

ESTIMATED BUDGET EFFECTS OF THE ADMINISTRATION'S REVENUE PROPOSALS
 CONTAINED IN THE FISCAL YEAR 1994 BUDGET (1)

Fiscal Years 1994-1998

[Millions of Dollars]

Provision	Effective	1994	1995	1996	1997	1998	1994-98
I. REVENUE-RAISING PROVISIONS							
A. Individual Income and Estate and Gift Tax Provisions							
1. Increase tax rates paid by high-income individuals (2).....	1/1/93	25,937	17,288	20,371	24,509	26,351	114,455
[a.] Add fourth bracket at 36% rate for taxable income over \$140,000 (joint), \$127,500 (head of household), \$115,000 (single).							
[b.] Impose a 10% surtax on regular taxable income over \$250,000 (not applicable to capital gains). [c.] Increase minimum tax rate to 26% for AMTI of less than \$175,000 and 28% for AMTI over \$175,000; increase AMTI exemption to \$45,000 (joint) and \$37,500 (single). [d.] Extend itemized deduction limitation and personal exemption phaseout scheduled to expire for 1996 and 1997, respectively.							
2. Repeal Health Insurance (HI) wage base cap (3).....	1/1/94	2,750	6,030	6,374	6,808	7,200	29,161
3. Reinstate top estate and gift tax rates at 53% and 55%.....	1/1/93	475	512	553	598	647	2,785
4. Reduce deductible portion of business meals and entertain- ment from 80% to 50%.....	1/1/94	1,839	3,151	3,315	3,478	3,636	15,420
5. Deny deduction for club dues.....	1/1/94	134	229	239	250	261	1,112
6. Deny deduction for executive pay over \$1 million.....	1/1/94	43	56	59	78	108	345
7. Reduce compensation that can be taken into account for purposes of benefits and contributions under qualified retirement plans to \$150,000 in 1994 (1993 cap is \$235,840).....	1/1/94	174	542	555	556	556	2,383
8. Disallow moving expense deduction for meals and real estate expenses.....	1/1/94	36	362	381	407	442	1,627
9. Increase taxable portion of Social Security and Railroad Retirement Tier 1 benefits.....	1/1/94	2,859	6,104	6,891	7,683	8,462	31,998

Provision	Effective	1994	1995	1996	1997	1998	1994-98
B. Provisions Affecting Businesses							
1. Increase corporate tax rate to 36% for taxable income above \$10 million (phaseout benefit of 34% rate beginning at \$15 million) (2).....	1/1/93	8,510	5,417	5,677	5,942	6,147	31,694
2. Deny deduction for lobbying expenses.....	tyba 12/31/93	105	179	188	197	203	873
3. Require securities dealers to mark-to-market.....	tyeo/a 12/31/93	845	814	824	835	572	3,890
4. Prohibit double-dip related to FSLIC assistance (4).....	3/4/91	142	92	2	172	254	661
5. Extend corporate estimated tax rules.....	1/1/97	--	--	--	4,301	884	5,185
6. Limit section 936 credit to 60% of compensation.....	tyba 12/31/93	111	526	1,575	2,320	2,314	6,846
7. Enhance "earnings stripping" rules.....	tyba 12/31/93	65	80	85	90	95	415
C. Provisions Affecting International Businesses							
1. Repeal deferral for excessive accumulated foreign earnings.....	tyba 9/30/93	72	150	180	192	204	798
2. Royalties in passive basket of foreign tax credit; 100% R&E allocation.....	tyba 12/31/93	151	770	628	639	646	2,835
3. Revise foreign tax credit for oil and gas and shipping income.....	tyba 12/31/92	638	451	473	497	522	2,581
4. Transfer pricing compliance initiative (enhanced penalty provision).....	tyba 12/31/93	75	75	75	75	75	375
D. Energy and Motor Fuels Provisions							
1. Modified BTU tax.....	6/1/94	1,990	9,997	16,191	20,437	21,929	70,544
2. Extend 2.5 cents/gallon motor fuels tax (1/1/95 - 9/30/99); transfer revenues to Highway Trust Fund.....	10/1/95	--	--	2,595	2,670	2,651	7,916
3. Increase inland waterways fuel tax.....	1/1/94	19	91	195	289	323	917
E. Compliance Provisions							
1. Service industry non-compliance initiative.....	1/1/94	27	91	97	102	106	423
2. Raise standard for accuracy-related and preparer penalties.....	1/1/94	--	--	--	--	--	---
3. Modified substantial understatement penalty.....	1/1/94	86	108	104	97	88	484
4. Increase enforcement of harbor maintenance tax (5).....	1/1/94	--	3	9	11	12	35
F. Miscellaneous Revenue-Raising Provisions							
1. Substantiation and disclosure of charitable contributions (6).....	1/1/94	9	60	64	68	72	273
2. Expand 45-day interest rule for certain refunds (outlays) (3).....	1/1/94	44	64	64	64	64	300
3. Deny business travel deductions for spouse and dependents on non-business travel.....	1/1/94	2	20	21	23	24	90
4. Increase withholding rate on bonuses to 28%.....	1/1/94	188	9	10	10	11	228
G. Other Provisions							
1. Permanent extension of tax information access for Department of Veterans Affairs.....	10/1/97	--	--	--	--	136	136

Provision	Effective	1994	1995	1996	1997	1998	1994-98
2. BATF user fees for alcohol labeling and formula applications (3).....	10/1/93	5	5	5	5	5	25
3. Permanent extension of vaccine excise tax.....	4/1/93	181	124	124	124	124	676
TOTAL REVENUE-RAISING PROVISIONS.....		47,512	53,400	67,924	83,527	85,124	337,486

II. REVENUE-REDUCTION PROVISIONS

A. Training and Education

1. Extend employer-provided educational assistance permanently (7).....	7/1/92	-641	-490	-520	-552	-586	-2,789
2. Targeted jobs tax credit and youth apprenticeship program:							
a. Extend targeted jobs tax credit permanently.....	7/1/92	-287	-308	-363	-410	-452	-1,819
b. Youth apprenticeship credit.....	1/1/94	-14	-52	-106	-171	-236	-580

B. Investment Incentives

1. Temporary incremental tax credit for large businesses and permanent investment tax credit for businesses with gross receipts under \$5 million.....	ppisa 12/3/92	-12,875	-6,586	-3,631	-3,274	-4,003	-30,370
2. Extend research and experimentation credit permanently.....	7/1/92	-2,219	-1,569	-1,878	-2,151	-2,391	-10,208
3. Targeted capital gains incentives for investment in small businesses.....	1/1/93	-17	-124	-206	-276	-329	-952
4. Modify AMT depreciation schedule.....	ppisa 12/31/93	-433	-1,507	-2,212	-1,959	-1,906	-8,017
5. Exempt high-speed rail bonds from private activity bond caps.....	1/1/94	-4	-17	-35	-57	-68	-182
6. Extend small-issue manufacturing and agricultural bonds permanently.....	7/1/92	-17	-33	-48	-61	-71	-230

C. Expand Earned Income Tax Credit (EITC) (8).....	1/1/94	-397	-4,328	-7,571	-7,860	-8,180	-28,336
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D. Real Estate Investment Provisions

1. Extend mortgage revenue bonds permanently.....	7/1/92	-70	-137	-194	-242	-280	-924
2. Extend low-income housing credit permanently.....	7/1/92	-376	-601	-945	-1,305	-1,672	-4,899
3. Provide passive loss relief for real estate professionals.....	1/1/94	-261	-471	-436	-491	-578	-2,237
4. Facilitate pension investments in real estate.....	1/1/94	-36	-46	-49	-54	-59	-245
5. Increase recovery period for non-residential real property to 37 years.....	1/1/94	15	110	323	567	908	1,922

E. Other Provisions

1. Extend AMT treatment of gifts of appreciated property to charities permanently.....	(9)	-100	-77	-78	-80	-82	-417
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Provision	Effective	1994	1995	1996	1997	1998	1994-98	
2. Extend General Fund transfer to railroad retirement fund permanently.....	(3)	----- No Revenue Effect -----						
3. Extend 25% deduction for self-employed health insurance through 12/31/93.....	7/1/92	-566	--	--	--	--	-566	
F. Customs Overtime Pay Provision (Oversight Subcommittee) (3).....	10/1/93	18	18	18	18	18	90	
G. Empowerment Zones.....	1/1/94	-562	-944	-992	-1,016	-1,036	-4,550	
TOTAL REVENUE-REDUCTION PROVISIONS.....		-18,842	-17,162	-18,923	-19,374	-21,003	-95,309	
NET TOTAL - REVENUE INCREASE.....		28,670	36,238	49,001	64,153	64,121	242,177	

Joint Committee on Taxation

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

Legend for "Effective" column: ppisa = property placed in service after
tyba = taxable years beginning after
tyeo/a = taxable years ending on or after

- (1) Revenue estimates are provided based on information on the proposals from the U.S. Treasury Department; however, all estimates are subject to change.
- (2) Effective 1/1/93, but no penalties for underwithholding or estimated tax in 1993.
- (3) Estimate for this provision provided by the Congressional Budget Office (CBO).
- (4) Because the provision to prohibit double-dipping by thrifts receiving Federal financial assistance affects both Federal revenues and outlays, the net budget effects of this proposal are included in this table. The estimate includes an increase in outlays of \$136 million in 1994, a decrease of \$14 million in 1995, an increase of \$29 million in 1996, an increase of \$95 million in 1997, and an increase of \$109 million in 1998. According to CBO, Budget Act requirements may prohibit counting this provision for pay-as-you-go purposes.
- (5) Subject to passage of legislation to appropriate funds from the Harbor Maintenance Trust Fund. Estimate does not include effect on outlays.
- (6) Substantiation requirement for charitable contributions in excess of \$750; disclosure related to quid pro quo contributions.
- (7) FICA portion of estimate (on budget): \$176 million for 1994, \$193 million for 1995, \$204 million for 1996, \$217 million for 1997, and \$230 million for 1998; HI portion (off budget): \$40 million for 1994, \$44 million for 1995, \$47 million for 1996, \$49 million for 1997, and \$52 million for 1998.
- (8) Estimate includes outlays of \$339 in 1994, \$3,735 in 1995, \$6,895 in 1996, \$7,191 in 1997, and \$7,518 in 1998.
- (9) Effective for contributions of tangible personal property made after June 30, 1992, and for contributions of all property made after 1992.