

The Bush 2004 Tax Cut Program Brief Summary, \$-billion	Cost, Fiscal 2004-14		
	First 6 years	Next 5 years	Total
Make 2001 & 2003 tax cuts permanent (except for AMT relief, which would be for only one year)	\$ -171	\$ -841	\$ -1,012
Health care tax breaks	-42	-78	-120
Make research tax credit permanent	-31	-48	-79
Charitable tax breaks	-9	-10	-19
Savings tax breaks*	+18	-26	-8
All other tax changes	+28	-23	+5
Total tax changes, as proposed	\$ -206	\$ -1,026	\$ -1,232
Added interest expense (-)	-20	-177	-197
Total cost as proposed	\$ -226	\$ -1,203	\$ -1,429
ADDENDUM:			
Extend limited AMT relief past one year			
Additional tax cuts	\$ -186	\$ -338	\$ -524
Added interest expense (-)	-13	-100	-113
Total cost of extending limited AMT relief	\$ -199	\$ -438	\$ -637
Total Plan with Extension of Limited AMT Relief			
Tax cuts	\$ -392	\$ -1,364	\$ -1,757
Added interest expense (-)	-33	-277	-310
TOTAL COST	\$ -425	\$ -1,641	\$ -2,067

*Short-term revenue pick-up followed by rapidly growing revenue losses.

Sources: White House, Feb. 2004; Congressional Budget Office, Jan. 2004.

Bush proposed tax cuts in fiscal 2005 budget proposal, \$-billion	2004	2005	2006	2007	2008	2009	2004-09	2010-14	2004-14
Extend the Tax Cuts Enacted in 2001-2003									
Extend for one year only									
Alternative minimum tax relief for individuals	-0	-9	-14	—	—	—	-23	—	-23
Permanently extend certain provisions (including speed up of some)									
Individual income tax rate reductions (includes 10% rate speed up)	—	-4	-6	-6	-4	-3	-23	-399	-423
Estate tax repeal (and modification of gift tax)	—	-1	-2	-2	-2	-2	-9	-172	-180
Child tax credit (w/ outlays) (includes speedup)	—	-2	-13	-13	-13	-12	-54	-108	-162
Dividends taxed at 15% maximum rate	—	+0	+0	+0	+1	-17	-15	-66	-81
Marriage penalty relief (w/ outlays) (includes speedup)	—	-5	-7	-4	-2	-0	-18	-38	-56
Capital gains taxed at 15% maximum rate	—	—	—	—	-5	-7	-13	-37	-50
Small business expensing (SUVs etc.)	—	+0	-3	-6	-4	-3	-16	-9	-25
Education tax breaks	—	-0	-0	-0	-0	-0	-0	-7	-7
Other tax breaks for families and children	—	—	—	—	—	—	—	-4	-4
Pension modifications	—	—	—	—	—	—	—	-2	-2
Total permanent extensions (w/ outlays)	—	-12	-30	-30	-30	-46	-148	-841	-989
Total Extensions of Tax Cuts Enacted in 2001-2003	-0	-21	-44	-30	-30	-46	-171	-841	-1,012
Extend Other Expiring Provisions									
Research & experimentation (R&E) tax credit	-1	-4	-5	-6	-7	-8	-31	-48	-79
Net operating loss offset of 100 percent of alternative minimum taxable income	-1	-1	-0	+0	+0	+0	-2	+0	-1
Work opportunity and welfare-to-work tax credit	-0	-0	-0	-0	-0	-0	-1	-0	-1
Liberty Zone Bonds	—	-0	-0	-0	-0	-0	-0	-0	-1
Mutual life insurance companies: repeal the disallowance of certain deductions	—	-0	-0	-0	-0	-0	-0	-0	-0
DC tax incentives	-0	-0	-0	-0	-0	-0	-0	-0	-0
Zone Academy Bonds	-0	-0	-0	-0	-0	-0	-0	-0	-0
Corporate donations of computer technology, deductions (temporary)	—	-0	-0	—	—	—	-0	—	-0
Coal excise tax	—	—	—	—	—	—	—	+0	+0
IRS user fees	—	+0	+0	+0	+0	+0	+0	+0	+0
Abandoned mine reclamation fees	—	+0	+0	+0	+0	+0	+1	+1	+3
Total Extend Other Expiring Provisions	-2	-5	-5	-6	-7	-8	-33	-47	-80
Tax Incentives									
Saving tax breaks									
Expand tax-free savings accounts	—	+4	+8	+5	+3	+1	+21	-16	+6
Consolidate employer-based savings accounts	—	-0	-0	-0	-0	-0	-2	-10	-12
Establish Individual Development Accounts (IDAs)	—	-0	-0	-0	-0	-0	-1	-0	-1
Total savings tax breaks	—	+4	+8	+5	+2	+0	+18	-26	-8
Health care tax breaks									
Refundable tax credit for the purchase of health insurance (w/ outlays)	—	-0	-5	-6	-7	-8	-26	-44	-70
Above-the-line deduction for high-deductible insurance premiums	—	-0	-2	-2	-2	-3	-9	-16	-25
Above-the-line deduction for long-term care insurance premiums	—	-0	-0	-1	-2	-2	-5	-16	-21
Additional personal exemption to home caregivers of family members	—	-0	-0	-0	-0	-0	-2	-2	-4
Orphan drug tax credit for certain pre-designation expenses	—	—	—	—	—	—	—	-0	-0
Total health care tax breaks	—	-0	-8	-9	-12	-13	-42	-78	-120
Charitable tax breaks									
Charitable contribution deduction for nonitemizers	—	-1	-1	-1	-1	-1	-6	-6	-12
Tax-free withdrawals from IRAs for charitable contributions	-0	-0	-0	-0	-0	-0	-2	-2	-4
Expand & increase the enhanced charitable deduction for contribs of food inventory	—	-0	-0	-0	-0	-0	-0	-1	-1
Reduce excise tax based on investment income of private foundations	—	-0	-0	-0	-0	-0	-0	-1	-1
Reduce tax on unrelated business taxable income of charitable remainder trusts	—	-0	-0	-0	-0	-0	-0	-0	-0
Modify basis adjustment to stock of S corporations contributing appreciated property	—	-0	-0	-0	-0	-0	-0	-0	-0
Repeal the \$150 million limitation on qualified 501(c)(3) bonds	—	-0	-0	-0	-0	-0	-0	-0	-0
Repeal certain restrictions on qualified 501(c)(3) bonds for residential rental property	—	-0	-0	-0	-0	-0	-0	-0	-0
Total charitable tax breaks	-0	-2	-2	-2	-2	-2	-9	-10	-19
Environmental tax breaks									
Extend permanently expensing of brownfields remediation costs	-0	-0	-0	-0	-0	-0	-1	-1	-2
Exclude half of gains from sale of property for conservation purposes (temporary)	—	-0	-0	-0	-0	—	-0	—	-0
Total environmental tax breaks	-0	-0	-0	-0	-0	-0	-1	-1	-2

Bush proposed tax cuts in fiscal 2005 budget proposal, \$-billion	2004	2005	2006	2007	2008	2009	2004-09	2010-14	2004-14
Energy tax breaks									
Tax credit for purchase of certain hybrid and fuel cell vehicles	—	-0	-0	-0	-1	-1	-2	-0	-2
Extend and modify the tax credit for producing electricity from certain sources	—	-0	-0	-0	-0	-0	-1	-1	-2
Modify treatment of nuclear decommissioning funds	—	-0	-0	-0	-0	-0	-1	-1	-2
Tax credit for energy produced from landfill gas	—	-0	-0	-0	-0	-0	-0	-0	-1
Tax credit for combined heat and power property	—	-0	-0	-0	-0	-0	-0	+0	-0
Modify tax treatment of certain income of electric cooperatives	—	-0	-0	-0	-0	-0	-0	-0	-0
Tax credit for residential solar energy systems (temporary)	—	-0	-0	-0	-0	-0	-0	—	-0
Extend excise tax exemption (credit) for ethanol (why zero??)	—	—	—	—	—	—	—	—	—
Permit electric utilities to defer gain from sales of electric transmission property	-0	-0	-1	-1	-0	+0	-2	+2	+0
Total energy tax breaks	-0	-1	-2	-2	-1	-1	-7	-0	-7
Miscellaneous tax breaks									
Tax credit for developers of affordable single-family housing	—	-0	-0	-0	-1	-1	-3	-14	-16
Extend & expand above-the-line deduction for out-of-pocket classroom expenses	-0	-0	-0	-0	-0	-0	-1	-1	-3
Exclude from income value of employer-provided computers, software & peripherals	—	-0	-0	-0	-0	-0	-0	-0	-1
Total Tax Incentives	-0	-1	-4	-9	-14	-18	-45	-130	-175
Simplification Measures									
Consolidate rules for lifetime learning credit, Hope credit and education expense deductions, and simplify other higher education provisions	—	-0	-0	-0	-0	-0	-1	-2	-3
Eliminate household maintenance test for head-of-household filing status	—	-0	-0	-0	-0	-0	-1	-1	-3
Establish uniform definition of a qualifying child (w/ outlays)	—	-0	-0	-0	-0	-0	-0	-0	-0
Simplify EITC eligibility requirements regarding filing status, presence of children, investment income, and work and immigration status (w/ outlays)	—	+1	-0	-0	-0	-0	-0	-1	-1
Simplify the taxation of dependents	—	-0	-0	-0	-0	-0	-0	-0	-0
Simplify adoption tax benefits	—	-0	-0	-0	-0	-0	-0	-0	-0
Simplify taxation of capital gains on collectibles, small business stock, and other assets	—	-0	+0	+0	-0	-0	-0	-0	-0
Allow annual reporting and payment of combined State and Federal unemployment insurance taxes by employers of household employees	—	-0	-0	-0	-0	-0	-0	-0	-0
Reduce computational complexity of refundable child tax credit (w/ outlays)	—	—	+0	+0	+0	+0	+1	+1	+2
Total Simplification Measures	—	+0	-1	-1	-1	-1	-2	-3	-6
Pension changes									
Improve the accuracy of pension liability measures	+9	+12	+7	+3	-2	-5	+24	-31	-7
Cash balance conversions and defined benefit plans	—	—	—	—	—	—	—	+2	+2
Total Pension Changes	+9	+12	+7	+3	-2	-5	+24	-29	-5
Close Loopholes and Improve Tax Compliance									
Reform the treatment for leasing transactions with tax-indifferent parties	+0	+2	+3	+3	+4	+4	+15	+18	+34
Prevent abusive overvaluations on donations of patents and other intellectual property	—	+0	+0	+0	+0	+0	+2	+2	+3
Limit related party interest deductions	—	-0	+0	+0	+0	+0	+1	+2	+3
Prevent overvaluations and other abuses in charitable donations of used vehicles	—	+0	+0	+0	+0	+0	+1	+1	+1
Modify qualification rules for tax-exempt property-casualty insurance companies	—	+0	+0	+0	+0	+0	+1	+1	+1
Combat abusive tax avoidance transactions	—	+0	+0	+0	+0	+0	+0	+1	+1
Require increased reporting for noncash charitable contributions	—	+0	+0	+0	+0	+0	+0	+0	+0
Modify tax rules for individuals who give up U.S. citizenship or green card status	+0	+0	+0	+0	+0	+0	+0	+0	+0
Ensure foreign subsidiaries of U.S. companies cannot inappropriately avoid U.S. tax on foreign earnings invested in U.S. property through use of exception for bank deposits	—	+0	+0	+0	+0	+0	+0	+0	+0
Clarify and simplify qualified tuition programs	—	+0	+0	+0	+0	+0	+0	+0	+0
Total Close Loopholes and Improve Tax Compliance	+0	+2	+3	+4	+4	+5	+19	+25	+45
Tax Administration and Other									
Improve tax administration:									
Permit private collection agencies to help collect taxes	—	—	+0	+0	+0	+0	+1	+1	+2
Implement IRS administrative reforms	—	+0	+0	+0	+0	+0	+0	+0	+1
Increase continuous levy for certain Federal payments	—	+0	+0	+0	+0	+0	+0	+0	+0
Total improve tax administration	—	+0	+0	+0	+0	+0	+1	+1	+2
Other proposals:									
Reduce unemployment tax avoidance and improper unemployment benefit payments	—	—	-0	+0	+0	+0	+0	-1	-0
Increase Indian gaming activity fees	—	—	+0	+0	+0	+0	+0	+0	+0
Total Tax Administration and Other	—	+0	+0	+0	+0	+0	+1	+1	+2

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Highways & Other Transportation									
Allow tax-exempt financing for private highway projects and rail-truck transfer facilities	—	-0	-0	-0	-0	-0	-0	-0	-1
Deposit full amount of excise tax imposed on gasohol in the Highway Trust Fund	—	—	+1	+1	+1	+1	+3	+4	+6
Repeal installment method for payment of heavy highway vehicle use tax	+0	+0	+0	+0	+0	+0	+1	+0	+1
More registration rules on transfer of tax-exempt fuel by pipeline, vessel or barge	—	+0	+0	+0	+0	+0	+0	+0	+1
Total Highways & Other Transportation	+0	+0	+1	+1	+1	+1	+3	+4	+7
Trade									
Free trade agreements with Morocco, Australia and Central American countries	—	-0	-1	-1	-1	-1	-3	-5	-8
TOTAL COST OF PLAN AS PROPOSED									
Tax changes (including outlay effects)	+7	-12	-43	-38	-48	-72	-206	-1,026	-1,232
Additional interest payments (-)	+0	+0	-1	-3	-6	-9	-20	-177	-197
TOTAL COST OF TAX CHANGES AS PROPOSED	+7	-12	-45	-42	-54	-81	-226	-1,203	-1,429
Add Limited AMT Relief Past One Year (per CBO)									
Tax cuts	—	+2	-16	-42	-56	-74	-186	-338	-524
Additional interest payments (-)	—	+0	-0	-2	-4	-7	-13	-100	-113
Total cost of extending limited AMT relief	—	+2	-17	-44	-60	-81	-199	-438	-637
TOTAL PLAN WITH LIMITED AMT RELIEF PAST ONE YEAR									
Tax changes (including outlay effects)	+7	-9	-60	-80	-104	-146	-392	-1,364	-1,757
Additional interest payments (-)	+0	+0	-2	-5	-10	-16	-33	-277	-310
TOTAL COST WITH EXTENSION OF LIMITED AMT RELIEF	+7	-9	-61	-85	-114	-162	-425	-1,641	-2,067

Sources: White House, Feb. 2004; Congressional Budget Office, Jan. 2004.