## #12-2 117 VERY PRELIMINARY 20-Jul-12

## - Committee on Finance -ESTIMATED REVENUE EFFECTS OF THE "TAX HIKE PREVENTION ACT OF 2012"

## Fiscal Years 2013 - 2022

[Millions of Dollars]

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Temporary Extension of Certain Tax Cuts Enacted in 2001 and 2003													
A. Temporary Extension of 2001 Tax Relief													
1. Individual income tax rate relief:													
a. Retain 10% income tax bracket (sunset 12/31/13)												10 000	10.000
	tyba 12/31/12	-30,723	-13,167	[2]								-43,890	-43,890
b. Retain the 25% and the 28% income tax brackets (sunset 12/31/13)	tyba 12/31/12	-12,731	-5,456	[2]								-18,187	-18,187
c. Retain the 33% and the 35% income tax brackets	tyba 12/31/12	-12,731	-3,430	[2]								-10,107	-10,107
(sunset 12/31/13)	tyba 12/31/12	-22,350	-9,579	[2]								-31,929	-31,929
d. Repeal overall limitation on itemized deduction and the	cy ou 12/01/12	22,000	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	[-]								01,727	01,727
personal exemption phaseout (sunset 12/31/13)	tyba 12/31/12	-5,664	-5,228	[2]								-10,892	-10,892
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	. 1 10/01/10	4 1 1 7	21 515									25 (22	25 (22
offset of refundable credits (sunset 12/31/13) [1]	tyba 12/31/12	-4,117	-31,515									-35,632	-35,632
<ol> <li>Marriage penalty relief:</li> <li>a. Standard deduction and 15% rate bracket set at</li> </ol>													
2 times single for married filing jointly (sunset													
12/31/13) [1]	tyba 12/31/12	-4,279	-1,834	[2]								-6,113	-6,113
b. EIC modification and simplification - increase	.,	,	y									-, -	- 7 -
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 basis in 2004 (support $12/(21/12)$ [1]	$t_{\rm r}$ ho $12/21/12$	21	2 005									2 126	2 126
beginning in 2004 (sunset 12/31/13) [1]	tyba 12/31/12	-31	-3,095									-3,126	-3,126

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 (sunset 12/31/13)	tyba 12/31/12	-9	-3									-12	-12
b. Employer provided educational assistance - extend													
the exclusion for undergraduate courses and graduate													
level courses (sunset 12/31/13) [3]	cba 12/31/12	-230	-919									-1,148	-1,148
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 (sunset 12/31/13)	ipa 12/31/12	-89	-797									-886	-886
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													
(sunset 12/31/13)	tyba 12/31/12	-32	-95									-127	-127
e. Increase arbitrage rebate exception for													
governmental bonds used to finance qualified													
school construction from \$10 million to \$15													
million (sunset 12/31/13)	bia 12/31/12	[2]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-12
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 (sunset 12/31/13)	bia 12/31/12	[2]	-2	-3	-3	-3	-3	-3	-3	-3	-3	-11	-27
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 (sunset 12/31/13) [1]	tyba 12/31/12	-62	-187									-249	-249

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 (sunset													
<ul> <li>7. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource (sunset</li> </ul>	tyba 12/31/12	-154	-359									-513	-513
12/31/13)	tyba 12/31/12	-14	-9									-23	-23
<ul> <li>8. Allow electing Alaska Native Settlement Trusts to tax income to the Trust not the beneficiaries (sunset 12/31/13)</li> <li>B. Temporary Extension of 2003 Tax Relief</li> <li>1. Temporary Extension of 2003 (15%)</li> </ul>	tyba 12/31/12	-2	-2									-4	-4
<ol> <li>Tax capital gains with a 0%/15% rate structure (sunset 12/31/13)</li> <li>Tax dividends with a 0%/15% rate structure</li> </ol>	tyba 12/31/12	-14,172	16,506	-12,458								-10,123	-10,123
(sunset 12/31/13)	tyba 12/31/12	-5,406	-10,324									-15,731	-15,731
Total of Temporary Extension of Certain Tax Cuts Enacted in 2001 and 2003		-100,064	-66,067	-12,462	-4	-4	-4	-4	-4	-4	-4	-178,602	-178,625
Temporary Extension of Estate and Gift Tax Provisions of the Tax Relief Act (sunset 12/31/13)	dda & gma 12/31/12	-3,606	-23,474	-2,594	-813	-717	-128	21	30	35	41	-31,205	-31,207
Increased Expensing Limitations (\$500,000/\$2,000,000) and Treatment of Certain Real Property as Section 179 Property (sunset 12/31/13)	tyba 12/31/11	-8,088	-4,042	3,129	2,022	1,526	1,191	777	500	350	283	-5,453	-2,352
Increase AMT Exemption Amount to \$50,600 (\$78,750) in 2012 and \$51,150 (\$79,850) in 2013 and Allow Personal Credits Against AMT (sunset 12/31/13)	tyba 12/31/11	-122,248	-78,444	7,958								-192,734	-192,734
NET TOTAL		234,006	-172,027	-3,969	1,205	805	1,059	794	526	381	320	-407,994	-404,918

Joint Committee on Taxation

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NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be October 1, 2012. Revenue provisions as submitted in statutory draft MCG12386.

## Legend and Footnotes for Table 12-2 117:

	dda = decedents dying after gma = gifts made after					ipa = interest paid after tyba = taxable years beginning after								
[1] Estimate includes the following outlay effects:	<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>	2022	<u>2013-17</u>	2013-22		
Retain 10% bracket		1,682									1,682	1,682		
Retain the child tax credit at \$1,000; refundable; AMT rules		15,048									15,048	15,048		
Marriage penalty - standard deduction and 15% rate		159									159	159		
EIC modification and simplification (\$3,000)		2,541									2,541	2,541		
Dependent care tax credit		43									43	43		
Adoption credit		88									88	88		
[2] Loss of less than \$500,000.														
[3] Estimates includes the following budget effects:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22		
Total Revenue Effects	-230	-919									-1,148	-1,149		
On-budget effects	-153	-613									-766	-766		
Off-budget effects	-77	-306									-383	-383		