

**JOINT COMMITTEE ON TAXATION**  
**December 19, 2012**  
**JCX-78-12**

**ESTIMATED REVENUE EFFECTS OF AN AMENDMENT TO THE SENATE AMENDMENT TO H.J. RES. 66,  
THE "PERMANENT TAX RELIEF FOR FAMILIES AND SMALL BUSINESSES ACT OF 2012,"  
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  |
|---|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|
| <b>I. Make Permanent Certain Tax Cuts Enacted in 2001 and 2003:</b>   |               |         |         |         |         |         |         |         |         |         |         |          |          |
| A. Permanent Extension of 2001 Tax Relief   |               |         |         |         |         |         |         |         |         |         |         |          |          |
| 1. Individual income tax rate relief:   |               |         |         |         |         |         |         |         |         |         |         |          |          |
| a. Retain 10% income tax bracket [1].....   | tyba 12/31/12 | -30,723 | -44,168 | -44,841 | -45,604 | -45,986 | -46,049 | -46,360 | -46,518 | -46,412 | -45,980 | -211,322 | -442,641 |
| b. Retain the 25% and the 28% income tax brackets....   | tyba 12/31/12 | -12,731 | -18,507 | -19,549 | -20,839 | -21,972 | -22,849 | -23,447 | -23,916 | -24,198 | -24,226 | -93,598  | -212,234 |
| c. Retain the 33% and the 35% income tax brackets<br>for certain individuals.....   | tyba 12/31/12 | -12,512 | -18,477 | -20,506 | -22,816 | -25,067 | -27,285 | -29,417 | -31,647 | -33,853 | -36,177 | -99,379  | -257,757 |
| e. Repeal overall limitation on itemized deduction<br>and the personal exemption phaseout.....  | tyba 12/31/12 | -5,446  | -11,532 | -12,847 | -14,376 | -16,016 | -17,603 | -19,102 | -20,498 | -21,905 | -23,388 | -60,217  | -162,712 |
| 2. Retain the child tax credit at \$1,000; refundable up<br>to greater of 15% of earned income in excess of<br>\$10,000 (indexed from 2001) or the taxpayer's<br>social security tax liability to the extent that it<br>exceeds the taxpayer's earned income credit; allow<br>credit against the AMT; repeal AMT offset of<br>refundable credits [1].....   | tyba 12/31/12 | -4,117  | -35,825 | -36,785 | -37,749 | -38,674 | -39,310 | -39,869 | -40,262 | -40,714 | -41,189 | -153,151 | -354,493 |
| 3. Marriage penalty relief:   |               |         |         |         |         |         |         |         |         |         |         |          |          |
| a. Standard deduction and 15% rate bracket set at<br>2 times single for married filing jointly [1].....   | tyba 12/31/12 | -4,279  | -6,168  | -6,134  | -6,067  | -5,926  | -5,689  | -5,508  | -5,353  | -5,298  | -5,182  | -28,575  | -55,604  |
| b. EIC modification and simplification - increase<br>in joint returns beginning and ending income level<br>for phaseout by \$3,000 indexed after 2008; simplify<br>definition of earned income; use AGI instead of<br>modified AGI; simplify definition of qualifying<br>child and tie-breaker rules; and allow math error<br>procedure with Federal Case registry data<br>beginning in 2004 [1]..... | tyba 12/31/12 | -31     | -3,126  | -3,100  | -3,115  | -3,086  | -3,120  | -3,193  | -3,284  | -3,407  | -3,565  | -12,458  | -29,026  |

| 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..... | tyba 12/31/12 | -9   | -14    | -16    | -19    | -23    | -28    | -33    | -38    | -43    | -48    | -81     | -271    |
| b. Employer provided educational assistance - extend the exclusion for undergraduate courses and graduate level courses [3].....   | cba 12/31/12  | -230 | -1,153 | -1,176 | -1,200 | -1,224 | -1,248 | -1,273 | -1,299 | -1,325 | -1,351 | -4,982  | -11,477 |
| 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.....  | ipa 12/31/12  | -89  | -898   | -1,005 | -1,024 | -1,068 | -1,024 | -1,117 | -1,097 | -1,173 | -1,180 | -4,082  | -9,675  |
| 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.....  | tyba 12/31/12 | -127 | -132   | -136   | -141   | -147   | -152   | -158   | -163   | -169   | -176   | -683    | -1,501  |
| e. Increase arbitrage rebate exception for governmental bonds used to finance qualified school construction from \$10 million to \$15 million.....   | bia 12/31/12  | [2]  | -1     | -2     | -4     | -6     | -8     | -10    | -12    | -14    | -16    | -13     | -72     |
| 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.....   | bia 12/31/12  | [2]  | -2     | -5     | -8     | -12    | -16    | -21    | -25    | -29    | -34    | -27     | -152    |
| 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 [1].....  | tyba 12/31/12 | -62  | -246   | -233   | -222   | -208   | -190   | -175   | -164   | -154   | -139   | -970    | -1,791  |

| Provision  | Effective                     | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            | 2021            | 2022            | 2013-17           | 2013-22           |
|--|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|
| 6. Adoption credit - increase the expense limit and the exclusion to \$10,000 for both non-special needs and special needs adoptions, make the credit independent of expenses for special needs adoptions, extend the credit and the exclusion, increase the phase-out start point to \$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 [1]..... | tyba 12/31/12                 | -154            | -520            | -539            | -555            | -577            | -606            | -630            | -643            | -664            | -693            | -2,344            | -5,580            |
| 7. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource.....  | tyba 12/31/12                 | -14             | -17             | -19             | -21             | -22             | -22             | -23             | -23             | -24             | -24             | -93               | -209              |
| 8. Allow electing Alaska Native Settlement Trusts to tax income to the Trust not the beneficiaries.....  | tyba 12/31/12                 | -2              | -5              | -5              | -4              | -5              | -5              | -5              | -5              | -5              | -5              | -21               | -46               |
| <b>B. Permanent Extension of 2003 Tax Relief</b>   |                               |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                   |                   |
| 1. Tax capital gains with a 0%/15%/20% rate structure....  | tyba 12/31/12                 | -821            | -5,780          | -7,591          | -7,893          | -7,967          | -7,902          | -7,979          | -8,284          | -8,560          | -8,915          | -30,050           | -71,689           |
| 2. Tax dividends with a 0%/15%/20% rate structure.....   | tyba 12/31/12                 | -5,203          | -16,092         | -18,279         | -19,707         | -22,056         | -23,786         | -24,938         | -25,870         | -26,895         | -27,973         | -81,337           | -210,799          |
| <b>Total of Make Permanent Certain Tax Cuts Enacted in 2001 and 2003.....</b>  |                               | <b>-76,550</b>  | <b>-162,663</b> | <b>-172,768</b> | <b>-181,364</b> | <b>-190,042</b> | <b>-196,892</b> | <b>-203,258</b> | <b>-209,101</b> | <b>-214,842</b> | <b>-220,261</b> | <b>-783,383</b>   | <b>-1,827,729</b> |
| <b>II. Permanently Extend Estate and Gift Tax Provisions of the Tax Relief Act of 2010 - \$5 Million Unified and Indexed Exemption Amount; 35% Maximum Rate; Portability of Exemption Amount.....</b>  | <b>dda &amp; gma 12/31/12</b> | <b>-4,594</b>   | <b>-28,024</b>  | <b>-33,040</b>  | <b>-36,214</b>  | <b>-39,655</b>  | <b>-42,760</b>  | <b>-45,949</b>  | <b>-49,199</b>  | <b>-52,518</b>  | <b>-56,207</b>  | <b>-141,528</b>   | <b>-388,160</b>   |
| <b>III. Permanent Section 179 Expensing Amounts and Threshold Limits (\$250,000/\$800,000); Amounts are Indexed for Inflation.....</b>   | <b>ppisa 12/31/12</b>         | <b>-4,781</b>   | <b>-7,549</b>   | <b>-6,206</b>   | <b>-5,551</b>   | <b>-4,875</b>   | <b>-4,091</b>   | <b>-3,434</b>   | <b>-3,079</b>   | <b>-2,998</b>   | <b>-3,105</b>   | <b>-28,962</b>    | <b>-45,669</b>    |
| <b>IV. Permanent Individual Alternative Minimum Tax Relief - Increase the AMT Exemption Amount to \$50,600 (\$78,750 Joint) in 2012 and Index the AMT Exemption Amount, Exemption Phaseout Threshold, and Income Bracket Beginning in 2013.....</b>  | <b>tyba 12/31/11</b>          | <b>-141,524</b> | <b>-108,711</b> | <b>-123,729</b> | <b>-141,641</b> | <b>-162,509</b> | <b>-186,292</b> | <b>-211,790</b> | <b>-237,968</b> | <b>-266,980</b> | <b>-298,554</b> | <b>-678,114</b>   | <b>-1,879,697</b> |
| <b>NET TOTAL .....</b>   |                               | <b>-227,449</b> | <b>-306,947</b> | <b>-335,743</b> | <b>-364,770</b> | <b>-397,081</b> | <b>-430,035</b> | <b>-464,431</b> | <b>-499,347</b> | <b>-537,338</b> | <b>-578,127</b> | <b>-1,631,987</b> | <b>-4,141,255</b> |

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\_181.

[Legend and Footnotes for JCX-78-12 appear on the following page]

**Legend and Footnotes for JCX-78-12:**

Legend for "Effective" column:

bia = bonds issued after

cba = courses beginning after

dda = decedents dying after

gma = gifts made after

ipa = interest paid after

ppisa = property placed in service after

tyba = taxable years beginning after

|  | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2013-17</u> | <u>2013-22</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|----------------|
| [1] Estimate includes the following outlay effects:                |             |             |             |             |             |             |             |             |             |             |                |                |
| Retain 10% bracket.....  | ---         | 1,682       | 2,927       | 3,674       | 4,568       | 4,644       | 4,865       | 4,869       | 4,849       | 4,806       | 12,851         | 36,884         |
| Retain the child tax credit at \$1,000; refundable; AMT rules..... | ---         | 15,048      | 15,056      | 15,042      | 14,832      | 14,859      | 14,887      | 14,813      | 14,879      | 14,941      | 59,978         | 134,357        |
| Marriage penalty - standard deduction and 15% rate.....            | ---         | 159         | 228         | 255         | 306         | 309         | 318         | 322         | 308         | 317         | 948            | 2,522          |
| EIC modification and simplification (\$3,000).....                 | ---         | 2,541       | 2,509       | 2,493       | 2,437       | 2,444       | 2,486       | 2,507       | 2,565       | 2,593       | 9,979          | 22,574         |
| Dependent care tax credit.....                                     | ---         | 43          | 171         | 165         | 160         | 150         | 139         | 131         | 123         | 117         | 539            | 1,199          |
| Adoption credit.....   | ---         | 88          | 87          | 85          | 85          | 88          | 82          | 81          | 80          | 83          | 345            | 759            |
| [2] Loss of less than \$500,000.                                   |             |             |             |             |             |             |             |             |             |             |                |                |
| [3] Estimates includes the following budget effects:               |             |             |             |             |             |             |             |             |             |             |                |                |
| Total Revenue Effects.....   | -230        | -1,153      | -1,176      | -1,200      | -1,224      | -1,248      | -1,273      | -1,299      | -1,325      | -1,351      | -4,982         | -11,477        |
| On-budget effects.....   | -153        | -769        | -784        | -800        | -816        | -832        | -849        | -866        | -883        | -901        | -3,321         | -7,652         |
| Off-budget effects.....  | -77         | -384        | -392        | -400        | -408        | -416        | -424        | -433        | -442        | -450        | -1,661         | -3,826         |