

**ESTIMATED REVENUE EFFECTS OF A PROPOSAL TO MAKE PERMANENT S. 3412,
 THE "MIDDLE CLASS TAX CUT ACT"**

Fiscal Years 2012 - 2022

[Millions of Dollars]

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-17	2012-22
Permanent Extension of Certain Tax Cuts													
A. Permanent Extension of Certain Tax Cuts Enacted in 2001													
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%, the 28%, and part of the 33% income tax brackets.....	tyba 12/31/12	-13,287	-19,338	-20,469	-21,862	-23,102	-24,093	-24,801	-25,374	-25,754	-25,888	-98,058	-223,967
c. Repeal overall limitation on itemized deduction and the personal exemption phaseout.....	tyba 12/31/12	-423	-865	-934	-1,035	-1,137	-1,235	-1,329	-1,420	-1,511	-1,602	-4,393	-11,490
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	-4,117	-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 2 times single for married filing jointly [1].....	tyba 12/31/12	-4,494	-6,485	-6,482	-6,455	-6,350	-6,153	-6,008	-5,891	-5,874	-5,793	-30,266	-59,985
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	-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	2012-17	2012-22
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 [2].....	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	-1,067	-1,025	-1,118	-1,098	-1,174	-1,180	-4,083	-9,676
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	[3]	-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	[3]	-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	2012-17	2012-22
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. Permanent Extension of Certain Tax Cuts Enacted in 2003													
1. Tax capital gains with a 0%/15%/20% rate structure.....	tyba 12/31/12	-515	-3,656	-4,922	-5,009	-5,025	-4,933	-4,897	-5,026	-5,162	-5,353	-19,127	-44,499
2. Tax dividends with a 0%/15%/20% rate structure.....	tyba 12/31/12	-6,127	-18,255	-19,976	-21,316	-23,376	-25,174	-26,417	-27,454	-28,619	-29,127	-89,050	-225,842
C. Permanent Extension of Certain Tax Cuts Enacted in 2009													
1. Extension of American opportunity tax credit [1].....	tyba 12/31/12	-2,624	-13,135	-13,238	-13,497	-13,717	-13,952	-14,460	-14,722	-15,299	-15,663	-56,212	-130,308
2. Reduce the earnings threshold for the refundable portion of the child tax credit to \$3,000 [1].....	tyba 12/31/12	-7	-10,680	-10,451	-10,166	-9,696	-9,527	-9,322	-9,125	-8,929	-8,762	-41,000	-86,666
3. Extend the earned income tax credit ("EITC") for larger families [1].....	tyba 12/31/12	-18	-1,773	-1,736	-1,688	-1,629	-1,624	-1,636	-1,659	-1,675	-1,987	-6,844	-15,424
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	-16	-1,639	-1,612	-1,596	-1,564	-1,568	-1,588	-1,622	-1,671	-1,724	-6,427	-14,600
5. Refunds disregarded in the administration of Federal programs and federally assisted programs [1] [4].....	ara 12/31/12	----- Presently Unavailable -----											
Total of Permanent Extension of Certain Tax Cuts.....		-63,069	-161,933	-167,682	-172,290	-176,633	-180,038	-183,326	-185,827	-188,628	-190,299	-741,605	-1,669,716
Section 179 Expensing Amounts and Threshold Limits (\$250,000/\$800,000).....	ppisa 12/31/12	-4,781	-7,334	-5,931	-5,202	-4,452	-3,617	-2,922	-2,526	-2,393	-2,435	-27,700	-41,592

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-17	2012-22
Increase AMT Exemption Amount to \$50,600 (\$78,750 Joint); Index the Exemption Amount, Exemption Phaseout Threshold and Income Bracket; and Allow Personal Credits Against the AMT.....													
	tyba 12/31/11	-138,581	-105,060	-119,157	-135,896	-155,321	-177,508	-201,480	-226,031	-253,306	-283,086	-654,015	-1,795,425
NET TOTAL		-206,431	-274,327	-292,770	-313,388	-336,406	-361,163	-387,728	-414,384	-444,327	-475,820	-1,423,320	-3,506,733

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:

ara = amounts received after
bia = bonds issued after

cba = courses beginning after
ipa = interest paid after

ppisa = property placed in service 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>	<u>2022</u>	<u>2012-17</u>	<u>2012-22</u>
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
American opportunity tax credit	---	3,191	2,927	2,847	2,677	2,512	2,498	2,362	2,348	2,231	11,642	23,593
Reduce the earnings threshold for the refundable portion of the child tax credit to \$3,000.....	---	10,645	10,410	10,123	9,651	9,480	9,276	9,079	8,887	8,723	40,829	86,274
Extend EIC for larger families	---	1,611	1,559	1,495	1,422	1,395	1,389	1,388	1,366	1,358	6,088	12,985
EIC modification and simplification (\$5,000).....	---	1,305	1,276	1,261	1,224	1,225	1,242	1,258	1,281	1,300	5,066	11,371
Refunds disregarded in the administration of Federal programs and federally assisted programs [4].....	----- <i>Presently Unavailable</i> -----											
[2] Estimates includes the following budget 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>	<u>2022</u>	<u>2012-17</u>	<u>2012-22</u>
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

[3] Loss of less than \$500,000.

[4] Estimate provided by the Congressional Budget Office.