

Congress of the United States

JOINT COMMITTEE ON TAXATION

Washington, DC 20515-6453

OCT 27 2011

MEMORANDUM

TO: [REDACTED]

FROM: Thomas A. Barthold



SUBJECT: Revenue Estimates

The attached tables are in response to your request for estimates of repealing or modifying corporate tax expenditures and an estimate of the lowest possible corporate income tax rate that could be enacted through legislation that is revenue neutral for C corporations in conjunction with the repeal or modification of these provisions.

The attached tables generally follow the order of Table 1 published in Joint Committee on Taxation, *Estimates of Federal Tax Expenditures for Fiscal Years 2010-2014* (JCS-3-10), December 15, 2010. Tax expenditures listed in that publication that primarily affect individuals or pass-through entities are excluded from the attached tables. A number of the tax expenditure items on the attached tables affect both C corporations and pass-through entities.

Table #11-1 133 provides the revenue effects of the repeal or modification of certain corporate tax expenditure provisions, including the portion that is claimed by partnerships, S corporations, and other pass-through entities. Table #11-1 134 includes only the revenues attributable to C corporations and excludes the portion attributable to pass-through entities. Table #11-1 134, which excludes revenues attributable to activities conducted in pass-through entities, shows the lowest possible corporate income tax rate that is revenue neutral for C corporations. In both tables, not all provisions are estimated at this time although the estimates do include almost all of the major corporate tax expenditure provisions.

As we have previously reported to you, it is not always obvious what tax rules would be applicable when certain tax expenditures are eliminated. In the attached tables we have made some judgments. As another example, we have assumed that elimination of the tax expenditure related to the geological and geophysical costs of oil and gas companies would result in those costs being amortized and recovered over a seven-year period (Table #11-1 133, item II.20.).

Please note that these estimates are very preliminary as we continue to upgrade our models relating to corporate tax reform. Also, note that the estimated revenue effects for some of the reform provisions do not include effects of anticipatory actions that we expect taxpayers would take with sufficient advance notice of the reforms. Further, while some major interaction

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effects are included in these estimates, such as interactions with rates, we have not yet estimated all possible interactions that may exist between provisions.

Also please note that the estimated revenues attributable to C corporations are based on the current division of business entities among sole proprietorships, pass-through entities, and C corporations. Should a corporate tax reform proposal target only C corporations and leave the treatment of tax expenditures unchanged for other business entities, the revenue gains from C corporations will potentially be significantly reduced as business entities change their form or structure to minimize their tax liabilities. In addition, there are potentially significant administrative and compliance implications of partial repeal of tax expenditures that likely affect the revenue effect.

Should all of the provisions which we have estimated in the attached table be repealed, the lowest top corporate income tax rate which achieves revenue neutrality for C corporations is estimated to be 28 percent. In estimating the revenue from the repeal or modification of each tax expenditure, and determining this revenue neutral rate, we have assumed that no transition relief is provided for any revenue raising provision. We have assumed that almost all of the provisions would be effective for taxable years beginning after 2011. The estimated 28 percent tax rate could change as estimates are refined, if provisions are added or removed from the list, and as any transition relief is developed for revenue raising provisions.

Finally, there are several provisions that do not change the total value of nominal deductions permitted to the taxpayer, but rather change the years in which such deductions may be claimed. For example, limiting depreciation deductions to the alternative depreciation system rather than the MACRS depreciation system changes the timing of deductions rather than the total nominal value of the deductions. The 10-year budget estimates for such provisions are significantly larger than the long-run effects where all vintages of investment are depreciated under the new regime. Similarly, the estimate in Table #11-1 134 (item V.18.b) regarding the repeal of the inventory valuation method of the lower of cost or market value, shows that all the revenue raised from repeal accrues prior to fiscal year 2019, with little revenue estimated to be raised in fiscal year 2019 or thereafter. Therefore, we also emphasize that while we estimate that a rate of 28 percent would achieve revenue neutrality for C corporations within the 10-year budget window, this rate would not necessarily be revenue neutral under a longer budget horizon.

Attachment: Tables #11-1 133 and #11-1 134

- Committee on Ways and Means -
ESTIMATED REVENUE EFFECTS OF CORPORATE TAX REFORM REVENUE RAISING PROVISIONS THAT REPEAL OR MODIFY TAX EXPENDITURES

Fiscal Years 2012 - 2021

[Billions of Dollars]

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
I. General Science, Space, and Technology													
1. Credit for increasing research activities (section 41).....	tyba 12/31/11	----- <i>No Revenue Effect</i> -----											
2. Expensing of research and experimental expenditures...	tyba 12/31/11	30.4	41.4	32.3	22.1	11.1	7.0	6.9	5.0	2.8	1.1	137.4	160.2
II. Energy													
1. Credits for alternative technology vehicles.....	tyba 12/31/11	[1]	[1]	[1]	[1]	---	---	---	---	---	---	[1]	[1]
2. Credit for holders of clean renewable energy bonds (sections 54 and 54C).....	tyba 12/31/11	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	0.1	0.3
3. Exclusion of energy conservation subsidies provided by public utilities.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
4. Credit for holder of qualified energy conservation bonds.....	tyba 12/31/11	[1]	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1	0.1	0.1	0.4
5. Credit for enhanced oil recovery costs.....	tyba 12/31/11	----- <i>No Revenue Effect</i> -----											
6. Repeal credits for alcohol fuels.....	saua DOE	----- <i>Presently Unavailable</i> -----											
7. Energy credit (section 48).....	tyba 12/31/11	0.4	0.5	0.6	0.7	0.8	0.5	0.5	0.4	0.4	0.4	3.0	5.3
a. Solar.....	tyba 12/31/11	----- <i>Estimate Included in Item II.7.</i> -----											
b. Geothermal.....	tyba 12/31/11	----- <i>Estimate Included in Item II.7.</i> -----											
c. Fuel cells.....	tyba 12/31/11	----- <i>Estimate Included in Item II.7.</i> -----											
d. Microturbines.....	tyba 12/31/11	----- <i>Estimate Included in Item II.7.</i> -----											
e. CHP property.....	tyba 12/31/11	----- <i>Estimate Included in Item II.7.</i> -----											
f. Small wind systems.....	tyba 12/31/11	----- <i>Estimate Included in Item II.7.</i> -----											
8. Credits for electricity production from renewable resources (section 45).....	tyba 12/31/11	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	1.2	2.9
a. Wind.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
b. Closed-loop biomass.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
c. Geothermal.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
d. Qualified hydropower.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
e. Solar (limited to facilities placed in service before 1/1/06).....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
f. Small irrigation power.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
g. Municipal solid waste.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											
h. Open-loop biomass.....	tyba 12/31/11	----- <i>Estimate Included in Item II.8.</i> -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
9. Credits for investments in clean coal facilities.....	tyba 12/31/11	----- Presently Unavailable -----											
10. Coal production credits:													
a. Refined coal.....	tyba 12/31/11	----- Presently Unavailable -----											
b. Indian coal.....	tyba 12/31/11	----- Presently Unavailable -----											
11. Credit for the production of energy-efficient appliances.....	tyba 12/31/11	----- No Revenue Effect -----											
12. Credit for clean-fuel vehicle refueling property.....	tyba 12/31/11	----- No Revenue Effect -----											
13. New energy efficient homes credit.....	tyba 12/31/11	----- Presently Unavailable -----											
14. Credit for investment in advanced energy property.....	tyba 12/31/11	0.4	0.3	0.1	0.1	[1]	[1]	[3]	[3]	[3]	—	0.9	0.8
15. Exclusion of interest on State and local government qualified private activity bonds for energy production facilities.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
16. Deduction for expenditures on energy-efficient commercial building property.....	tyba 12/31/11	0.2	0.2	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	0.3	0.3
17. Repeal expensing of oil and gas exploration and development costs.....	cpoia 12/31/11	1.0	1.5	1.4	1.3	1.1	0.9	0.5	0.2	0.2	0.2	6.3	8.3
18. Repeal percentage depletion for oil and natural gas wells.....	tyba 12/31/11	0.6	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.3	4.7	10.8
19. Repeal percentage depletion for coal and hard mineral fossil fuels.....	tyba 12/31/11	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1.3
20. Increase geological and small integrated geophysical amortization period for independent producers to seven years.....	apoaia 12/31/11	[1]	0.2	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.8	1.0
21. Amortization of air pollution control facilities.....	tyba 12/31/11	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.8	1.3
22. Depreciation recovery periods for energy specific items:													
a. Five-year MACRS for certain energy property (solar, wind, etc.).....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
b. 10-year MACRS for smart electric distribution property.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
c. 15-year MACRS for certain electric transmission property.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
d. 15-year MACRS for natural gas distribution line.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
23. Election to expense 50 percent of qualified property used to refine liquid fuels.....	tyba 12/31/11	----- Presently Unavailable -----											
III. Natural Resources and Environment													
1. Special depreciation allowance for certain reuse and recycling property.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
2. Expensing of exploration and development costs, nonfuel minerals.....	tyba 12/31/11	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	1.0
3. Excess of percentage over cost depletion, nonfuel minerals.....	tyba 12/31/11	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4	0.9
4. Expensing of timber-growing costs.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
5. Special rules for mining reclamation reserves.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Impose full tax rate on nuclear decommissioning reserve funds.....	tyba 12/31/11	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	1.2
7. Exclusion of contributions in aid of construction for water and sewer utilities.....	tyba 12/31/11	----- Presently Unavailable -----											
8. Exclusion of earnings of certain environmental settlement funds.....	tyba 12/31/11	----- Presently Unavailable -----											
9. Amortization and expensing of reforestation expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											
IV. Agriculture													
1. Expensing of soil and water conservation expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											
2. Expensing of the costs of raising dairy and breeding cattle.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Exclusion of cost-sharing payments.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Exclusion of cancellation of indebtedness income of farmers.....	tyba 12/31/11	----- Presently Unavailable -----											
5. Five-year carryback period for net operating losses attributable to farming.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Expensing by farmers for fertilizer and soil conditioner costs.....	tyba 12/31/11	----- Presently Unavailable -----											
V. Commerce and Housing													
A. Housing:													
1. Repeal the exclusion of interest on all State and local government qualified private activity bonds.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
2. Repeal the credit for low-income housing.....	caa 12/31/12	--	0.2	0.6	1.5	2.5	3.6	4.8	6.0	7.2	8.4	4.8	34.8
3. Repeal the rehabilitation credit.....	caa 12/31/12	--	0.1	0.4	0.5	0.7	0.8	0.8	0.9	0.9	0.9	1.7	6.0
4. Depreciation of rental housing in excess of alternative depreciation system.....	tyba 12/31/11	----- Presently Unavailable -----											
B. Other Business and Commerce:													
1. Exclusion of interest on State and local government small-issue qualified private activity bonds.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
2. 15-year recovery period for retail motor fuels outlets....	tyba 12/31/11	----- Presently Unavailable -----											
3. Repeal the special rules for non-dealer installment sales.....	N/A	----- Presently Unavailable -----											
4. Repeal the deferral of gain on like-kind exchanges.....	eca 12/31/12	--	0.1	0.2	0.4	0.6	1.1	1.9	2.9	4.4	6.6	2.4	18.2
5. Expensing under section 179 of depreciable business property.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Amortization of business startup costs.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
7. Reduced rates on first \$10,000,000 of corporate taxable income.....	tyba 12/31/11	----- Presently Unavailable -----											
8. Exemptions from imputed interest rules.....	tyba 12/31/11	----- Presently Unavailable -----											
9. Expensing of magazine circulation expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											
10. Special rules for magazine, paperback book, and record returns.....	tyba 12/31/11	----- Presently Unavailable -----											
11. Repeal the completed contract rules method.....	sooda 12/31/12	---	0.9	2.1	2.3	2.4	2.5	1.5	0.7	0.7	0.8	7.7	13.9
12. Cash accounting, other than agriculture.....	tyba 12/31/11	----- Presently Unavailable -----											
13. Credit for employer-paid FICA taxes on tips.....	tyba 12/31/11	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.9	3.6	8.2
14. Repeal the deduction for income attributable to domestic production activities.....	tyba 12/31/11	4.3	13.9	14.7	15.6	16.5	17.6	18.6	19.7	20.9	22.1	65.0	163.9
15. Credit for the cost of carrying tax-paid distilled spirits in wholesale inventories.....	tyba 12/31/11	----- Presently Unavailable -----											
16. Expensing of costs to remove architectural and transportation barriers to the handicapped and elderly.....	tyba 12/31/11	----- Presently Unavailable -----											
17. Ordinary gain or loss treatment for sale or exchange of Fannie Mae and Freddie Mac preferred stock by certain financial institutions.....	tyba 12/31/11	----- Presently Unavailable -----											
18. Inventory methods and valuation:													
a. Repeal last in first out.....	tyba 12/31/12	---	3.9	6.9	7.3	7.5	7.9	8.5	8.9	9.2	9.6	25.5	69.7
b. Repeal lower of cost or market.....	tyba 12/31/12	---	0.1	0.8	0.9	0.7	0.3	0.1	[1]	[1]	[1]	2.4	2.9
c. Specific identification for homogeneous products.....	tyba 12/31/11	----- Presently Unavailable -----											
19. Exclusion of gain or loss on sale or exchange of Brownfield property.....	tyba 12/31/11	----- Presently Unavailable -----											
20. Income recognition rule for gain or loss from section 1256 contracts.....	tyba 12/31/11	----- Presently Unavailable -----											
21. Net alternative minimum tax attributable to net operating loss limitation.....	tyba 12/31/11	----- Presently Unavailable -----											
22. Exclusion of interest on State and local qualified private activity bonds for green buildings and sustainable design projects.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
23. Repeal MACRS and apply ADS in the depreciation of buildings other than rental housing.....	ppisa 12/31/11	----- Estimate Included in Item XIV.2. -----											
24. Repeal MACRS and apply ADS in the depreciation of equipment.....	ppisa 12/31/11	----- Estimate Included in Item XIV.2. -----											
25. Inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument.....	tyba 12/31/11	----- Presently Unavailable -----											
26. 5-year carryback of general business credits.....	tyba 12/31/11	----- Presently Unavailable -----											
C. Financial Institutions:													
1. Exemption of credit union income.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
D. Insurance Companies:													
1. Expand pro rata interest expense disallowance for company-owned life insurance.....	[2]	0.1	0.2	0.4	0.5	0.6	0.8	0.9	1.0	1.1	1.2	1.9	6.8
2. Small life insurance company taxable income adjustment.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Special treatment of life insurance company reserves....	tyba 12/31/11	----- Presently Unavailable -----											
4. Special deduction for Blue Cross and Blue Shield companies.....	tyba 12/31/11	0.2	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	2.0	4.8
5. Tax-exempt status and election to be taxed only on investment income for certain small property and casualty insurance companies.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Interest rate and discounting period assumptions for reserves of property and casualty insurance companies.....	tyba 12/31/11	----- Presently Unavailable -----											
7. Proration for property and casualty insurance companies.....	tyba 12/31/11	----- Presently Unavailable -----											
VI. Transportation													
1. Deferral of tax on capital construction funds of shipping companies.....	tyba 12/31/11	----- Presently Unavailable -----											
2. Exclusion of interest on State and local government qualified private activity bonds for highway projects and rail-truck transfer facilities.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
3. High-speed intercity rail vehicle speed requirement for exempt high-speed rail facility bonds.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
4. Exclusion of interest on State and local government private activity bonds for private airports, docks, and mass-commuting facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
VII. Community and Regional Development													
1. Empowerment zone tax incentives.....	tyba 12/31/11	----- Presently Unavailable -----											
2. New markets tax credit.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Repeal the District of Columbia tax incentives.....	N/A	----- Presently Unavailable -----											
4. Credit for Indian reservation employment.....	tyba 12/31/11	----- Presently Unavailable -----											
5. Exclusion of interest on State and local government qualified private activity bonds for sewage, water, and hazardous waste facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
6. Issuance of recovery zone economic development bonds.....	tyba 12/31/11	----- Presently Unavailable -----											
7. Issuance of tribal economic development bonds.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
8. Build America bonds.....	tyba 12/31/11	----- Provision Expired -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
9. Eliminate requirement that financial institutions allocate interest expense attributable to tax-exempt interest.....	tyba 12/31/11	----- Presently Unavailable -----											
10. Disaster Relief:													
a. Gulf opportunity zone.....	tyba 12/31/11	----- Presently Unavailable -----											
b. Midwest disaster relief.....	tyba 12/31/11	----- Presently Unavailable -----											
c. National disaster relief.....	tyba 12/31/11	----- Presently Unavailable -----											
VIII. Education, Training, Employment, and Social Services													
A. Education and Training:													
1. Exclusion of interest on State and local government qualified private activity bonds for student loans.....	bia 12/31/11	----- Estimate Included in Item XIV.1. -----											
2. Exclusion of interest on State and local government qualified private activity bonds for private nonprofit and qualified public educational facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
3. Credit for holders of qualified zone academy bonds.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Deduction for charitable contributions to educational institutions.....	tyba 12/31/11	----- Presently Unavailable -----											
B. Employment:													
1. Repeal deduction for dividends paid to an employee stock ownership plan (ESOP).....	dpa DOE	0.4	0.4	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	2.7	6.3
2. Deferral of taxation on spread on acquisition of stock under incentive stock option plans.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Deferral of taxation on spread on employee stock purchase plans.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Disallowance of deduction for excess parachute payments (applicable if payments to a disqualified individual are contingent on a change of control of a corporation and are equal to or greater than three times the individual's annualized includible compensation).....	tyba 12/31/11	----- Presently Unavailable -----											
5. Limits on deductible compensation.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Work opportunity tax credit.....	tyba 12/31/11	----- Provision Expires December 31, 2011 -----											
7. Credit for retention of certain newly hired workers.....	tyba 12/31/11	----- Provision Expires December 31, 2011 -----											
C. Social Services:													
1. Credit for employer-provided dependent care.....	tyba 12/31/11	[1]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.2
2. Deduction for charitable contributions, other than for education and health.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Credit for disabled access expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
IX. Health													
1. Exclusion of interest on State and local government qualified activity bonds for private nonprofit hospital facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
2. Deduction for charitable contributions to health organizations.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Credit for orphan drug research.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Premium subsidy for COBRA continuation coverage...	tyba 12/31/11	----- Presently Unavailable -----											
5. Tax credit for small businesses purchasing employer insurance.....	tyba 12/31/11	----- Presently Unavailable -----											
X. Medicare													
1. Exclusion of Medicare benefits - exclusion of certain subsidies to employers who maintain prescription drug plans for Medicare enrollees.....	tyba 12/31/11	----- Presently Unavailable -----											
XI. Income Security													
1. Exclusion of disaster mitigation payments.....	tyba 12/31/11	----- Presently Unavailable -----											
XII. General Purpose Fiscal Assistance													
1. Exclusion of interest on public purpose State and local government bonds.....	tyba 12/31/11	----- Presently Unavailable -----											
XIII. Veterans Benefits and Services													
1. Exclusion of interest on State and local qualified private activity bonds for veterans' housing.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
XIV. General Corporate Tax Provisions													
1. Eliminate exclusion of interest on private activity bonds.....	bia 12/31/12	---	0.1	0.2	0.4	0.7	1.0	1.3	1.6	1.9	2.1	1.4	9.2
2. Repeal MACRS and apply ADS.....	tyba 12/31/11	19.5	56.6	82.0	91.8	95.1	96.1	79.4	72.9	67.1	63.5	345.0	724.1
XV. Reduction in Corporate Rate to 28%.....	tyba 12/31/11	-40.5	-65.3	-71.0	-75.8	-77.0	-76.0	-77.0	-76.4	-78.2	-80.4	-329.6	-717.5
XVI. Interaction With Corporate Rate Change.....	---	-12.9	-24.7	-28.2	-28.4	-27.1	-26.8	-24.7	-23.7	-23.2	-23.3	-121.3	-243.0
NET TOTAL		5.6	33.4	47.3	45.2	40.3	41.5	28.3	24.6	20.0	18.0	172.5	304.1

Joint Committee on Taxation

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

[Legend and Footnotes for Table #11-1 133 appear on the following page]

Legend and Footnotes for Table #11-1 133:

Legend for "Effective" column:

apoia = amounts paid or incurred after
bia = bonds issued after
caa = credits allocated after
cpoia = costs paid or incurred after

DOE = date of enactment
eca = exchanges commencing after
dpa = dividends paid after
N/A = not applicable

ppisa = property placed in service after
saua = sales and uses after
sooda = sales or other dispositions after
tyba = taxable years beginning after

[1] Gain of less than \$50 million.

[2] Effective for contracts issued after December 31, 2011, in taxable years ending after that date.

[3] Loss of less than \$50 million.

- Committee on Ways and Means -
**ESTIMATED REVENUE EFFECTS OF CORPORATE TAX REFORM REVENUE RAISING PROVISIONS THAT REPEAL OR MODIFY TAX EXPENDITURES:
 PORTION OF REVENUE THAT IS ATTRIBUTABLE TO C CORPORATIONS**

Fiscal Years 2012 - 2021

[Billions of Dollars]

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
I. General Science, Space, and Technology													
1. Credit for increasing research activities (section 41).....	tyba 12/31/11	----- <i>No Revenue Effect</i> -----											
2. Expensing of research and experimental expenditures...	tyba 12/31/11	28.9	39.3	30.7	21	10.5	6.6	6.5	4.8	2.6	1.1	130.5	152.2
II. Energy													
1. Credits for alternative technology vehicles.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
2. Credit for holders of clean renewable energy bonds (sections 54 and 54C).....	tyba 12/31/11	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	0.1	0.3
3. Exclusion of energy conservation subsidies provided by public utilities.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
4. Credit for holder of qualified energy conservation bonds.....	tyba 12/31/11	[1]	[1]	[1]	[1]	[1]	0.1	0.1	0.1	0.1	0.1	0.1	0.4
5. Credit for enhanced oil recovery costs.....	tyba 12/31/11	----- <i>No Revenue Effect</i> -----											
6. Repeal credits for alcohol fuels.....	saua DOE	----- <i>Presently Unavailable</i> -----											
7. Energy credit (section 48).....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
a. Solar.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
b. Geothermal.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
c. Fuel cells.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
d. Microturbines.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
e. CHP property.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
f. Small wind systems.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
8. Credits for electricity production from renewable resources (section 45).....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
a. Wind.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
b. Closed-loop biomass.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
c. Geothermal.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
d. Qualified hydropower.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
e. Solar (limited to facilities placed in service before 1/1/06).....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
f. Small irrigation power.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
g. Municipal solid waste.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											
h. Open-loop biomass.....	tyba 12/31/11	----- <i>Presently Unavailable</i> -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
9. Credits for investments in clean coal facilities.....	tyba 12/31/11	----- Presently Unavailable -----											
10. Coal production credits:													
a. Refined coal.....	tyba 12/31/11	----- Presently Unavailable -----											
b. Indian coal.....	tyba 12/31/11	----- Presently Unavailable -----											
11. Credit for the production of energy-efficient appliances.....	tyba 12/31/11	----- No Revenue Effect -----											
12. Credit for clean-fuel vehicle refueling property.....	tyba 12/31/11	----- No Revenue Effect -----											
13. New energy efficient homes credit.....	tyba 12/31/11	----- Presently Unavailable -----											
14. Credit for investment in advanced energy property.....	tyba 12/31/11	----- Presently Unavailable -----											
15. Exclusion of interest on State and local government qualified private activity bonds for energy production facilities.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
16. Deduction for expenditures on energy-efficient commercial building property.....	tyba 12/31/11	----- Presently Unavailable -----											
17. Repeal expensing of oil and gas exploration and development costs.....	cpoia 12/31/11	0.5	0.7	0.7	0.6	0.6	0.5	0.3	0.1	0.1	0.1	3.1	4.2
18. Repeal percentage depletion for oil and natural gas wells.....	tyba 12/31/11	0.3	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	2.3	5.4
19. Repeal percentage depletion for coal and hard mineral fossil fuels.....	tyba 12/31/11	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1.2
20. Increase geological and small integrated geophysical amortization period for independent producers to seven years.....	apoia 12/31/11	[1]	0.1	0.2	0.2	0.1	0.1	[1]	[1]	[1]	[1]	0.6	0.8
21. Amortization of air pollution control facilities.....	tyba 12/31/11	----- Presently Unavailable -----											
22. Depreciation recovery periods for energy specific items:													
a. Five-year MACRS for certain energy property (solar, wind, etc.).....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
b. 10-year MACRS for smart electric distribution property.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
c. 15-year MACRS for certain electric transmission property.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
d. 15-year MACRS for natural gas distribution line.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
23. Election to expense 50 percent of qualified property used to refine liquid fuels.....	tyba 12/31/11	----- Presently Unavailable -----											
III. Natural Resources and Environment													
1. Special depreciation allowance for certain reuse and recycling property.....	tyba 12/31/11	----- Estimate Included in Item XIV.2. -----											
2. Expensing of exploration and development costs, nonfuel minerals.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Excess of percentage over cost depletion, nonfuel minerals.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Expensing of timber-growing costs.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
5. Special rules for mining reclamation reserves.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Impose full tax rate on nuclear decommissioning reserve funds.....	tyba 12/31/11	---	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.5	1.2
7. Exclusion of contributions in aid of construction for water and sewer utilities.....	tyba 12/31/11	----- Presently Unavailable -----											
8. Exclusion of earnings of certain environmental settlement funds.....	tyba 12/31/11	----- Presently Unavailable -----											
9. Amortization and expensing of reforestation expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											
IV. Agriculture													
1. Expensing of soil and water conservation expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											
2. Expensing of the costs of raising dairy and breeding cattle.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Exclusion of cost-sharing payments.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Exclusion of cancellation of indebtedness income of farmers.....	tyba 12/31/11	----- Presently Unavailable -----											
5. Five-year carryback period for net operating losses attributable to farming.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Expensing by farmers for fertilizer and soil conditioner costs.....	tyba 12/31/11	----- Presently Unavailable -----											
V. Commerce and Housing													
A. Housing:													
1. Repeal the exclusion of interest on all State and local government qualified private activity bonds.....	bia 12/31/12	----- Estimate Included in Item XIV. I. -----											
2. Repeal the credit for low-income housing.....	caa 12/31/12	---	0.2	0.6	1.4	2.4	3.4	4.5	5.7	6.8	8.0	4.5	33.0
3. Repeal the rehabilitation credit.....	caa 12/31/12	---	0.1	0.3	0.4	0.5	0.6	0.6	0.7	0.7	0.7	1.3	4.4
4. Depreciation of rental housing in excess of alternative depreciation system.....	tyba 12/31/11	----- Presently Unavailable -----											
B. Other Business and Commerce:													
1. Exclusion of interest on State and local government small-issue qualified private activity bonds.....	bia 12/31/12	----- Estimate Included in Item XIV. I. -----											
2. 15-year recovery period for retail motor fuels outlets....	tyba 12/31/11	----- Presently Unavailable -----											
3. Repeal the special rules for non-dealer installment sales.....	N/A	----- Presently Unavailable -----											
4. Repeal the deferral of gain on like-kind exchanges.....	eca 12/31/12	---	0.1	0.2	0.4	0.6	1.0	1.7	2.6	3.8	5.6	2.3	16.0
5. Expensing under section 179 of depreciable business property.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Amortization of business startup costs.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
7. Reduced rates on first \$10,000,000 of corporate taxable income.....	tyba 12/31/11	----- Presently Unavailable -----											
8. Exemptions from imputed interest rules.....	tyba 12/31/11	----- Presently Unavailable -----											
9. Expensing of magazine circulation expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											
10. Special rules for magazine, paperback book, and record returns.....	tyba 12/31/11	----- Presently Unavailable -----											
11. Repeal the completed contract rules method.....	sooda 12/31/12	---	0.9	2.1	2.3	2.4	2.5	1.5	0.7	0.7	0.8	7.7	13.9
12. Cash accounting, other than agriculture.....	tyba 12/31/11	----- Presently Unavailable -----											
13. Credit for employer-paid FICA taxes on tips.....	tyba 12/31/11	0.4	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.5	2.1	4.8
14. Repeal the deduction for income attributable to domestic production activities.....	tyba 12/31/11	3.3	10.8	11.4	12.1	12.8	13.6	14.4	15.3	16.2	17.1	50.4	127.0
15. Credit for the cost of carrying tax-paid distilled spirits in wholesale inventories.....	tyba 12/31/11	----- Presently Unavailable -----											
16. Expensing of costs to remove architectural and transportation barriers to the handicapped and elderly...	tyba 12/31/11	----- Presently Unavailable -----											
17. Ordinary gain or loss treatment for sale or exchange of Fannie Mae and Freddie Mac preferred stock by certain financial institutions.....	tyba 12/31/11	----- Presently Unavailable -----											
18. Inventory methods and valuation:													
a. Repeal last in first out.....	tyba 12/31/12	---	3.5	6.2	6.5	6.7	7.1	7.7	8.0	8.3	8.7	22.9	62.7
b. Repeal lower of cost or market.....	tyba 12/31/12	---	0.1	0.8	0.9	0.7	0.3	0.1	[1]	[1]	[1]	2.4	2.9
c. Specific identification for homogeneous products....	tyba 12/31/11	----- Presently Unavailable -----											
19. Exclusion of gain or loss on sale or exchange of Brownfield property.....	tyba 12/31/11	----- Presently Unavailable -----											
20. Income recognition rule for gain or loss from section 1256 contracts.....	tyba 12/31/11	----- Presently Unavailable -----											
21. Net alternative minimum tax attributable to net operating loss limitation.....	tyba 12/31/11	----- Presently Unavailable -----											
22. Exclusion of interest on State and local qualified private activity bonds for green buildings and sustainable design projects.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
23. Repeal MACRS and apply ADS in the depreciation of buildings other than rental housing.....	ppisa 12/31/11	----- Estimate Included in Item XIV.2. -----											
24. Repeal MACRS and apply ADS in the depreciation of equipment.....	ppisa 12/31/11	----- Estimate Included in Item XIV.2. -----											
25. Inclusion of income arising from business indebtedness discharged by the reacquisition of a debt instrument....	tyba 12/31/11	----- Presently Unavailable -----											
26. 5-year carryback of general business credits.....	tyba 12/31/11	----- Presently Unavailable -----											
C. Financial Institutions:													
1. Exemption of credit union income.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
D. Insurance Companies:													
1. Expand pro rata interest expense disallowance for company-owned life insurance.....	[2]	0.1	0.2	0.4	0.5	0.6	0.8	0.9	1.0	1.1	1.2	1.9	6.8
2. Small life insurance company taxable income adjustment.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Special treatment of life insurance company reserves.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Special deduction for Blue Cross and Blue Shield companies.....	tyba 12/31/11	0.2	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	2.0	4.8
5. Tax-exempt status and election to be taxed only on investment income for certain small property and casualty insurance companies.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Interest rate and discounting period assumptions for reserves of property and casualty insurance companies.....	tyba 12/31/11	----- Presently Unavailable -----											
7. Proration for property and casualty insurance companies.....	tyba 12/31/11	----- Presently Unavailable -----											
VI. Transportation													
1. Deferral of tax on capital construction funds of shipping companies.....	tyba 12/31/11	----- Presently Unavailable -----											
2. Exclusion of interest on State and local government qualified private activity bonds for highway projects and rail-truck transfer facilities.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
3. High-speed intercity rail vehicle speed requirement for exempt high-speed rail facility bonds.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
4. Exclusion of interest on State and local government private activity bonds for private airports, docks, and mass-commuting facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
VII. Community and Regional Development													
1. Empowerment zone tax incentives.....	tyba 12/31/11	----- Presently Unavailable -----											
2. New markets tax credit.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Repeal the District of Columbia tax incentives.....	N/A	----- Presently Unavailable -----											
4. Credit for Indian reservation employment.....	tyba 12/31/11	----- Presently Unavailable -----											
5. Exclusion of interest on State and local government qualified private activity bonds for sewage, water, and hazardous waste facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
6. Issuance of recovery zone economic development bonds.....	tyba 12/31/11	----- Presently Unavailable -----											
7. Issuance of tribal economic development bonds.....	tyba 12/31/11	----- Estimate Included in Item XIV.1. -----											
8. Build America bonds.....	tyba 12/31/11	----- Provision Expired -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
9. Eliminate requirement that financial institutions allocate interest expense attributable to tax-exempt interest.....	tyba 12/31/11	----- Presently Unavailable -----											
10. Disaster Relief:													
a. Gulf opportunity zone.....	tyba 12/31/11	----- Presently Unavailable -----											
b. Midwest disaster relief.....	tyba 12/31/11	----- Presently Unavailable -----											
c. National disaster relief.....	tyba 12/31/11	----- Presently Unavailable -----											
VIII. Education, Training, Employment, and Social Services													
A. Education and Training:													
1. Exclusion of interest on State and local government qualified private activity bonds for student loans.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
2. Exclusion of interest on State and local government qualified private activity bonds for private nonprofit and qualified public educational facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
3. Credit for holders of qualified zone academy bonds.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Deduction for charitable contributions to educational institutions.....	tyba 12/31/11	----- Presently Unavailable -----											
B. Employment:													
1. Repeal deduction for dividends paid to an employee stock ownership plan (ESOP).....	dpa DOE	0.4	0.4	0.6	0.6	0.6	0.7	0.7	0.7	0.8	0.8	2.7	6.3
2. Deferral of taxation on spread on acquisition of stock under incentive stock option plans.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Deferral of taxation on spread on employee stock purchase plans.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Disallowance of deduction for excess parachute payments (applicable if payments to a disqualified individual are contingent on a change of control of a corporation and are equal to or greater than three times the individual's annualized includible compensation).....	tyba 12/31/11	----- Presently Unavailable -----											
5. Limits on deductible compensation.....	tyba 12/31/11	----- Presently Unavailable -----											
6. Work opportunity tax credit.....	tyba 12/31/11	----- Provision Expires December 31, 2011 -----											
7. Credit for retention of certain newly hired workers.....	tyba 12/31/11	----- Provision Expires December 31, 2011 -----											
C. Social Services:													
1. Credit for employer-provided dependent care.....	tyba 12/31/11	[1]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	-0.1	-0.2
2. Deduction for charitable contributions, other than for education and health.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Credit for disabled access expenditures.....	tyba 12/31/11	----- Presently Unavailable -----											

Provision	Effective	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-16	2012-21
IX. Health													
1. Exclusion of interest on State and local government qualified activity bonds for private nonprofit hospital facilities.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
2. Deduction for charitable contributions to health organizations.....	tyba 12/31/11	----- Presently Unavailable -----											
3. Credit for orphan drug research.....	tyba 12/31/11	----- Presently Unavailable -----											
4. Premium subsidy for COBRA continuation coverage...	tyba 12/31/11	----- Presently Unavailable -----											
5. Tax credit for small businesses purchasing employer insurance.....	tyba 12/31/11	----- Presently Unavailable -----											
X. Medicare													
1. Exclusion of Medicare benefits - exclusion of certain subsidies to employers who maintain prescription drug plans for Medicare enrollees.....	tyba 12/31/11	----- Presently Unavailable -----											
XI. Income Security													
1. Exclusion of disaster mitigation payments.....	tyba 12/31/11	----- Presently Unavailable -----											
XII. General Purpose Fiscal Assistance													
1. Exclusion of interest on public purpose State and local government bonds.....	tyba 12/31/11	----- Presently Unavailable -----											
XIII. Veterans Benefits and Services													
1. Exclusion of interest on State and local qualified private activity bonds for veterans' housing.....	bia 12/31/12	----- Estimate Included in Item XIV.1. -----											
XIV. General Corporate Tax Provisions													
1. Eliminate exclusion of interest on private activity bonds.....	bia 12/31/12	--	0.1	0.2	0.4	0.7	1.0	1.3	1.6	1.9	2.1	1.4	9.2
2. Repeal MACRS and apply ADS.....	tyba 12/31/11	13.6	39.6	57.4	64.3	66.6	67.3	55.6	51.0	47.0	44.5	241.5	506.8
XV. Reduction in Corporate Rate to 28%.....	tyba 12/31/11	-40.5	-65.3	-71.0	-75.8	-77.0	-76.0	-77.0	-76.4	-78.2	-80.4	-329.6	-717.5
XVI. Interaction With Corporate Rate Change.....	---	-12.9	-24.7	-28.2	-28.4	-27.1	-26.8	-24.7	-23.7	-23.2	-23.3	-121.3	-243.0
NET TOTAL		-5.5	7.6	14.0	9.1	3.5	4.5	-4.0	-5.9	-9.3	-11.0	30.0	3.8

Joint Committee on Taxation

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

[Legend and Footnotes for Table #11-1 134 appear on the following page]

Legend and Footnotes for Table #11-1 134:

Legend for "Effective" column:

apoia = amounts paid or incurred after
bia = bonds issued after
caa = credits allocated after
cpoia = costs paid or incurred after

DOE = date of enactment
eca = exchanges commencing after
dpa = dividends paid after
N/A = not applicable

ppisa = property placed in service after
saa = sales and uses after
sooda = sales or other dispositions after
tyba = taxable years beginning after

[1] Gain of less than \$50 million.

[2] Effective for contracts issued after December 31, 2011, in taxable years ending after that date.