

1 EXECUTIVE COMMITTEE MEETING - JOBS AND GROWTH TAX RELIEF
2 RECONCILIATION ACT OF 2003
3 TUESDAY, MAY 13, 2003
4 U.S. Senate,
5 Committee on Finance,
6 Washington, DC.

7 The meeting was convened, pursuant to notice, at
8 7:08 p.m., in room 215, Dirksen Senate Office Building,
9 Hon. Charles E. Grassley (chairman of the committee)
10 presiding.

11 Also present: Senators Hatch, Nickles, Lott, Snowe,
12 Kyl, Thomas, Santorum, Frist, Smith, Bunning, Baucus,
13 Rockefeller, Breaux, Graham, and Lincoln.

14 Also present: Kolan Davis, Republican Staff Director
15 and Chief Counsel; John Angell, Staff Director; Mark
16 Prater, Chief Tax Counsel; Russell Sullivan, Democratic
17 Chief Tax Counsel; and Carla Martin, Chief Clerk.

18 Also present: Pamela Olson, Assistant Secretary for
19 Tax Policy, Department of Treasury; and Mary Schmitt,
20 Acting Chief of Staff, Joint Committee on Taxation.

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1 OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S.
2 SENATOR FROM IOWA, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. I am going to put a statement in the
5 record that deals with the death of Russell Long as
6 chairman of this committee, because I think that we ought
7 to remember a great public servant and leader that he
8 was, and probably a longer time serving chairman of this
9 committee than any other committee member.

10 I do not know that for a fact, but I know he was here
11 for probably 15 to 18 years as chairman of the committee,
12 and probably 30 years on the committee.

13 [The prepared statement appears in the appendix.]

14 The Chairman. In regard to the reason we are here
15 today, the parliamentarian narrowly construed Finance
16 Committee instructions in the Budget Resolution. In any
17 event, I commend Senator Baucus for allowing us to move
18 forward without further delay. We will do this.

19 In closing, I would like to be clear about the
20 schedule. The Leader has assured me that he wants to
21 finish the bill this week, in addition to spending time
22 yet this week on a Global Aids bill, and legislation
23 dealing with the debt limit. Further delays would only
24 require us to be here over the weekend.

25 With that in mind, do I need to have the staff report

1 anything to the committee or are we ready for the bill to
2 be voted out as an original bill?

3 Mr. Prater. Mr. Chairman, I think we are ready to
4 go. The staff have been notified of the bill. The bill
5 is identical to the bill that was reported last Thursday,
6 with two exceptions. One, the title is different, as is
7 stated here. Then, two, there was a technical error on
8 the threshold amount for the refundable formula on the
9 child credit.

10 The Chairman. All right.

11 Now, before we vote, I will call on Senator Baucus
12 for his opening comments.

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1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM
2 MONTANA

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4 Senator Baucus. Thank you, Mr. Chairman.

5 It was very thoughtful of you to mention the prior
6 chairman of this committee, Senator Russell Long.

7 Several of us attended the funeral for Senator Long
8 today, a delegation led by Senator Breaux from Louisiana,
9 and Senator Bingaman was also there with us, and

10 Senator Dole was there with us.

11 I mention that because of his leadership. We all
12 remember his intelligence, his wit, his humility, and the
13 huge imprint that he has left on the Tax Code, in fact,
14 on Americans, many, many people, as Senator Breaux points
15 out often, particularly poor Americans, because of the
16 Earned Income Tax Credit, older Americans, Medicare.
17 There are millions upon millions of Americans who lead a
18 better life today because of the very hard, conscientious
19 and far-reaching efforts of Senator Long.

20 I also mention Senator Long, because Senator Long, as
21 much as any other Senator or any other chairmen of this
22 committee, realized the importance of working together on
23 a bipartisan basis.

24 He also worked individually with Senators. Sometimes
25 committee chairman work through staff in contacting other

1 Senators or in working with other Senators. Russell Long
2 did not work very much through staff. He was direct.

3 You knew when you were getting the Russell Long
4 treatment, with that head lock he put on you when he
5 wanted to talk to you, and his wit. I do not know of a
6 more tremendous man, frankly, as a good example for a
7 chairman.

8 Mr. Chairman, in many respects, you have the same
9 characteristics, particularly your deep inclination to
10 work together with all members of the Senate, and I
11 deeply appreciate that.

12 Regrettably, in this instance, because the
13 parliamentarian ruled that there was an error in filing
14 the bill, we are back here today. I say we are back
15 here, in part, because many members of the Senate believe
16 that the reconciliation process, an expedited process, a
17 special process, a fast-track process, should not be used
18 to increase the debt. Rather, it was originally intended
19 to reduce debt. That was the whole point of
20 reconciliation when reconciliation was enacted by the
21 Congress.

22 That is a reason why some Senators felt that we
23 should abide by the rules, and in fact scrupulously abide
24 by the rules. That is, if we are going to use a special
25 fast-track procedure for purposes for which it was not

1 really intended, then we should certainly abide by the
2 rules that the Senate generally provides with respect to
3 bills.

4 Now, Mr. Chairman, I think that we should just
5 proceed and vote this bill one more time. There is no
6 substantive change. Although it is the right of any
7 Senator at this time to offer amendments, I think that
8 would be inappropriate. The committee has already spoken
9 on this issue.

10 We have already had a chance to offer amendments. I
11 just urge my colleagues to not bring up any amendments--I
12 do not think any will--but rather just to vote this bill
13 out and we can proceed on the floor.

14 The Chairman. Thank you for your cooperation.

15 I would now turn to today's committee business. I
16 would call the Chairman's mark, which is an original bill
17 entitled "The Jobs and Growth Tax Relief Reconciliation
18 Act of 2003." You have the legislative language before
19 you.

20 I would now ask that the committee favorably report
21 this legislation just described, and I would ask for the
22 yeas and nays. Would the Clerk call the roll?

23 The Clerk. Mr. Hatch?

24 Senator Hatch. Aye.

25 The Clerk. Mr. Nickles?

1 Senator Nickles. Aye.
2 The Clerk. Mr. Lott?
3 Senator Lott. Aye.
4 The Clerk. Ms. Snowe?
5 Senator Snowe. Aye.
6 The Clerk. Mr. Kyl?
7 Senator Kyl. Aye.
8 The Clerk. Mr. Thomas?
9 Senator Thomas. Aye.
10 The Clerk. Mr. Santorum?
11 Senator Santorum. Aye.
12 The Clerk. Mr. Frist?
13 Senator Frist. Aye.
14 The Clerk. Mr. Smith?
15 Senator Smith. Aye.
16 The Clerk. Mr. Bunning?
17 Senator Bunning. Aye.
18 The Clerk. Mr. Baucus?
19 Senator Baucus. No.
20 The Clerk. Mr. Rockefeller?
21 Senator Rockefeller. No.
22 The Clerk. Mr. Daschle?
23 Senator Baucus. No, by proxy.
24 The Clerk. Mr. Breaux?
25 Senator Breaux. No.

1 The Clerk. Mr. Conrad?

2 Senator Baucus. No, by proxy.

3 The Clerk. Mr. Graham?

4 Senator Graham. No.

5 The Clerk. Mr. Jeffords?

6 Senator Baucus. No, by proxy.

7 The Clerk. Mr. Bingaman?

8 Senator Baucus. No, by proxy.

9 The Clerk. Mr. Kerry?

10 Senator Baucus. No, by proxy.

11 The Clerk. Mrs. Lincoln?

12 Senator Lincoln. Aye.

13 The Clerk. Mr. Chairman?

14 The Chairman. Aye.

15 The Clerk. Mr. Chairman, the tally is 12 ayes, 9
16 nays.

17 The Chairman. Based upon that vote, the bill is
18 favorably reported. I thank everybody.

19 Senator Lincoln. Mr. Chairman?

20 The Chairman. Senator Lincoln?

21 Senator Lincoln. Yes. May I just ask unanimous
22 consent to have my statement included in the record? It
23 is something I actually intended to do last Thursday.

24 The Chairman. Without objection, your statement,
25 and any other statements people want, will be put in the

1 record. The record will remain open for that.

2 I thank everybody for their cooperation. Meeting
3 adjourned.

4 [Whereupon, at 7:15 p.m. the meeting was concluded.]

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I N D E X

PAGE

STATEMENT OF:

THE HONORABLE CHARLES E. GRASSLEY
A United States Senator
from the State of Iowa

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THE HONORABLE MAX BAUCUS
A United States Senator
from the State of Montana

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Gilmour
5-13-03
10 pp.

SENATOR LINCOLN TALKING POINTS
ON VIRGIN ISLANDS'
EARNED INCOME TAX CREDIT PROPOSAL

1. Mr. Chairman, I would like to bring to the Committee's attention a technical problem with the operation of the Earned Income Tax Credit (EITC) in the small U.S. Territories, like the Virgin Islands and Guam, that are subject to tax laws that automatically "mirror" our federal tax laws. As a result, these small mirror code jurisdictions end up absorbing the entire cost of the EITC, which they can ill afford. The burden of this unfunded federal mandate is exacerbated because these small Territories will also lose much needed revenues as a result of the mirror effect of the acceleration in the income tax reductions mandated by the Committee's bill.

2. I met with Governor Turnbull several months back who raised this problem with me then. The Virgin Islands have developed a proposal, based on the existing provisions of the Internal Revenue Code, which could significantly ease the fiscal burden of the EITC on the Virgin Islands and the other mirror code jurisdictions.

3. Under the Virgin Islands proposal, a mirror code jurisdiction would be authorized to enter into an agreement with the Treasury Department to permit the Territorial Government to require employers to advance 60 percent of the estimated cost of the EITC to qualified employees as currently permitted under Section 3507 of the Code. The proposal would also allow the employer to deduct these advance payments from the FICA taxes the employer currently remits to the U.S. Treasury -- as is also

permitted by Section 3507 -- not from the withholding taxes the employer remits to the Territorial government. The remaining 40 percent of the EITC payment would continue to be paid by the Territorial government upon the filing of the eligible employee's mirror income tax return.

4. Mr. Chairman, you and I discussed this proposal during a colloquy on the 2001 Tax bill which raised the cost of the EITC program for the small U.S. Territories with mirror tax systems. It was my hope then that these cost-sharing agreements could be entered into by relying on the existing language of Section 3507 and not require any amendment to the Code. However, I have been informed that Treasury has determined that it lacks the requisite authority to do so absent a specific instruction from Congress.

5. Accordingly, I urge that the Committee include a minor amendment to Section 3507 that would expressly grant Treasury this authority. It is an extremely minor issue for this Committee in the context of this bill, but it is extremely important to the small Territories of the United States, who are dependent upon us for their tax laws. [The Joint Tax Committee in 2001 scored the cost of this proposal at approximately \$10 million a year for all of the mirror code jurisdictions.]

6. Thank you for your consideration.

ESTIMATED BUDGET EFFECTS OF
 THE "JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003,"
 SCHEDULED FOR CONSIDERATION BY THE COMMITTEE ON FINANCE ON MAY 13, 2003

Fiscal Years 2003 - 2013
 (Millions of Dollars)

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
Acceleration of Certain Previously Enacted Tax Reductions and Increased Expensing for Small Businesses														
1. Accelerate the expansion of the 10% bracket	12/31/02	-1,549	-8,445	-6,596	-6,909	-7,385	-4,973	-3,931	-3,859	-1,145	---	---	-35,857	-44,792
2. Accelerate the 2006 rate schedule	12/31/02	-9,531	-38,809	-19,811	-5,864	---	---	---	---	---	---	---	-74,015	-74,015
3. Accelerate the expansion of the 15% individual income tax rate bracket and the increase in the standard deduction for married taxpayers filing joint returns	12/31/02	-4,936	-24,904	-11,045	-5,577	-3,041	-1,519	-335	---	---	---	---	-51,022	-51,357
4. Accelerate child credit increase to \$1,000 and the refundable percentage to 15%	12/31/02	-15,216	-6,086	-17,176	-12,525	-12,372	-12,267	-11,314	-6,336	---	---	---	-75,642	-93,292
5. Increase section 179 expensing - Increase the amount that can be expensed from \$25,000 to \$75,000 and increase the phaseout threshold amount from \$200,000 to \$325,000; include software in section 179 property; and index both the deduction limit and the phaseout threshold after 2003 (sunset after 2012)	12/31/02	-1,399	-2,658	-3,056	-3,466	-3,090	-2,782	-2,593	-2,490	-2,429	-2,392	2,961	-16,451	-23,393
6. Increase individual AMT exemption amount by \$6,000 single and \$12,000 joint for 2003 and 2004, maintain level for 2005	12/31/02	-1,393	-12,231	-18,682	-16,962	---	---	---	---	---	---	---	-49,268	-49,268
Total of Acceleration of Certain Previously Enacted Tax Reductions and Increased Expensing for Small Businesses		-34,024	-93,133	-76,366	-51,303	-25,888	-21,541	-18,173	-12,685	-3,574	-2,392	2,961	-302,255	-336,117
Partial Exclusion of Dividends Received by Individuals: 100 percent of the first \$500 per return and 10 percent from 2004 through 2007, 20 percent in 2008 through 2012 for amounts exceeding \$500 (sunset after 12/31/12) [1]														
	12/31/03	---	-2,049	-4,415	-5,329	-5,708	-7,000	-10,372	-11,064	-12,075	-13,195	-9,904	-24,501	-81,111
Revenue Provisions														
A. Provisions Designed to Curtail Tax Shelters														
1. Clarification of the economic substance doctrine and related penalty provisions	10/6 5/6/03	377	1,031	1,242	1,163	1,049	1,086	1,200	1,335	1,517	1,729	1,970	5,947	13,698
2. Provisions relating to reportable transactions and tax shelters	various dates after DOE [2]	35	92	115	119	120	124	131	139	150	164	179	604	1,366
3. Modification to the substantial understatement penalty	12/31/02	---	---	4	11	19	23	26	30	34	38	38	57	223

Provision

Provision	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
4. Actions to enjoin conduct with respect to tax shelters													
5. Understatement of taxpayer's liability by income tax return preparer	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	1	3
6. Impose a civil penalty (of up to \$5,000) on failure to report interest in foreign financial accounts	1	3	3	3	3	3	3	3	3	3	3	16	31
7. Frivolous tax submissions													
8. Amend Code section 6501 to provide for 6-year statute of limitations for undisclosed listed transactions				1	1	1	1	1	1	1	1	3	8
9. Amend Code section 163 to disallow a deduction for deficiency interest paid to the IRS on underpayments involving tax motivated transactions				1	1	3	4	4	4	4	4	5	25
B. Enron-Related Tax Shelter Provisions													
1. Limitation on transfer or importation of built-in losses	19	112	123	136	149	164	180	198	218	240	264	703	1,803
2. No reduction of basis under section 734 in stock held by partnership in corporate partner	2	7	13	20	28	36	44	51	54	56	57	105	368
3. Repeal of special rules for FASITs													
4. Expanded disallowance of deduction for interest on convertible debt	5	87	89	91	94	96	98	101	103	106	109	462	979
5. Expanded authority to disallow tax benefits under section 269	2	8	9	9	10	10	11	11	12	12	13	48	108
6. Modifications of certain rules relating to controlled foreign corporations	5	20	15	8	4	5	6	8	10	12	15	57	108
7. Controlled entities ineligible for REIT status		1	5	5	5	5	6	6	6	7	7	21	53
C. Other Corporate Governance Provisions													
1. Affirmation of consolidated return regulation authority													
2. Require CEO signatures on income tax returns													
3. Executive compensation reforms	-299	719	1,142	1,031	527	161	88	81	81	412	492	3,281	4,434
4. Require wage withholding at top marginal rates for supplemental wage payments in excess of \$1 million													
5. Nondeductibility of fines and penalties													
6. Deny deduction for punitive damages													
D. International Provisions													
1. Impose mark-to-market on individuals who expatriate	3	98	84	80	74	71	67	61	57	54	51	410	700
2. Provisions to Discourage Expatriation:													
a. Tax treatment of inversion transactions	34	159	117	140	168	202	242	290	348	418	493	820	2,611
b. Excise tax on stock compensation of insiders in inverted corporations	21	14	10	10	10	10	10	10	10	10	10	75	125
c. Reinsurance agreements	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	2	5
E. Other Revenue Provisions													
1. Extend U.S. effectively connected income rules to include more foreign-source income	1	4	5	7	8	9	10	10	10	10	11	34	85
2. Limit basis step-up for imported pensions	[3]	6	12	13	14	15	15	16	16	17	17	60	141

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Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
3. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons	paola 5/8/03	[3]	42	83	79	33	35	37	39	42	45	47	272	482
4. Double penalties and fines related to certain offshore financial accounts	oyo/a 5/8/03	[8]	2	1	1	[8]	---	---	---	---	---	---	4	4
5. Repeat exclusion under section 911	1/1/04	---	693	2,986	3,076	3,192	3,361	3,592	3,887	4,257	4,721	5,297	13,308	35,062
6. Recapture overall foreign losses when controlled foreign corporation stock is disposed	DOE	[3]	3	7	8	9	9	9	10	10	10	10	36	86
7. Sales of gasoline and diesel fuel at duty-free sales enterprises	DOE	[8]	1	1	1	1	1	1	1	1	1	1	4	9
8. Extension of IRS User Fees (through 9/30/13) [11]	rma DOE	---	33	34	35	36	36	38	39	41	42	44	45	176
9. Add Hepatitis A to the list of taxable vaccines [12] (includes outlays)	[13]	---	1	2	2	2	2	2	2	2	2	1	1	7
10. Disallowance of partnership loss transfers	clada DOE	2	18	39	57	70	79	84	86	86	89	91	94	266
11. Treatment of stripped interest in bond and preferred stock funds	pada DOE	1	11	8	3	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	24
12. Reporting of taxable mergers and acquisitions	aa DOE	[3]	1	2	3	3	3	3	3	3	3	3	3	12
13. Minimum holding period for foreign tax credit on withholding tax on income other than dividends	apoaem30da DOE	[3]	1	3	3	3	3	3	3	4	4	4	4	13
14. Permit private sector debt collection companies to collect tax debts (net of outlays) [14]	DOE	---	---	70	129	131	116	106	106	106	106	106	106	445
15. Customs User Fees Extension	DOE	---	---	229	314	329	346	363	381	400	420	441	464	1,581
a. Extend passenger and conveyance processing fee through 12/31/13 [11]	10/1/03	---	229	314	329	346	363	381	400	420	441	464	1,581	3,687
b. Extend merchandise processing fee through 12/31/13 [11]	10/1/03	---	1,089	1,151	1,216	1,286	1,359	1,436	1,518	1,605	1,696	1,793	6,101	14,149
16. Reform of 501(c)(15) to apply to organizations with gross receipts of \$500,000 and premiums at least 50% of gross receipts	yba 12/31/03	---	48	105	118	124	129	134	139	145	151	157	523	1,249
17. Authorize IRS to enter into installment agreements that provide for partial payment, require 2-year review	laeio/a DOE	8	40	14	5	[3]	[3]	[3]	[3]	[3]	[3]	[3]	61	63
18. Extend present-law intangibles amortization provisions to acquisitions of sports franchises	aa DOE	2	63	92	67	36	24	25	26	28	30	32	284	425
19. Deposits to stop the running of interest on potential underpayments (sunset after 12/31/12)	dma DOE	13	144	-5	-6	-6	-6	-6	-7	-7	-7	-7	134	101
20. Require estimated taxes to be paid based upon a deemed asset sale if there is an agreement to make a section 338(h)(10) election	toa DOE	39	56	13	3	3	3	4	4	4	4	4	5	117
21. Provide that deductions for charitable contributions of patents or similar property may not exceed the donor's basis	cma 5/7/03	96	271	356	366	377	389	400	412	425	438	451	1,855	3,981
22. Extend provision under section 420 permitting qualified transfers of excess defined benefit pension plan assets to 401(h) accounts (through 12/31/13)	tml yba 12/31/05	---	---	---	18	38	40	40	40	40	40	40	40	298
23. Apply like provision rules to life business of property and casualty insurance companies	yba 12/31/03	---	30	61	65	68	72	76	80	84	89	94	296	719
24. Modify treatment of transfers to creditors in divisive reorganizations	to/a DOE	1	10	10	10	11	11	11	12	12	13	13	53	114

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
F. Other Provisions														
1. State Aid Trust Fund [11] (outlay effects).....	DOE	-10,000	-10,000	---	---	---	---	---	---	---	---	---	-20,000	-20,000
2. SSI Reform [11] (outlay effects).....	10/1/03	---	7	30	60	90	124	159	195	238	285	314	311	1,482
3. Prohibition on use of SCHIP funds to provide coverage for childless adults [1] (outlay effects).....	DOE	---	---	5	20	30	85	95	100	110	105	105	140	655
Total of Revenue Provisions		-9,608	-4,617	8,422	8,570	8,224	8,311	8,816	9,502	10,344	11,635	12,858	19,296	72,456
Small Business and Agricultural Provisions														
A. Small Business Provisions														
1. Exclude government-guaranteed debt capital SBIC's from UBIT (sunset after 12/31/12)	eda 12/31/02 oamo/a DOE	[15]	-1	-1	-1	-1	-1	-1	-1	-1	-1	[15]	-5	-9
2. Repeal of special occupational taxes relating to alcoholic beverages (sunset after 12/31/12) [16]	7/1/03	-66	-78	-78	-78	-78	-78	-78	-78	-78	-78	-12	-456	-780
3. Custom gunsmiths (sunset after 12/31/12)	[17]	[15]	-1	-1	-1	-1	-1	-1	-1	-1	-1	[15]	-4	-8
4. Simplification of excise tax imposed on bows and arrows (sunset after 12/31/12)	asa DOE	[15]	-1	-1	-1	-1	-1	-1	-1	-1	-1	[15]	-5	-8
B. Agricultural Provisions														
1. Capital gains treatment of timber sales under section 631(b) to apply to outright sales by landowners (sunset after 12/31/12)	sa DOE	---	---	-18	-7	-4	-3	-3	-3	4	6	2	-32	-27
2. Special rules for livestock sold on account of weather-related conditions (sunset after 12/31/12)	trda 12/31/02	---	---	---	---	---	---	---	---	---	---	---	---	---
3. Exclusion for loan payments under National Health Service Corps loan repayment program (sunset after 12/31/12)	ari tyba 12/31/02	---	-1	-1	-1	-2	-2	-3	-3	-4	-4	-4	-7	-25
4. Payment of dividends on stock of cooperatives without reducing patronage dividends (sunset after 12/31/12)	dimi tyba DOE	[15]	[15]	[15]	-1	-1	-1	-1	-2	-2	-3	-1	-3	-12
Total of Small Business and Agricultural Provisions		-66	-82	-100	-90	-88	-87	-88	-89	-83	-82	-15	-512	-869
Simplification and Other Provisions														
A. Uniform Definition of a Qualifying Child for the Dependency Exemption, the Child Credit, the EIC, the Dependent Care Credit, and the Head-of-Household Filing Status (sunset after 12/31/12)														
tyba 12/31/03	---	---	-7	-152	-165	-172	-180	-191	-211	-232	-248	-222	-675	-1,778
B. Simplification														
1. Repeal section 1504(c)(2) related to the consolidation of life and non-life insurance companies (sunset after 12/31/12)	tyba 12/31/09	---	---	---	---	---	---	---	-48	-88	-99	-60	---	-305
2. Suspension of section 809 and 815 for life insurance companies (sunset 12/31/08)	tyba 12/31/03	---	-38	-81	-86	-95	-88	-62	-43	-44	-45	-47	-388	-629
3. Treat corporations in an affiliated group as a single corporation (sunset after 12/31/12)	generally da DOE	-2	-5	-7	-7	-7	-8	-8	-9	-9	-10	-3	-36	-75
C. Other Provisions														
1. Civil rights tax relief (sunset after 12/31/12)	ara DOE	---	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-90	-205
2. Increase the section 382 limitation for certain corporations in bankruptcy (sunset 12/31/05)	tyba 12/31/03	---	-1	-33	-26	---	---	---	---	---	---	---	-60	-60
3. Increase rehabilitation credit for certain housing (sunset after 12/31/12)	ppisa DOE	-1	-8	-8	-8	-9	-9	-10	-10	-11	-11	-8	-43	-93

..... Negligible Revenue Effect

Provision	Effective	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
4. Modification of application of the income forecast method of accounting (sunset after 12/31/12)														
5. Additional advance refunding of bonds for certain public elementary or secondary schools (sunset after two years after date of enactment)	ppisa DOE	-8	-46	-98	-102	-72	-29	-36	-44	-53	-61	-22	-355	-571
6. Exclusion of income derived from certain wagers on horse races from gross income of nonresident alien individuals (sunset after 12/31/12)	arbia DOE	[15]	-2	-4	-5	-5	-4	-3	-2	-2	-1	-1	-20	-29
7. Federal reimbursement of emergency health services furnished to undocumented aliens (sunset after 12/31/12) [18] (outlay effects)	wma 9/30/03	---	-1	-2	-2	-2	-2	-2	-2	-2	-2	-1	-10	-21
8. Premiums for mortgage insurance (sunset after 12/31/12)	DOE	---	-28	-12	-8	---	---	---	---	---	---	---	-48	-48
Total of Simplification and Other Provisions	ap/aa DOE	-3	-29	-50	-51	-46	-49	-53	-57	-68	-72	-54	-228	-533
NET TOTAL [19]		-14	-181	-464	-478	-427	-389	-386	-448	-542	-571	-443	-1,953	-4,347
NET TOTAL [19]		-43,712	-100,062	-72,923	-48,630	-23,887	-20,706	-20,203	-14,784	-5,930	-4,605	5,457	-309,925	-349,988
OUTLAY EFFECTS NET OF OFFSETTING RECEIPTS		-15,073	-9,921	-4,798	-2,622	-2,154	-1,834	-1,503	-42	2,192	2,446	2,630	-36,404	-30,687

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

- aa = acquisitions after
- ap/aa = amounts paid or accrued after
- ap0am130da = amounts paid or accrued more than 30 days after
- ap0la = amounts paid or incurred after
- ara = awards received after
- arbia = advance refunding bonds issued after
- art = amounts received in
- asa = articles sold after
- cma = contributions made after
- clada = contributions, transfers, and distributions after
- da = distributions after
- dla = debt instrument issued after
- DOE = date of enactment
- dma = distributions made after
- dml = distributions made in
- doo/a = distributions occurring on or after
- dp0la = damages paid or incurred after
- dpa = documents prepared after
- dr = dividends received in
- eda = entire debt after
- lae0/a = installment agreements entered into on or after
- oam0/a = on acquisitions made on or after
- oy0/a = open years on or after
- pada = purchases and dispositions after
- pac/a = payments accrued on or after
- ppisa = property placed in service after
- rfa = returns filed after
- rta = risk reinsured after
- sa = sales after
- ta = transactions after
- tml = transfers made in
- toa = transactions occurring after
- to/a = tax returns on or after
- trda = tax returns due after
- ly0/a = taxable years beginning after
- lyb0/a = taxable years beginning on or after
- wma = wagers made after
- wipma = wage payments made after

[1] RIC and REIT shareholders receive tax relief to the extent that dividends paid by the RIC or REIT are qualified dividends received by the RIC or REIT. The proposal would exclude qualified dividends from investment income for the purpose of Internal Revenue Code Section 163(d). Certain anti-abuse rules, including the imposition of a 45-day holding period, have been adopted. The amount of the exclusion would be included in adjusted gross income.

[2] Effective dates for provisions relating to reportable transactions and tax shelters: the penalty for failure to disclose reportable transactions is effective for returns and statements the due date of which is after the date of enactment; the modification to the accuracy-related penalty for listed or reportable transactions is effective for taxable years ending after the date of enactment; the tax shelter exception to confidentiality privileges is effective for communications made on or after the date of enactment; the material advisor and investor list disclosure provisions applies to transactions with respect to which material aid, assistance or advice is provided after the date of enactment; the failure to register tax shelter penalty applies to returns the due date for which is after the date of enactment; the investor list penalty applies to requests made after the date of enactment; and the penalty on promoters of tax shelters is effective for activities after the date of enactment.

[3] Gain of less than \$1 million.

[Footnotes for JCX-50-03 are continued on the following page]

[Footnotes for JCX-50-03 continued]

- [4] Effective for submissions made and issues raised after the first list is prescribed under section 6702(c).
- [5] Effective for taxable years of controlled foreign corporation beginning after February 13, 2003, and to taxable years of U.S. shareholders in which or with which such taxable years of controlled corporation end.
- [6] Effective for all taxable years, whether beginning before, with, or after the date of enactment.
- [7] Effective for amounts deferred after December 31, 2003; for income inclusion of deferred stock options and restricted stock, taxable years beginning after December 31, 2003.
- [8] Gain of less than \$500,000.
- [9] Generally effective for U.S. citizens who expatriate or long-term residents who terminate their residency on or after February 5, 2003.
- [10] Effective for certain transactions completed after March 20, 2002, and would also affect certain taxpayers who completed transactions before March 21, 2002.
- [11] Estimate provided by the Congressional Budget Office.
- [12] Breakout of Outlay effects Net of Offsetting Receipts:

Hepatitis A	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
	-3	-7	-7	-7	-7	-7	-7	-7	-7	-8	-8	-38	-75
[13] Effective for vaccines sold beginning on the first day of the first month beginning more than four weeks after the date of enactment.	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
[14] Breakout of Outlay effects Net of Offsetting Receipts:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2003-08	2003-13
Private sector debt collection	---	---	-22	-43	-43	-38	-34	-34	-34	-34	-34	-148	-323
[15] Loss of less than \$500,000.													

- [16] The provision does not affect liability for taxes imposed with respect to periods before July 1, 2003.
- [17] Effective for articles sold at least two weeks after the date of enactment.
- [18] Estimate is preliminary. To be analyzed by Congressional Budget Office.
- [19] Returns with AMT liability (millions):

Present law	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	---
Change due to proposal	2.2	3.7	9.7	14.9	19.2	23.8	26.8	30.0	14.2	17.3	20.3	---
	-0.3	-1.4	-6.7	3.6	2.2	0.6	0.5	0.5	---	---	---	---