



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

March 23, 2000

**H.R. 7  
Education Savings and School Excellence Act of 1999**

*As ordered reported by the House Committee on Ways and Means on March 22, 2000*

**SUMMARY**

H.R. 7 would expand the definition of a qualified education expense under an Education Savings Account (formally known as an education IRA) and increase its annual contribution limit. The bill would also liberalize the exemptions from the rules for arbitrage rebates from certain tax-exempt bonds; increase the income limits and repeal the 60-month limit for deductibility of student loan interest; allow tax-free distributions from state and private education programs; amend the two-percent floor rule on miscellaneous deductions as it applies to qualified professional development expenses; extend for one year enhanced deductions for corporate contributions of computer equipment to schools; and eliminate the tax on certain scholarship awards. The Joint Committee on Taxation (JCT) estimates that H.R. 7 would reduce governmental receipts by about \$4 billion over the 2000-2005 period and by about \$12 billion over the 2000-2010 period. Because the bill would affect receipts, pay-as-you-go procedures would apply.

H.R. 7 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 7 is shown in the following table.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
<b>CHANGES IN REVENUES</b>						
Estimated Revenues						
On-Budget	-1	-182	-612	-826	-985	-1,135
Off-Budget	<u>a</u>	<u>-3</u>	<u>-1</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>
Total Change in Revenues	-1	-185	-613	-828	-987	-1,137

a. Less than \$500,000.

SOURCE: Joint Committee on Taxation.

## **BASIS OF ESTIMATE**

Estimates of H.R. 7 are provided by JCT.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in receipts	-1	-182	-612	-826	-985	-1,135	-1,289	-1,435	-1,572	-1,712	-1,847
Changes in outlays											not applicable

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 7 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

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