- Committee on Finance -
ESTIMATED REVENUE EFFECTS OF A PROPOSAL TO MAKE PERMANENT CERTAIN TAX CUTS ENACTED IN 2001, 2003, AND 2009, AND PROVIDE PERMANENT AMT RELIEF AND ESTATE AND GIFT TAX RELIEF

Fiscal Years 2013 - 2022

[Billions of Dollars]

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Make Permanent Certain Tax Cuts Enacted in 2001, 2003, and 2009:													
A. Permanent Extension of 2001 Tax Relief													
1. Individual income tax rate relief:													
a. Retain 10% income tax bracket [1].........................	tyba 12/31/12	-30.7	-44.2	-44.8	-45.6	-46.0	-46.0	-46.4	-46.5	-46.4	-46.0	-211.3	-442.6
b. Retain the 25% and the 28% income tax brackets....	tyba 12/31/12	-12.7	-18.5	-19.5	-20.8	-22.0	-22.8	-23.4	-23.9	-24.2	-24.2	-93.6	-212.2
c. Retain the 33% and the 35% income tax brackets....	tyba 12/31/12	-22.4	-34.2	-38.1	-43.4	-48.8	-54.0	-58.8	-63.4	-68.2	-73.2	-186.9	-504.4
d. Repeal overall limitation on itemized deduction and the personal exemption phaseout......................	tyba 12/31/12	-5.4	-11.5	-12.8	-14.4	-16.0	-17.6	-19.1	-20.5	-21.9	-23.4	-60.2	-162.7
2. Retain the child tax credit at $1,000; refundable up to 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 [1]..	tyba 12/31/12	-4.1	-35.8	-36.8	-37.7	-38.7	-39.3	-39.9	-40.3	-40.7	-41.2	-153.2	-354.5
3. Marriage penalty relief:													
a. Standard deduction and 15% rate bracket set at 2 times single for married filing jointly [1].............	tyba 12/31/12	-4.3	-6.2	-6.1	-6.1	-5.9	-5.7	-5.5	-5.4	-5.3	-5.2	-28.6	-55.6
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 [1]..	tyba 12/31/12	[2]	-3.1	-3.1	-3.1	-3.1	-3.1	-3.2	-3.3	-3.4	-3.6	-12.5	-29.0

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	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-0.1	-0.3
b. Employer provided educational assistance - extend the exclusion for undergraduate courses and graduate level courses [3].....................	cba 12/31/12	-0.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.4	-5.0	-11.5
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	-0.1	-0.9	-1.0	-1.0	-1.1	-1.0	-1.1	-1.1	-1.2	-1.2	-4.1	-9.7
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	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.7	-1.5
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]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-0.1
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]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-0.2
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	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-1.0	-1.8

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	-0.2	-0.5	-0.5	-0.6	-0.6	-0.6	-0.6	-0.6	-0.7	-0.7	-2.3	-5.6
7. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource and referral expenditures...............................	tyba 12/31/12	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	-0.1	-0.2
8. Allow electing Alaska Native Settlement Trusts to tax income to the Trust not the beneficiaries................	tyba 12/31/12	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
B. Permanent Extension of 2003 Tax Relief													
1. Tax capital gains with a 0%/15% rate structure...........	tyba 12/31/12	-1.2	-8.4	-11.0	-11.3	-11.6	-11.9	-12.2	-12.7	-13.2	-13.7	-43.4	-107.0
2. Tax dividends with a 0%/15% rate structure................	tyba 12/31/12	-6.2	-18.6	-20.8	-22.4	-24.8	-26.9	-28.2	-29.3	-30.5	-31.6	-92.7	-239.1
C. Temporary Extension of 2009 Tax Relief													
1. Extension of American opportunity tax credit [1].........	tyba 12/31/12	-2.6	-13.1	-13.2	-13.5	-13.7	-13.9	-14.5	-14.7	-15.3	-15.7	-56.2	-130.2
2. Reduce the earnings threshold for the refundable portion of the child tax credit to $3,000 [1]..................	tyba 12/31/12	[2]	-10.7	-10.5	-10.2	-9.7	-9.5	-9.3	-9.1	-8.9	-8.8	-41.0	-86.7
3. Extend the earned income tax credit ("EITC") for larger families [1]..	tyba 12/31/12	[2]	-1.8	-1.7	-1.7	-1.6	-1.6	-1.6	-1.7	-1.7	-2.0	-6.8	-15.4
4. EIC modification and simplification - increase in joint returns beginning and ending income level for phaseout by $5,000 indexed after 2008 [1]..................	tyba 12/31/12	[2]	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-6.4	-14.6
Total of Make Permanent Certain Tax Cuts Enacted in 2001, 2003, and 2009……………………………………………………………		**-90.4**	**-210.7**	**-223.3**	**-235.0**	**-246.8**	**-257.3**	**-267.1**	**-275.8**	**-284.9**	**-293.8**	**-1,006.0**	**-2,385.0**
II. 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………………………………………………………	**tyba 12/31/11**	**-139.0**	**-105.7**	**-120.0**	**-136.8**	**-156.5**	**-178.9**	**-203.1**	**-227.9**	**-255.4**	**-285.4**	**-658.0**	**-1,808.6**

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
III. 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…………………………	**dda & gma 12/31/12**	**-4.6**	**-28.0**	**-33.0**	**-36.2**	**-39.7**	**-42.8**	**-45.9**	**-49.2**	**-52.5**	**-56.2**	**-141.5**	**-388.2**
NET TOTAL ……………………………………………………………………………		**-234.0**	**-344.4**	**-376.3**	**-408.0**	**-442.9**	**-479.0**	**-516.1**	**-552.9**	**-592.8**	**-635.4**	**-1,805.6**	**-4,581.7**

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.

Legend for "Effective" column:

bia = bonds issued after
cba = courses beginning after
dda = decedents dying after
gma = gifts made after
ipa = interest paid after
tyba = taxable years 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…………………………………………………………	---	1.7	2.9	3.7	4.6	4.6	4.9	4.9	4.8	4.8	12.9	36.9
Retain the child tax credit at $1,000; refundable; AMT rules………………	---	15.0	15.1	15.0	14.8	14.9	14.9	14.8	14.9	14.9	60.0	134.4
Marriage penalty - standard deduction and 15% rate…………………………	---	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.9	2.5
EIC modification and simplification ($3,000)………………………………	---	2.5	2.5	2.5	2.4	2.4	2.5	2.5	2.6	2.6	10.0	22.6
Dependent care tax credit……………………………………………………	---	[4]	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.5	1.2
Adoption credit………………………………………………………………	---	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	0.8
American opportunity tax credit …………………………………….	---	3.2	2.9	2.8	2.7	2.5	2.5	2.4	2.3	2.2	11.6	23.5
Reduce the earnings threshold for the refundable portion of the child tax credit to $3,000…………………………………………………	---	10.6	10.4	10.1	9.7	9.5	9.3	9.1	8.9	8.7	40.8	86.3
Extend EIC for larger families………………………………………………	---	1.6	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	6.1	13.0
EIC modification and simplification ($5,000) ………………………………	---	1.3	1.3	1.3	1.2	1.2	1.2	1.3	1.3	1.3	5.1	11.4

[2] Loss of less than $50 million.

[3] Estimates includes the following budget effects:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Total Revenue Effects………………………………………………………	-0.2	-1.2	-1.2	-1.2	-1.2	-1.2	-1.3	-1.3	-1.3	-1.4	-5.0	-11.5
On-budget effects…………………………………………………………	-0.2	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-3.3	-7.7
Off-budget effects…………………………………………………………	-0.1	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-1.7	-3.8

[4] Gain of less than $50 million.