

NLWJC - Kagan

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Tobacco-Settlement: Tax Cuts

Possible Committee Amendment

(Roth)

- 1. Convert tobacco revenues to excise taxes
- 2. Strike and modify trade provisions
- 3. Distribution and use of States' Share (1/2 of revenues)

4. Possible Tax Package:

Health Care Related Tax Cuts (-\$18 B - 5 yrs; -\$47 B - 10 yrs)

- ➔ *Accelerate deduction for self-employed to 100%
- *Provide full deductibility for employees whose employers do not provide health insurance

Tax Extenders (-\$4 billion over 5 yrs; -\$4.3 billion over 10 yrs)

- *Research & Development Tax Credit
- *Contributions of Appreciated Stock to Private Foundations
- *Work Opportunity Tax Credit
- *Welfare to Work Credit

5. Establish Tobacco Trust Fund with subaccounts for the following tobacco related purposes (subject to appropriations):

- *Agriculture Buyout (Lugar proposal)
- *NIH Research
- *Teen Smoking Cessation Program
- *Other