the 2007-2008 school year.
[6] Estimate is preliminary and subject to change.
[7] Estimate does not include the effects of the State option to allow use of the credit to buy into privately-contracted State-sponsored purchasing groups.
[8] Effective for taxable years beginning after December 31, 2003, and would be available in advance beginning July 1, 2005.
[9] Effective beginning with first-year credit allocations for calendar year 2004.
[10] Loss of less than $500,000.
[11] Effective for solar water heating equipment placed in service after December 31, 2002, and before January 1, 2006; effective for photovoltaic systems placed in service after December 31, 2002, and before January 1, 2008.
[12] Effective for investments in combined heat and power equipment placed in service after December 31, 2002, but before January 1, 2008.
[13] Gain of less than $1 million.
[14] Estimate contingent upon determination of need for statutory authority.
[15] Estimate provided by the Congressional Budget Office.
[16] Estimate includes interaction effect with proposal to expand tax-free savings opportunities under Title V.
[17] The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010.
[18] Includes the following outlay effects ……

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
[18] Includes the following outlay effects ……	4,380	1,111	9,730	10,459	9,862	9,553	9,248	7,861	5,586	16,624	15,928	45,094	100,342