

# TAX CUT OPTIONS FOR \$30 BILLION IN RAISERS

Tax Cuts

## Existing Tax Cut Package (5-YEAR COST IN BILLIONS OF \$)

PROPOSAL	LOW	HIGH
I. Child Care		
a. Dependent Care Tax Credit (DCTC)	5.1	5.1
b. Tax Credit for Employers	0.5	0.5
II. School Construction	4.0	5.0
III. Employer Provided Education (Sec. 127)	1.0	1.0
IV. Low Income Housing Tax Credit	1.6	1.6
V. Climate Change	3.6	3.6
VI. Pensions	0.9	0.9
VII. Extenders (R&E, WOTC, WTW, etc.)	1.7	3.3
VIII. International and Puerto Rico	1.4	1.4
IX. \$2,000 Severance Pay Exemption	0.0	0.8
<b>TOTAL</b>	<b>\$19.8 billion</b>	<b>\$23.2 billion</b>

## Highest Priority Tax Cut (5-YEAR COST IN BILLIONS OF \$)

PROPOSAL	LOW	HIGH
X. Long-term Care Tax Credit	5.5	5.5
<b>NEW TOTAL (Combined with Existing Package)</b>	<b>25.3 billion</b>	<b>28.7 billion</b>

## New Tax Cut Priorities (5-YEAR COST IN BILLIONS OF \$)

PROPOSAL	LOW	HIGH
XI. Tax Credit for the Disabled	0.7	0.7
XII. Small Business Health Purchasing Cooperatives	0.1	0.1
XIII. Stay at Home Moms (add to child care)	0.8	1.6
XIV. Americorps	0.0	0.0
XV. Tax Credit for Workplace Literacy	0.2	0.2
XVI. Eliminate 60-mth. Limit on Student Loan Int. Ded.	0.3	0.3
XVII. Green Bonds	0.5	0.7
XVIII. Fund of Fund Tax Cut	0.8	1.0
XIX. Personal Credits and AMT	0.8	0.8
XX. Steel -- Carryback of Net Operating Losses	0.5	0.9
<b>NEW TOTAL (Combined with Existing Tax Package and Highest Priority Tax package)</b>	<b>\$30.0 billion</b>	<b>\$35.0 billion</b>

Tax  
Cuts

- Expand the lowest, 15 percent Federal income tax bracket by \$2,500 for single filers and \$5,000 for joint filers.
- Increase the standard deduction by \$4,350 for joint filers, \$2,150 for heads of household, and \$1,300 for single filers.
- Permit individuals to offset the Alternative Minimum Tax with nonrefundable personal credits.
- Provide marriage penalty relief in the Earned Income Tax Credit program.
- Increase the dependent care tax credit.
- Expand the exclusion for certain foster care payments.
- Exclude the first \$750 of net long term capital gains income from taxation.
- Increase IRA contribution limits to \$3,000.
- Adopt the Roth pension reform proposal.
- Permanently extend employer provided educational assistance tax provision and expand it to graduate education.
- Increase student loan interest deduction.
- Expand the tax benefits of pre-paid tuition plans.
- Increase the school construction small issue arbitrage rebate exception to \$15 million from \$10 million.
- Exclude certain educational awards from income.
- Provide a 50% above-the-line deduction for health insurance premiums for the uninsured who buy health insurance.
- Provide an above-the-line long term care insurance deduction.
- Provide a \$500 long term care tax credit.
- Reduce vaccine taxes from \$0.75 to \$0.25 and add the strep vaccine to the list of taxable vaccines.
- Accelerate the estate tax unified credit exemption increase to \$1 million in 2004.
- Phase in an increase in the estate tax exemption amount to \$1.3 million by 2009.
- Increase the estate tax exemption for family-owned farms and businesses by \$450,000 (up to \$1.75 million).
- Accelerate the 100% self-employed health tax deduction.

In addition, the bill provides for nearly \$15 billion in housing, environmental, transportation and charitable giving tax relief. The R&E tax credit would be extended permanently, while the Work Opportunity and Welfare-to-Work tax credits would be extended through June 30, 2004.

- o **GOP Plans To Move Expeditiously On Tax Cut Conference.** With the Senate poised to pass its \$800 billion tax cut this week, a Senate GOP leadership source said this morning the plan is to begin reconciling the House and Senate tax cut bills this weekend. According to the source, "The plan is to go to conference...as soon as they get the paperwork in order, and move as quickly as possible to get a conference report to the respective bodies." Asked about the timing of getting a conference report to President Clinton, the leadership source replied, "It's too soon to tell."
- o **GOP Leadership Fashioning Health Care Bill.** Though they don't use the term, House Republican leaders have put together a task force on health care reform, with the goal of developing a House Republican bill ready for floor action next week. Contrary to published reports, one House GOP source said the House bill will not be slightly revised version of the Senate-passed bill, but rather will be "a unique product produced by the House."

A House GOP source said this morning that members will be meeting virtually around the clock to produce the GOP bill. The task force is being culled from the Ways and Means, Education and Workforce, and Commerce Committees, and will reflect input from all three. One item likely to make it into the bill, reflecting the Ways and Means input, are expanded MSAs. The source also indicated that GOP leaders will seek to incorporate Rep. Charlie Norwood into the task force. Norwood, and other GOP doctors, have argued strenuously for the right to sue HMOs, putting them more in line with Democratic thinking and out of step with a majority of their own conference. GOP sources indicate that