

# CRS Report for Congress

## Expiration of the 2001 Through 2006 Tax Cuts

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# Expiration of the 2001 Through 2006 Tax Cuts

## Summary

The Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) reduced marginal income tax rates, provided marriage tax penalty relief, provided temporary relief from the alternative minimum tax (AMT), and increased the child tax credit. All of the act's provisions are scheduled to sunset (revert to prior law levels) at the end of 2010. The Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) accelerated the implementation of certain tax reductions originally enacted in the 2001 act. The 2003 act also reduced the tax rate on dividend and long-term capital gains income, effective through 2008. The Working Family Tax Relief Act of 2004 (P.L. 108-311) extended many of the tax provisions scheduled to expire at the end of 2004. The Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) extended the capital gains and dividend tax reduction through 2010 and contained a one-year patch for the alternative minimum tax.

Additional tax reductions and extensions to these tax acts were included in the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147) and the Tax Relief and Health Care Act of 2006 (P.L. 109-432).

Since all of the tax reductions expire at some point in the not-too-distant future, Congress faces the issue of whether to extend or make the reductions permanent. This report will be updated to reflect legislative activity.

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# Expiration of the 2001 Through 2006 Tax Cuts

## Tax Legislation: 2001 Through 2006

**The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA; P.L. 107-16)** reduced marginal income tax rates, created a new 10% income tax bracket, provided marriage tax penalty relief, increased the child tax credit, increased the alternative minimum tax (AMT) exemption, and changed other elements of the tax system. These changes were scheduled to phase in over several years at an estimated total cost of approximately \$1.35 trillion over the FY2001-FY2011 period.<sup>1</sup>

All of the changes in EGTRRA are temporary, expiring after 2010 or earlier. Congress included the sunset in EGTRRA to avoid a Byrd rule (Section 313 of the 1974 Congressional Budget Act, as amended) violation in the Senate. The Byrd rule prohibits “extraneous matter” in reconciliation legislation.<sup>2</sup> Under the rule, extraneous matter includes, among other things, language that would cause an increase in the budget deficit (or reduce budget surpluses) in a fiscal year beyond those covered by the reconciliation legislation. As a result of the Byrd rule, EGTRRA contained language providing for the expiration of all of its provisions at the end of calendar year 2010 — the end of the reconciliation budget window.

In 2003, Congress passed the **Jobs and Growth Tax Relief Reconciliation Act (JGTRRA; P.L. 108-27)**. JGTRRA accelerated the implementation of many of the provisions originally enacted in 2001, including marriage tax penalty relief, expansion of the 10% tax bracket, and increases in the child tax credit (the child tax credit was increased to \$1,000 per qualifying child). The 2003 act also included an increase in the AMT exemption. These JGTRRA changes were scheduled to be in effect for only two years, 2003 and 2004.

In addition, JGTRRA lowered the maximum tax rate on qualified dividend income and long-term capital gain income to 15% (5% for taxpayers in the 10% and 15% marginal income tax brackets, dropping to 0% for these taxpayers in 2008). As originally enacted, these changes were effective through January 1, 2009. The

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<sup>1</sup> U.S. Congress, Joint Committee on Taxation, *Estimated Budget Effects Of The Conference Agreement For H.R. 1836*, JCX-51-0, May 26, 2001.

<sup>2</sup> For more information see CRS Report RL30862, *The Budget Reconciliation Process: The Senate’s “Byrd Rule,”* by Robert Keith. Other procedural aspects related to the budget process are discussed in CRS Report 97-86, *Points of Order in the Congressional Budget Process*, by James V. Saturno; and CRS Report RL32835, *PAYGO Rules for Budget Enforcement in the House and Senate*, by Robert Keith and Bill Heniff Jr.

estimated cost of JGTRRA's tax reduction provisions was \$329.7 billion over the FY2003-FY2013 period.<sup>3</sup>

**The American Jobs Creation Act of 2004 (AJCA; P.L. 108-357)** among other things, contained a provision which allowed taxpayers to take an itemized deduction for state and local general sales taxes in lieu of the itemized deduction for state and local income taxes. This provision was to be in effect for two years, 2004 and 2005, at the cost of \$3.6 billion.<sup>4</sup>

In 2004, Congress also passed **the Working Families Tax Relief Act of 2004 (WFTRA; P.L. 108-311)**. WFTRA extended several tax provisions that were set to expire at the end of 2004 under JGTRRA.

WFTRA extended the accelerated marriage penalty tax relief provisions (the standard deduction and 15% tax bracket for joint returns set at twice the level as those for single returns) through 2008. In 2009 and 2010, EGTRRA provisions will maintain the level of the standard deduction and the 15% tax bracket for joint returns. The 2004 act also extended the increase in the 10% income tax bracket through 2010.

WFTRA maintained the child tax credit at \$1,000 through 2009 (for 2010, the EGTRRA provisions apply and the child tax credit will remain at \$1,000). In addition, WFTRA accelerated, to 2004, the increase in the refundability of the child tax credit. For 2004 through 2010, the child tax credit will be refundable to 15% of a taxpayer's earned income in excess of the applicable threshold. The 2004 act also contained a provision including combat pay in earned income for purposes of computing child tax credit refundability.<sup>5</sup>

WFTRA included a one-year extension in the increase in the basic exemption for the alternative minimum tax (AMT) originally enacted under JGTRRA. (EGTRRA also included a temporary increase in the AMT exemption which was then superseded by the JGTRRA increases.) The AMT exemption for 2005 was set at \$58,000 for joint returns and \$40,250 for unmarried taxpayers.

In total, the WFTRA provisions were estimated to cost \$131.4 billion over the FY2005-FY2014 time period.<sup>6</sup>

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<sup>3</sup> CRS calculation based on Joint Committee on Taxation, *Estimated Budget Effects Of The Conference Agreement For H.R. 2, The "Jobs And Growth Tax Relief Reconciliation Act Of 2003,"* JCX-55-03, May 22, 2003.

<sup>4</sup> U.S. Congress, Joint Committee on Taxation, *Estimated Revenue Effects of the Chairman's Amendment in the Nature of a Substitute to H.R. 4520, The "American Jobs Creation Act of 2004," Scheduled for Markup by the Committee on Ways and Means on June 14, 2004, Fiscal Years 2004 - 2014,* JCX-43-04, June 10, 2004.

<sup>5</sup> See CRS Report RS21860, *The Child Tax Credit*, by Gregg Esenwein.

<sup>6</sup> U.S. Congress, Joint Committee on Taxation, *Estimated Revenue Effects Of The Conference Agreement For H.R. 1308, The "Working Families Tax Relief Act Of 2004,"* JCX-60-04, September 23, 2004.

**The Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222; TIPRA)**, passed by Congress in May 2006, extended the dividend and capital gains tax reductions through 2010. These reductions were enacted in 2003 and originally scheduled to expire in 2008. The estimated cost of these extensions was \$50.8 billion over the FY2006-FY2015 period.<sup>7</sup>

For 2006, TIPRA also increased the basic AMT exemption to \$62,550 for joint returns and to \$42,500 for unmarried taxpayers. In addition, TIPRA extended through 2006 the provision that allows taxpayers to apply their nonrefundable tax credits against their AMT tax liability. The combined cost of these AMT provisions is \$33.9 billion.<sup>8</sup> These temporary increases in the basic exemption for the AMT and changes in the treatment of nonrefundable tax credits were once again enacted as a means of mitigating the interaction between the reductions in the regular income tax and the AMT. In 2007, the AMT exemption reverted to its pre-EGTRRA law levels of \$45,000 for joint returns and \$33,750 for unmarried taxpayers.

**Additional tax reductions or extensions** were enacted in the same time frame as parts of other acts: Job Creation and Worker Assistance Act of 2002 (JCWAA, P.L. 107-147) and the Tax Relief and Health Care Act of 2006 (TRHCA, P.L. 109-432). JCWAA's provisions modified depreciation rules at the cost of \$17.9 billion over FY2002-FY2012.<sup>9</sup> TRHCA extended the sales tax deductibility provision for tax years 2006 and 2007. The Joint Committee on Taxation estimated that the two-year extension of this provision would reduce federal revenues by approximately \$5.5 billion.<sup>10</sup>

The phase-in and expiration schedules of the various tax provisions enacted under the 2001 through 2006 tax acts are shown in the appendix.

## Extending the Cuts Past 2010: Key Considerations

Proposals relating to the future of the 2001-2006 tax reductions range from their early rescission to unconditional permanent extension. Several aspects of this decision play a key role in shaping the views of many policymakers. They include (1) general desirability of providing tax relief, (2) the cost of the cuts in view of the budgetary constraints, and (3) the distribution of the tax cuts benefits among different income groups of taxpayers.

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<sup>7</sup> U.S. Congress, Joint Committee on Taxation, *Estimated Revenue Effects Of The Conference Agreement For The "Tax Increase Prevention And Reconciliation Act Of 2005,"* JCX-18-06, May 9, 2006.

<sup>8</sup> *Ibid.*, p. 2.

<sup>9</sup> U.S. Congress, Joint Committee on Taxation, *Estimated Revenue Effects Of The "Job Creation And Worker Assistance Act Of 2002,"* JCX-13-02, March 6, 2002.

<sup>10</sup> U.S. Congress, Joint Committee on Taxation, *Estimated Revenue Effects Of The Revenue Provisions Contained In H.R. 6408, The "Tax Relief And Health Care Act Of 2006," As Introduced In The House Of Representatives On December 7, 2006,* JCX-51-06, December 7, 2006.

In addition, the extension of the tax cuts is intertwined with modifying the AMT. Absent congressional action, the AMT will “take back” most of the tax relief granted through the regular income tax.<sup>11</sup> Hence, Congress faces not only the issue of whether or not to extend or make permanent the reductions in the regular income tax, but more urgently, it must face the issue of how to coordinate the changes in these two parallel tax systems.<sup>12</sup>

Modifying the AMT is probably the most pressing individual income tax issue facing Congress. It is estimated that, if the reductions in the individual income tax are extended beyond 2010, the number of taxpayers subject to the AMT will increase from about 1.8 million in 2001 to 24 million in 2007, and then to over 53 million in 2017.<sup>13</sup>

Counterbalancing congressional desire to provide continued tax relief is the concern over the current and projected size of the federal budget deficit. The revenue effects of extending or making permanent the 2001 and 2003 tax reductions are substantial. Moreover, once the costs of fixing the AMT are included, the revenue costs associated with maintaining the current level of tax relief increase considerably.

For instance, **Table 1** presents Congressional Budget Office (CBO) order of magnitude estimates of the cost of extending the EGTRRA/JGTRRA tax reductions and reforming the AMT. It should be noted that if these policy options are deficit financed (that is, there are no offsetting tax increases or spending reductions), then there will be additional revenue losses associated with servicing the increase in the public debt that these policy options engender. The table presents estimates of both the direct and indirect costs of these tax policy options.

**Table 1** also shows a rough estimate of the total cost (both direct and indirect) of extending the EGTRRA/JGTRRA tax cuts and reforming the AMT will be \$3.5 trillion over the FY2008-FY2017 period. As an alternative measure, an order of magnitude estimate indicates that the out year per annum cost (including debt servicing) of these tax policy options would be slightly larger than 2% of gross domestic product (GDP). The cost would increase as a percentage of GDP as time progresses.

Partially extending the cuts might represent a potential compromise that would continue to provide some tax relief, while keeping its costs lower. Some proposals limit tax reductions by directly setting income limits for their recipients. Other proposals try to extend only those tax reductions that benefit taxpayers at the target income range.

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<sup>11</sup> For more information on the “take back” effect see CRS Report RS21817, *The Alternative Minimum Tax (AMT): Income Entry Points and “Take Back” Effects*, by Gregg Esenwein.

<sup>12</sup> See CRS Report RS22563, *The Alternative Minimum Tax for Individuals: Legislative Initiatives in the 110<sup>th</sup> Congress*, by Gregg Esenwein.

<sup>13</sup> For more information see CRS Report RL30149, *The Alternative Minimum Tax for Individuals*, by Gregg Esenwein.

**Table 1. Order of Magnitude Estimates of the Revenue Costs Associated with Extension of EGTRRA/JGTRRA and Reform of the AMT**  
(billions of dollars)

<b>FY2008 through FY2017</b>	
<b>Extend EGTRRA/JGTRRA:</b>	\$1,937
<b>Reform the AMT:</b> (Extension of increased AMT exemption and indexation of AMT exemption and tax brackets. Assumes tax cuts extended)	\$1,041
<b>Debt Service:</b>	\$549
<b>Total:</b>	\$3,527

**Source:** Congressional Budget Office. *The Budget and Economic Outlook: Fiscal Years 2008 to 2017*, Table 1.5, Jan. 2007.

**Table 2** reproduces CBO estimates of extending the tax reductions by individual provision or a distinct group of provisions.<sup>14</sup> The estimates provide general magnitude of the cost and relative size of extending each provision. However, because of the interaction between the provisions, extending all of the tax provisions would produce a greater revenue loss than the revenue loss indicated by summing the revenue costs of all the extended provisions.

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<sup>14</sup> U.S. Congress, Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2008 to 2017*, January 2007, Table 4-10, p. 102.



**Table 2. Estimated Revenue Effects of Extending Certain Expiring Tax Provisions**  
(billions of dollars-fiscal years)

Tax Provision	Expiration Date	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Total, 2008-2012	Total, 2008-2017
Increased AMT Exemption	December 31, 2006	-8.8	-55.3	-52.8	-60.7	-50.5	-30.5	-35.5	-41.4	-48.0	-54.8	-62.5	-249.7	-492.0
Treatment of Nonrefundable Personal Credits Under the AMT	December 31, 2006	-0.1	-0.5	-0.5	-0.7	-0.7	-0.5	-0.7	-0.8	-1.1	-1.3	-1.6	-3.0	-8.5
Deduction of State and Local Sales Taxes	December 31, 2007	n.a.	-0.3	-1.8	-2.1	-2.4	-3.8	-3.9	-3.9	-3.9	-4.0	-4.0	-10.4	-30.1
Estate and Gift Tax Changes	December 31, 2010	n.a.	-2.1	-1.4	-3.1	-36.0	-59.8	-67.4	-73.5	-79.2	-85.0	-91.2	-102.4	-498.8
Income Tax Provisions of EGTRRA	December 31, 2010	n.a.	n.a.	n.a.	n.a.	-94.9	-171.9	-177.0	-180.4	-184.6	-190.5	-196.8	-266.8	-1,196.2
Reduced Tax Rates on Capital Gains	December 31, 2010	n.a.	n.a.	n.a.	-1.9	-10.1	1.2	-9.6	-9.9	-10.1	-10.4	-10.8	-10.8	-61.4
Reduced Tax Rates on Dividends	December 31, 2010	n.a.	0.4	1.4	0.7	-5.3	-18.1	-22.2	-24.2	-25.9	-27.4	-29.1	-20.9	-149.7
Interaction from Extending All Provisions Together (Including Provisions Not Listed in This Table)		0	0	0	0	-18.5	-47.1	-50.4	-53.3	-55.4	-57	-58.4	-65.5	-340.0

Source: Congressional Budget Office

## Legislative Initiatives in the 110<sup>th</sup> Congress

To date, a number of bills extending or curtailing all or parts of the 2001 through 2006 tax reductions have been introduced in the 110<sup>th</sup> Congress. Due to the large number of separate provisions and various approaches to their modification, the list is focused on bills that extend tax relief in the vein of EGTRRA and the follow-up legislation, rather than generally modify the respective part of the Tax Code. For example, bills increasing the AMT deduction are listed, but the ones repealing the AMT completely are not.

### House Bills

- **H.R. 60.** Introduced January 4, 2007, by Representative Brian Baird. This bill would make the deduction for state and local sales taxes permanent.
- **H.R. 87.** Introduced January 4, 2007, by Representative Judy Biggert. This bill would extend and broaden certain educational provisions.
- **H.R. 163.** Introduced January 4, 2007, by Representative Bobby Jindal. This bill would make the marriage penalty tax relief provisions permanent.
- **H.R. 273.** Introduced January 5, 2007, by Representative Dave Camp. This bill would make the expansion of the adoption tax credit and adoption assistance programs permanent.
- **H.R. 411.** Introduced January 11, 2007, by Representative Mario Diaz-Balart. This bill would make the state sales tax deduction, the increase in the child tax credit, the repeal of the estate tax, and the change in the deduction for higher education expenses permanent.
- **H.R. 471.** Introduced January 12, 2007, by Representative Joe Wilson. This bill would make the expansion of the adoption tax credit and the adoption assistance programs permanent.
- **H.R. 834.** Introduced February 6, 2007, by Representative Jerry Weller. This bill would make the marriage tax penalty relief provisions permanent.
- **H.R. 1074.** Introduced February 15, 2007, by Representative Tim Ryan. This bill would make, among other things, modifications made by EGTRRA to the adoption credit permanent.
- **H.R. 1112.** Introduced February 16, 2007, by Representative Thomas Reynolds. This bill would provide AMT relief.
- **H.R. 1406.** Introduced March 8, 2007, by Representative Brad Ellsworth. This bill would make an increased child credit permanent.
- **H.R. 1407.** Introduced March 8, 2007, by Representative Phil English. This bill would repeal EGTRRA sunset applicability to certain education provisions.
- **H.R. 1421.** Introduced March 8, 2007, by Representative Lee Terry. Among other things, this bill would eliminate the marriage penalty in all income tax brackets and make permanent increases in the child tax credit.

- **H.R. 1437.** Introduced March 9, 2007, by Representative Dan Burton. This bill, among other education-related provisions, would make the deduction for higher education expenses permanent.
- **H.Con.Res. 99.** Introduced March 23, 2007, by Representative John Spratt. This resolution, among other things, declares the policy on middle-income tax relief, including the immediate AMT relief and extension of select tax cuts.
- **H.Con.Res. 109.** Introduced March 29, 2007, by Representative Paul Ryan. This resolution, among other things, calls for an extension of tax cuts enacted in 2001 and 2003.
- **H.R. 1923.** Introduced April 18, 2007, by Representative Kevin McCarthy. This bill would increase and index the basic exemption for the AMT and increase the point at which the basic exemption is phased-out.
- **H.R. 1942.** Introduced April 19, 2007, by Representative Scott Garrett. Among other things, this bill would increase and index the basic AMT exemption.
- **H.R. 2222.** Introduced May 8, 2007, by Representative Bill Pascrell. This bill would increase and make permanent the marriage penalty relief for the EITC.

## Senate Bills

- **S. 102.** Introduced January 4, 2007, by Senator John Kerry. This bill would provide AMT relief and repeal the provisions lowering the capital gains rates.
- **S. 141.** Introduced January 4, 2007, by Senator Maria Cantwell. This bill would extend and broaden certain educational provisions.
- **S. 143.** Introduced January 4, 2007, by Senator Maria Cantwell. This bill would make the deduction of state and local sales taxes permanent.
- **S. 157.** Introduced January 4, 2007, by Senator Maria Cantwell. This bill would make extend and broaden provisions related to Coverdell education savings account.
- **S. 180.** Introduced January 4, 2007, by Senator Kay Bailey Hutchison. This bill would make the deduction for state and local sales taxes permanent.
- **S. 181.** Introduced January 4, 2007, by Senator Kay Bailey Hutchison. This bill would make the marriage tax penalty relief provisions permanent.
- **S. 359.** Introduced January 22, 2007, by Senator Edward Kennedy. This bill, among other education-related provisions, would make the deduction for higher education expenses permanent.
- **S. 454.** Introduced January 31, 2007, by Senator Susan Collins. This bill would repeal EGTRRA sunset applicability to certain education provisions.
- **S. 554.** Introduced February 12, 2007, by Senator Byron Dorgan. This bill would repeal reduction in marginal and capital gains tax

rates, phaseout of limits on personal exemptions and itemized deductions for taxpayers with incomes over \$1 million.

- **S. 561.** Introduced February 13, 2007, by Senator Jim Bunning. This bill would make modifications made by EGTRRA to adoption credit permanent.
- **S. 614.** Introduced February 15, 2007, by Senator Charles Schumer. Among other things this bill would make an increased child credit permanent, expand the dependent care credit, make changes to educational provisions, and increase the AMT deduction.
- **S. 816.** Introduced March 8, 2007, by Senator Sam Brownback. Among other things, this bill would eliminate the marriage penalty in all income tax brackets and make permanent increases in the child tax credit.
- **S. 818.** Introduced March 8, 2007, by Senator Bernard Sanders. This bill would rescind EGTRRA and JGTRRA tax reductions after 2008 for taxpayers with gross incomes over \$400,000.
- **S. 851.** Introduced March 13, 2007, by Senator Charles Schumer. Among other things this bill would repeal the deduction for qualified tuition and related expenses.
- **S.Con.Res. 21.** Introduced March 16, 2007, by Senator Kent Conrad. This bill addresses certain issues related to extending tax relief.
- **S. 14.** Introduced April 17, 2007, by Senator Jon Kyl. This bill would repeal sunset provisions of EGTRRA, make cuts to the capital gains tax rates permanent, repeal AMT, make changes to the expensing rules, and make other changes.

## Legislative Initiatives in the 109<sup>th</sup> Congress

Several bills were introduced in the 109<sup>th</sup> Congress that would have made either all of the 2001/2003 tax cut provisions or selected provisions permanent.

### House Bills

- **H.R. 8.** Introduced on February 17, 2005, by Representative Kenny Hulshof. This bill would have made the repeal of the estate tax permanent.
- **H.R. 183.** Introduced on January 4, 2005, by Representative Joseph Pitts. This bill would have made the repeal of the estate tax permanent.
- **H.R. 268.** Introduced January 6, 2005, by Representative Dave Camp. This bill would have made the changes to the adoption tax credit permanent.
- **H.R. 305.** Introduced January 25, 2005, by Representative Joe Wilson. This bill would have made the changes to the adoption tax credit permanent.

- **H.R. 347.** Introduced January 25, 2005, by Representative Todd Russell Platts. This bill would have made the changes to the adoption tax credit permanent
- **H.R. 351.** Introduced January 25, 2005, by Representative Todd Russell Platts. This bill would have made the changes to the dependent care tax credit permanent and would have made it refundable.
- **H.R. 809.** Introduced March 7, 2005, by Representative David Dreier. This bill would have made the reduced tax rates on dividend and capital gains income permanent.
- **H.R. 1388.** Introduced March 17, 2005, by Representative Wally Herger. This bill would have made the increase in expensing of certain depreciable assets permanent.
- **H.R. 1500.** Introduced April 6, 2005, by Representative David Dreier. This bill would have made the reduction in the capital gain tax rate permanent.
- **H.R. 1692.** Introduced April 19, 2005, by Representative Darlene Hooley. This bill would make the changes to tuition programs permanent.
- **H.R. 2320.** Introduced May 12, 2005, by Representative Jerry Weller. This bill would have permanently extended the bonus depreciation enacted in 2003.
- **H.R. 2386.** Introduced May 17, 2005, by Representative Melissa Hart. This bill would have made the changes to qualified tuition programs permanent.
- **H.R. 2994.** Introduced June 20, 2005, by Representative Mike Rogers of Michigan. Among other things, this bill would have made the changes to qualified tuition programs permanent.
- **H.R. 3384.** Introduced July 21, 2005, by Representative Bobby Jindal. This bill would have made the marriage tax penalty relief provisions permanent.

## Senate Bills

- **S. 6.** Introduced January 24, 2005, by Senator Rick Santorum. This bill would have made the marriage penalty and child tax provisions permanent.
- **S. 7.** Introduced January 24, 2005, by Senator Jon Kyl. This bill would have made the reductions in regular tax rates and capital gains/dividends tax rates permanent. It would have also made the repeal of the estate tax permanent.
- **S. 78.** Introduced January 24, 2005, by Senator Kay Bailey Hutchison. This bill would have made the marriage tax provisions permanent.
- **S. 246.** Introduced on February 1, 2005, by Senator Jim Bunning. This bill would have made the changes to the adoption tax credit permanent.
- **S. 420.** Introduced February 17, 2005, by Senator Jon Kyl. This bill would have made the repeal of the estate tax permanent.

- **S. 988.** Introduced May 10, 2005, by Senator Jeff Sessions. This bill would have made the repeal of the estate tax permanent.
- **S. 1112.** Introduced May 24, 2005, by Senator Chuck Grassley. This bill would have made the educational savings provisions permanent.
- **S. 1524.** Introduced July 28, 2005, by Senator Mike Crapo. This bill would have made the reduced tax rates on dividends and capital gains permanent.

## Appendix. Phase-in and Expiration Schedule of Select Major Tax Cut Provisions Under EGTRRA, JCWAA, JGTRRA, WFTRA, AJCA, TIPRA, and TRHCA, 2001-2011

Provision	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Tax Rates and Brackets</b>											
<b>Create 10 percent tax bracket</b>	EGTRRA: \$12,000 / \$6,000 brackets for couples / singles.		JGTRRA: \$14,000 / \$7,000 for couples / singles. Index in 2004.		WFTRA: \$14,000 / \$7,000 for couples / singles.		EGTRRA: \$14,000 / \$7,000 for couples / singles. Index in 2009.			Bracket expires.	
<b>Reduce tax rates in top four tax brackets</b>	EGTRRA:	EGTRRA:	JGTRRA:			EGTRRA:			Reverts to:		
	39.1%	38.6%	35%			35%			39.6%		
	35.5%	35%	33%			33%			36%		
	30.5%	30%	28%			28%			31%		
	27.5%	27%	25%			25%			28%		
<b>Reduce tax rates on capital gains and dividends</b>	No change.		JGTRRA: 15% / 5% rate structure.				JGTRRA: 15% / 0%	TIPRA: 15% / 0%		Up to 20% or regular tax rates.	
<b>Limits on Itemized Deductions and Personal Exemptions</b>											
<b>Reduce or eliminate limits on itemized deductions and personal exemptions</b>	No change.				EGTRRA: Reduce limits by one-third.		EGTRRA: Reduce limits by two-thirds.		EGTRRA: Repeal limits.	Limits reinstated.	
<b>Alternative Minimum Tax</b>											
<b>Increase exemption for the alternative minimum tax for couples / singles</b>	EGTRRA: Increase to \$49,000 / \$35,750.		JGTRRA: \$58,000 / \$40,250		WFTRA: \$58,000 / \$40,250	TIPRA: \$42,500 / \$65,550	Reverts to \$45,000 / \$33,750 couple / single exemption structure.				
<b>Deduction for State and Local General Sales Taxes</b>											
<b>Allow deduction for sales taxes</b>	No change.		AJCA: allow the deduction.		TRHCA: extend the deduction.		Deduction expires.				

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Provision	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
<b>Bonus Depreciation</b>												
<b>Increase first-year depreciation allowance</b>	JCWAA: Additional 30% allowance.		JGTRRA: Additional 50% allowance.		Reverts to pre-2001 law.							
<b>Children and Married Couples</b>												
<b>Increase child tax credit</b>	EGTRRA: Increase credit to \$600.		JGTRRA: \$1000 credit.		WFTRA: \$1000 credit.					EGTRRA: \$1000 credit.	Reverts to \$500 credit.	
<b>Expand refundability of child tax credit</b>	EGTRRA: Expanded eligibility, Refundable up to 10% over indexed threshold.			WFTRA: Refundable up to 15%.	EGTRRA: Expanded eligibility, refundable up to 15% over indexed threshold.					Limited eligibility.		
<b>Increase dependent care credit</b>	No change.	EGTRRA: Maximum credit of \$3,000 for one child and \$6,000 for two or more children.								Reverts to \$2400 / \$4800.		
<b>Increase standard deduction for married couples</b>	No change.		JGTRRA: Deduction for couples is 200% of the deduction for singles.		WFTRA: Deduction for couples is 200% of the deduction for singles.			EGTRRA: Deduction for couples is 200% of the deduction for singles.		Reverts to 167%.		
<b>Expand 15 percent bracket for married couples</b>	No change.		JGTRRA: Maximum income for couples is 200% of the maximum for singles.		WFTRA: Maximum income for couples is 200% of the maximum for singles.		EGTRRA: Maximum income for couples is 200% of the maximum for singles.			Reverts to 167%.		
<b>EITC phaseout income for married couples</b>	No change.	EGTRRA: Increase by \$1,000.			EGTRRA: Increase by \$2,000.		EGTRRA: Increase by \$3,000. Index in 2009.				No increase.	
<b>Estate Tax</b>												
<b>Change exemption level / top rate structure</b>	No change.	EGTRRA: \$1 million / 50%	EGTRRA: \$1 million / 49%	EGTRRA: \$1.5 million / 48%	EGTRRA: \$1.5 million / 47%	EGTRRA: \$2 million / 46%	EGTRRA: \$2 million / 45%		EGTRRA: \$3.5 million / 45%	EGTRRA: Estate tax repealed.	Changes to \$1 million / 55%.	

Source: Congressional Budget Office and Joint Committee on Taxation