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JOINT COMMITTEE ON TAXATION
May 25, 2007
JCX-30-07

ESTIMATED REVENUE EFFECTS OF THE "SMALL BUSINESS AND WORK OPPORTUNITY TAX ACT OF 2007,"
AND PENSION-RELATED PROVISIONS CONTAINED IN H.R. 2206,
AS PASSED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE ON MAY 24, 2007

Fiscal Years 2007 - 2017

[Millions of Dollars]

Provision	Effective	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2007-12	2007-17
Increase in Minimum Wage [1].....	DOE	3	12	27	41	49	53	54	54	54	55	55	185	457
The "Small Business and Work Opportunity Tax Act of 2007"														
I. Small Business Provisions														
A. General Provisions														
1. Extension and modification of the work opportunity tax credit ("WOTC") - extend present law WOTC and expand targeted groups relating to veterans, high-risk youth, and vocational rehabilitation referrals; include high out-migration counties (sunset 8/31/11).....	wpoifibwa DOE	[2]	-153	-420	-582	-610	-420	-190	-100	-55	-28	-14	-2,185	-2,571
2. Increase and extension of expensing for small business - increase section 179 expensing to \$125,000 and increase the phaseout threshold amount to \$500,000; include software in section 179 property; and index both the deduction limit and the phaseout threshold (sunset 12/31/10).....	tyba 12/31/06	-140	-229	-157	-3,100	-1,832	1,955	1,242	896	680	410	207	-3,503	-68
3. Tax credit for Social Security taxes paid with respect to employee cash tips - set applicable minimum wage for purposes of calculating the FICA tip credit at \$5.15.....	trfspa 12/31/06	-3	-12	-27	-41	-49	-53	-54	-54	-54	-55	-55	-185	-457
4. Allow work opportunity credit and credit for taxes paid with respect to employee cash tips against the alternative minimum tax ("AMT"):														
a. Permit individual and corporate taxpayers to claim the WOTC against the AMT [3].....	cdi tyba 12/31/06	-11	-53	-58	-51	-38	[4]	42	36	28	22	17	-211	-65
b. Permit individual and corporate taxpayers to claim the FICA tip credit against the AMT.....	cdi tyba 12/31/06	-19	-111	-78	-64	-53	-46	-42	-38	-36	-34	-34	-370	-552
5. Family business tax simplification.....	tyba 12/31/06	----- Negligible Revenue Effect -----												
B. Gulf Opportunity Zone Tax Incentives														
1. One-year extension to special increase in expensing under section 179 for GO Zone property (sunset 12/31/08).....	tyba DOE	---	-14	-10	7	5	3	3	2	1	1	---	-9	-2
2. Extend enhanced credit treatment for two additional years (2009 and 2010) and modify the carryover allocation and Federally subsidized rules for certain low income housing credit buildings placed in service after 12/31/05, and before 1/1/11 in the Gulf Opportunity Zone, the Rita GO Zone, and the Wilma GO Zone.....	DOE	---	---	-61	-97	-53	-10	---	---	---	---	---	-221	-221
3. Treatment of certain qualified GO Zone repairs or reconstruction as qualified rehabilitation for purposes of the mortgage revenue bond and Gulf Opportunity Zone bond rules.....	[5]	-1	-4	-7	-4	---	---	---	---	---	---	---	-16	-16
4. GAO study of certain tax incentives in the GO Zones.....	DOE	----- No Revenue Effect -----												

Provision	Effective	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2007-12	2007-17
C. Subchapter S Provisions														
1. Exclude capital gains from passive investment income.....	tyba DOE	---	-15	-30	-32	-34	-35	-37	-40	-43	-46	-49	-146	-361
2. Treatment of qualifying director shares.....	tyba 12/31/06	-4	-10	-14	-18	-20	-21	-22	-23	-23	-23	-24	-87	-201
3. Recapture of bad debt reserves.....	tyba 12/31/06	11	27	-22	-40	-36	-23	-21	-22	-23	-24	-26	-83	-199
4. Treatment of sale of interest in a qualified subchapter S subsidiary.....	tyba 12/31/06	-1	-3	-3	-4	-4	-4	-5	-5	-5	-6	-6	-19	-46
5. Elimination of all earnings and profits attributable to pre-1983 years.....	tyba DOE	-3	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-13	-21
6. Permit interest deduction to an electing small business trust to acquire S corporation stock.....	tyba 12/31/06	---	-2	-3	-4	-5	-5	-6	-8	-9	-11	-12	-18	-64
Total of Small Business Provisions		-171	-581	-892	-4,032	-2,731	1,339	908	642	459	204	2	-7,066	-4,844
II. Revenue Provisions														
1. Increase in age of children whose unearned income is taxed as if parent's income.....	tyba DOE	---	34	139	144	148	143	146	156	163	174	185	608	1,432
2. Modify interest suspension under section 6404(g) from 18 to 36 months.....	[6]	---	162	246	248	250	251	252	254	255	256	257	1,157	2,430
3. Modification of collection due process procedures for employment tax liabilities.....	[7]	---	50	51	27	19	16	19	22	25	28	31	163	288
4. Permanent extension of IRS user fees [8].....	ra 9/30/14	---	---	---	---	---	---	---	---	30	30	30	---	90
5. Increase in penalty for bad checks and money orders.....	comora DOE	2	2	2	2	2	2	2	2	2	2	2	12	22
6. Understatement of taxpayer liability by return preparers.....	rpa DOE	---	3	5	6	8	9	9	10	10	11	11	31	82
7. Penalty for filing erroneous refund claims.....	rfo/a 1/1/08	---	---	---	5	10	11	12	13	14	16	17	26	98
8. Increase corporate estimated tax payments due July through September for corporations with assets in excess of \$1 billion in 2012.....	DOE	---	---	---	---	---	4,955	-4,955	---	---	---	---	4,955	---
Total of Revenue Provisions		2	251	443	432	437	5,387	-4,515	457	499	517	533	6,952	4,442
III. Pension-Related Provisions														
1. Revocation of election relating to treatment as multiemployer plan.....	[9]	----- Negligible Revenue Effect -----												
2. Modification of requirements for qualified transfers.....	generally DOE [10]	----- Negligible Revenue Effect -----												
3. Extension of alternative deficit reduction contribution rules.....	[11]	---	[4]	[4]	[4]	[4]	[4]	[2]	[2]	[2]	[2]	[2]	[4]	[2]
4. Modification of the interest rate for pension funding rules....	[11]	---	[4]	[4]	[4]	[4]	[4]	[12]	[12]	[12]	[12]	[12]	[4]	[12]
Total of Pension-Related Provisions		[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]	[4]
NET TOTAL		-166	-318	-422	-3,559	-2,245	6,779	-3,553	1,153	1,012	776	590	71	55

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be July 1, 2007.

Legend for "Effective" column:

cdi = credits determined in

comora = checks or money orders received after

DOE = date of enactment

rfo/a = returns filed on or after

ra = requests after

rpa = returns prepared after

trfspa = tips received for services performed after

tyba = taxable years beginning after

wpoifbwa = wages paid or incurred for individuals

beginning work after

Footnotes for JCX-30-07:

- [1] The revenue estimate only reflects the reduction in the amount of credits taxpayers claim under the FICA tip tax credit as a result of increasing the minimum wage. The Congressional Budget Office has estimated all other revenue effects from increasing the minimum wage, as originally provided in H.R. 2, as being small and of indeterminate size.
- [2] Loss of less than \$500,000.
- [3] Estimate includes interaction with item I.A.1.
- [4] Negligible revenue effect.
- [5] Effective for owner-financing provided after the date of enactment and before January 1, 2011.
- [6] Effective for IRS notices issued after the date which is six months after the date of enactment.
- [7] Effective for levies issued on or after 120 days after the date of enactment.
- [8] Estimate provided by the Congressional Budget Office.
- [9] Effective as if included in section 1106 of the Pension Protection Act of 2006.
- [10] The technical corrections are effective as if included in the Pension Protection Act of 2006.
- [11] Effective as if included in section 402 of the Pension Protection Act of 2006.
- [12] Gain of less than \$500,000.