JOINT COMMITTEE ON TAXATION
July 27, 2012
JCX-65-12

ESTIMATED REVENUE EFFECTS OF S. 3412,
THE "MIDDLE CLASS TAX CUT ACT,"
AS PASSED BY THE SENATE ON JULY 25, 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													
A. Temporary Extension of Certain Tax Cuts Enacted in 2001													
1. Individual income tax rate relief:													
a. Retain 10% income tax bracket (sunset 12/31/13) [1]...	tyba 12/31/12	-30,723	-13,167	[2]	---	---	---	---	---	---	---	-43,890	-43,890
b. Retain the 25% and the 28% and part of the 33% income tax brackets (sunset 12/31/13)....................	tyba 12/31/12	-13,287	-5,695	[2]	---	---	---	---	---	---	---	-18,982	-18,982
c. Repeal overall limitation on itemized deduction and the personal exemption phaseout for certain taxpayers (sunset 12/31/13)...........................	tyba 12/31/12	-440	-406	[2]	---	---	---	---	---	---	---	-846	-846
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 (sunset 12/31/13) [1]................	tyba 12/31/12	-4,117	-31,515	---	---	---	---	---	---	---	---	-35,632	-35,632
3. Marriage penalty relief:													
a. Standard deduction and 15% rate bracket set at 2 times single for married filing jointly (sunset 12/31/13) [1]..	tyba 12/31/12	-4,494	-1,926	[2]	---	---	---	---	---	---	---	-6,420	-6,420
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 (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	---	---	---	---	---	---	---	---	-887	-887
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

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
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
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 12/31/13) [1]...	tyba 12/31/12	-154	-359	---	---	---	---	---	---	---	---	-513	-513
7. Employer-provided child care credit of 25% for childcare expenditures and 10% for child care resource (sunset 12/31/13)...	tyba 12/31/12	-14	-9	---	---	---	---	---	---	---	---	-23	-23
8. Allow electing Alaska Native Settlement Trusts to tax income to the Trust not the beneficiaries (sunset 12/31/13).............	tyba 12/31/12	-2	-2	---	---	---	---	---	---	---	---	-4	-4
B. Temporary Extension of Certain Tax Cuts Enacted in 2003													
1. Tax capital gains with a 0%/15%/20% rate structure (sunset 12/31/13)..	tyba 12/31/12	-2,930	1,948	-1,506	---	---	---	---	---	---	---	-2,487	-2,487
2. Tax dividends with a 0%/15%/20% rate structure (sunset 12/31/13)..	tyba 12/31/12	-5,301	-9,844	---	---	---	---	---	---	---	---	-15,144	-15,144
C. Temporary Extension of Certain Tax Cuts Enacted in 2009													
1. American opportunity tax credit (sunset 12/31/13) [1].........	tyba 12/31/12	-2,625	-10,498	---	---	---	---	---	---	---	---	-13,123	-13,123
2. Reduce the earnings threshold for the refundable portion of the child tax credit to $3,000 (sunset 12/31/13) [1].............	tyba 12/31/12	-7	-10,672	---	---	---	---	---	---	---	---	-10,679	-10,679
3. Extend the earned income tax credit ("EITC") for larger families (sunset 12/31/13) [1]...	tyba 12/31/12	-18	-1,755	---	---	---	---	---	---	---	---	-1,773	-1,773
4. EIC modification and simplification - increase in joint returns beginning and ending income level for phaseout by $5,000 indexed after 2008 (sunset 12/31/13) [1].................	tyba 12/31/12	-16	-1,623	---	---	---	---	---	---	---	---	-1,639	-1,639
5. Refunds disregarded in the administration of Federal programs and federally assisted programs (sunset 12/31/13) [1] [5]..	ara 12/31/12	-2	---	---	---	---	---	---	---	---	---	-2	-2
Total of Temporary Extension of Certain Tax Cuts................................		**-64,582**	**-90,623**	**-1,510**	**-4**	**-4**	**-4**	**-4**	**-4**	**-4**	**-4**	**-156,723**	**-156,746**

Provision	Effective	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Temporary Extension of Election to Expense Certain Depreciable Business Assets (sunset 12/31/13)	**ppisa 12/31/12**	**-4,232**	**-2,871**	**2,187**	**1,357**	**980**	**758**	**479**	**271**	**131**	**62**	**-2,578**	**-878**
Increase AMT Exemption Amount to $50,600 ($78,750) and Allow Personal Credits Against AMT (sunset 12/31/12)	**tyba 12/31/11**	**-98,670**	**6,630**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**---**	**-92,039**	**-92,039**
NET TOTAL		**-167,484**	**-86,864**	**677**	**1,353**	**976**	**754**	**475**	**267**	**127**	**58**	**-251,340**	**-249,663**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be October 1, 2012.

Legend for "Effective" column:

ara = amounts received after
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

[1] Estimate includes the following outlay effects:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-17	2013-22
Retain 10% bracket	---	1,682	---	---	---	---	---	---	---	---	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
American opportunity tax credit	---	3,191	---	---	---	---	---	---	---	---	3,191	3,191
Reduce the earnings threshold for the refundable portion of the child tax credit to $3,000	---	10,645	---	---	---	---	---	---	---	---	10,645	10,645
Extend EIC for larger families	---	1,611	---	---	---	---	---	---	---	---	1,611	1,611
EIC modification and simplification ($5,000)	---	1,305	---	---	---	---	---	---	---	---	1,305	1,305
Refunds disregarded in the administration of Federal programs and federally assisted programs [5]	2	---	---	---	---	---	---	---	---	---	2	2

[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	---	---	---	---	---	---	---	---	-1,149	-1,149
On-budget effects	-153	-613	---	---	---	---	---	---	---	---	-766	-766
Off-budget effects	-77	-306	---	---	---	---	---	---	---	---	-383	-383

[5] Estimate provided by the Congressional Budget Office.