

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
371 <u>Mortgage Credit and Thrift Insurance (continued)</u>												
Deductibility of property tax on owner-occupied homes	---	---	---	---	---	---	8,915	10,705	12,740	15,160	18,040	21,465
Exclusion of interest on state and local housing bonds for owner-occupied housing	470	655	860	990	1,000	960	370	565	740	865	890	850
Deferral of capital gains on home sales	---	---	---	---	---	---	1,100	1,220	1,345	1,480	1,630	1,790
Exclusion of capital gains on home sales for persons age 55 and over	---	---	---	---	---	---	590	650	710	785	860	950
376 <u>Other Advancement and Regulation of Commerce</u>												
Dividend and interest exclusion	---	---	---	---	---	---	1,325	3,170	2,340	700	770	850
Exclusion of interest on state and local industrial development bonds	1,000	1,245	1,590	1,935	2,290	2,655	230	305	390	475	565	655
Exemption of credit union income	115	125	140	155	170	190	---	---	---	---	---	---
Exclusion of interest on life insurance savings	---	---	---	---	---	---	4,080	4,770	5,570	6,500	7,585	8,845
Deductibility of interest on consumer credit	---	---	---	---	---	---	5,260	6,040	7,050	7,965	9,005	10,175
Expensing of construction period interest and taxes	535	565	600	640	685	725	225	310	315	350	380	415
Excess first-year depreciation	50	55	55	60	65	65	145	150	160	170	180	185
Depreciation on rental housing in excess of straight line	75	80	85	95	100	110	325	345	370	400	435	470

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
376 <u>Other Advancement and Regulation of Commerce</u> (continued)												
Depreciation on buildings (other than rental housing) in excess of straight line	140	150	165	185	210	240	125	135	150	165	185	210
Asset depreciation range	3,585	3,895	4,330	4,285	3,990	3,835	180	215	225	225	210	200
Amortization of business start-up costs	b	10	10	20	25	30	20	65	105	160	230	285
Capital gains other than agriculture, timber, iron ore, and coal	940	1,020	1,150	1,295	1,455	1,640	16,230	18,990	21,070	23,360	25,905	28,710
Capital gains at death	---	---	---	---	---	---	5,085	5,440	5,820	6,225	6,660	7,130
Reduced rates on the first \$100,000 of corporate income	7,395	7,590	8,495	9,485	10,520	11,650	---	---	---	---	---	---
Investment credit, other than for ESOP's, rehabil- itation of structures, and energy	16,395	17,340	19,265	21,240	23,375	25,810	3,130	3,425	3,815	4,205	4,625	5,105
400 TRANSPORTATION												
401 <u>Ground Transportation</u>												
Five-year amortization on railroad rolling stock	-40	-40	-35	-20	---	---	---	---	---	---	---	---
403 <u>Water Transportation</u>												
Deferral of tax on shipping companies	75	75	80	90	95	105	---	---	---	---	---	---

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
450 COMMUNITY AND REGIONAL DEVELOPMENT												
451 <u>Community Development</u>												
Five-year amortization for housing rehabilitation	10	15	15	15	10	5	15	20	20	20	15	5
Investment credit for rehabilitation of structures	150	175	205	225	245	265	145	160	180	200	215	230
500 EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL SERVICES												
502 <u>Higher Education</u>												
Exclusion of scholarship and fellowship income	---	---	---	---	---	---	410	490	565	655	765	885
Employer educational assistance	---	---	---	---	---	---	35	40	45	25	---	---
Exclusion of interest on state and local student loan bonds	55	85	115	145	175	200	25	40	55	70	85	100
Parental personal exemption for students age 19 or over	---	---	---	---	---	---	1,045	1,055	1,065	1,075	1,085	1,095
Deductibility of charitable contributions (education)	310	310	340	375	420	465	950	1,150	1,400	1,685	2,040	2,465
504 <u>Training and Employment Services</u>												
Maximum tax on personal service income	---	---	---	---	---	---	1,655	2,105	2,640	3,270	4,085	5,110
Credit for child and dependent care expenses	---	---	---	---	---	---	1,025	1,175	1,350	1,555	1,785	2,055

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
504 <u>Training and Employment Services (continued)</u>												
Credit for employment of AFDC recipients and public assistance recipients under work incentive programs	50	50	55	60	60	65	10	10	10	10	10	10
General jobs credit	85	25	15	10	10	---	b	b	b	b	b	b
Targeted jobs credit	225	150	20	b	---	---	50	30	---	---	---	---
505 <u>Other Labor Services</u>												
Exclusion of employee meals and lodging (other than military)	---	---	---	---	---	---	380	410	445	485	525	570
Investment credit for ESOP's	770	820	895	580	195	115	---	---	---	---	---	---
506 <u>Social Services</u>												
Deductibility of charitable contributions, other than education and health	385	385	380	420	465	520	7,135	8,630	10,445	12,635	15,290	18,500
Exclusion of contributions to prepaid legal services plans	---	---	---	---	---	---	35	10	---	---	---	---
550 HEALTH												
551 <u>Health Care Services</u>												
Exclusion of employer contributions for medical insurance premiums and medical care ^c	---	---	---	---	---	---	14,165	16,610	19,485	22,855	26,810	31,445
Deductibility of medical expenses	---	---	---	---	---	---	3,580	4,080	4,650	5,305	6,045	6,610

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
551 <u>Health Care Services</u> (continued)												
Exclusion of interest on state and local hospital bonds	395	450	525	590	655	715	185	220	260	290	325	355
Deductibility of charitable contributions (health)	195	190	210	235	260	285	1,425	1,725	1,975	2,530	3,060	3,700
600 INCOME SECURITY												
601 <u>General Retirement and Disability Insurance</u>												
Exclusion of Social Security benefits												
Disability insurance benefits	---	---	---	---	---	---	815	955	1,055	1,185	1,350	1,575
OASI benefits for retired workers	---	---	---	---	---	---	9,020	11,265	13,260	15,605	18,320	21,435
Benefits for dependents and survivors	---	---	---	---	---	---	1,250	1,480	1,695	1,945	2,225	2,535
Exclusion of railroad retirement system benefits	---	---	---	---	---	---	380	435	500	570	655	750
Exclusion of workmen's compen- sation benefits	---	---	---	---	---	---	2,675	3,260	3,965	4,825	5,870	7,145
Exclusion of special benefits for disabled coal miners	---	---	---	---	---	---	100	105	110	120	130	140
Exclusion of disability pay	---	---	---	---	---	---	170	170	170	170	170	170
Net exclusion of pension con- tributions and earnings												
Employer plans	---	---	---	---	---	---	23,605	27,905	32,930	38,855	45,850	54,100
Plans for self-employed and others	---	---	---	---	---	---	2,105	2,305	2,525	2,770	3,040	3,345

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
601 <u>General Retirement and Disability Insurance</u> (continued)												
Exclusion of other employee benefits												
Premiums on group term life insurance	---	---	---	---	---	---	1,855	2,055	2,275	2,520	2,790	3,090
Premiums on accident and disability insurance	---	---	---	---	---	---	100	105	110	120	130	140
Additional exemption for the blind	---	---	---	---	---	---	30	30	30	30	30	30
Additional exemption for the elderly	---	---	---	---	---	---	2,260	2,505	2,800	3,015	3,485	3,885
Tax credit for the elderly	---	---	---	---	---	---	125	120	115	110	105	100
603 <u>Unemployment Compensation</u>												
Exclusion of other employee benefits												
Income of trusts to finance supplementary unemployment benefits	---	---	---	---	---	---	20	20	25	30	30	35
Exclusion of untaxed unemployment insurance benefits	---	---	---	---	---	---	5,275	4,530	4,440	4,335	4,460	4,610
604 <u>Housing Assistance</u>												
Exclusion of interest on state and local housing bonds for rental housing	195	240	295	350	410	475	235	315	385	450	530	620
609 <u>Other Income Security</u>												
Exclusion of public assistance benefits	---	---	---	---	---	---	465	510	580	665	755	860

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
609 <u>Other Income Security</u> (continued)												
Deductibility of casualty and theft losses	---	---	---	---	---	---	715	895	1,015	1,195	1,410	1,665
Earned income credit ^d	---	---	---	---	---	---	635	575	525	475	460	425
700 VETERANS' BENEFITS AND SERVICES												
701 <u>Income Security for Veterans</u>												
Exclusion of veterans' dis- ability compensation	---	---	---	---	---	---	1,300	1,575	1,860	2,135	2,460	2,825
Exclusion of veterans' pensions	---	---	---	---	---	---	85	95	105	120	130	145
702 <u>Veterans' Education, Training and Rehabilitation</u>												
Exclusion of GI bill benefits	---	---	---	---	---	---	180	160	130	110	90	75
800 GENERAL GOVERNMENT												
806 <u>Other General Government</u>												
Credits for political contributions	---	---	---	---	---	---	100	80	80	80	100	80
850 GENERAL PURPOSE FISCAL ASSISTANCE												
851 <u>General Revenue Sharing</u>												
Exclusion of interest on general purpose state and local debt	4,035	4,315	4,885	5,335	5,720	6,040	1,895	2,165	2,420	2,645	2,840	3,005

(Continued)

TABLE A-1. (Continued)

Function and Subfunction	Corporations						Individuals					
	1981	1982	1983	1984	1985	1986	1981	1982	1983	1984	1985	1986
851 <u>General Revenue Sharing</u> <u>(continued)</u> Deductibility of non- business state and local taxes (other than on owner-occupied homes)	---	---	---	---	---	---	18,405	23,060	28,060	33,670	40,405	48,485
852 <u>Other General Purpose</u> <u>Fiscal Assistance</u> Tax credit for corporations receiving income from doing business in United States possessions	1,005	1,095	1,200	1,320	1,455	1,600	---	---	---	---	---	---
900 INTEREST												
901 <u>Interest on the Public Debt</u> Deferral of interest on savings bonds	---	---	---	---	---	---	-75	335	335	335	335	335
TOTAL	48,775	52,090	58,190	63,750	68,905	74,565	179,845	214,190	248,245	286,780	334,820	390,725

SOURCES: Staffs of the Treasury Department and the Congressional Joint Committee on Taxation.

- a. All estimates are based on the tax law enacted as of December 31, 1980.
- b. Less than \$2.5 million.
- c. CBO estimates that this tax expenditure will result in a significantly higher revenue loss than the JCT-Treasury estimate shown above. CBO estimates a loss of \$17.4 billion in 1981, \$20.5 billion in 1982, \$24.1 billion in 1983, \$28.4 billion in 1984, \$33.5 billion in 1985, and \$39.5 billion in 1986.
- d. The figures in the table indicate the effect of the earned income credit on receipts. The effect on outlays is: \$1,205 million in 1981, \$1,115 million in 1982, \$1,030 million in 1983, \$955 million in 1984, \$885 million in 1985, and \$815 million in 1986.

APPENDIX B

APPENDIX B. TAX EXPENDITURES BY CONGRESSIONAL COMMITTEE WITH
AUTHORIZING JURISDICTION OVER RELATED DIRECT OUTLAYS

Committee

Tax Expenditure

House of Representatives

Agriculture

Capital gains treatment of certain
ordinary income
Expensing of certain capital outlays
Deductibility of noncash patronage
dividends and certain other items of
cooperatives
Capital gains treatment of certain
timber income
Exclusion of certain cost-sharing pay-
ments

Armed Services

Exclusion of benefits and allowances
to Armed Forces personnel
Exclusion of military disability pen-
sions

Banking, Finance,
and Urban Affairs

Exclusion of interest on state and
local pollution control bonds
Exemption of credit union income
Excess bad debt reserves of financial
institutions
Deductibility of mortgage interest on
owner-occupied homes
Deductibility of property tax on own-
er-occupied homes
Exclusion of interest on state and
local industrial development bonds
Exclusion of interest on state and
local housing bonds
Deductibility of interest on consumer
credit
Deferral of capital gains on home
sales

(Continued)

Committee

Tax Expenditure

Banking, Finance, and
and Urban Affairs
(continued)

Capital gains (other than farming,
timber, iron ore, and coal)
Depreciation of rental housing in
excess of straight-line
Depreciation of buildings (other than
rental housing) in excess of
straight-line)
Investment credit for certain rehabil-
itated structures
5-year amortization for housing reha-
bilitation
Exclusion of capital gains on home
sales for persons age 55 and over
Expensing of construction period
interest and taxes
Exclusion of income earned abroad by
U.S. citizens
Deferral of income of Dometic Inter-
national Sales Corporations (DISC)
Deferral of income of controlled for-
eign corporations
Dividend and interest exclusion
Corporate surtax exemption
Reduced rates on first \$100,000 of
corporate income
Excess first-year depreciation
Asset Depreciation Range
Capital gains at death
Tax incentives for the preservation of
historic structures
Investment tax credit
Deferral of capital gains on homes
sales
Deferral of interest on savings bonds

Education and Labor

Exclusion of scholarship and fellow-
ship income

(Continued)

Committee

Tax Expenditure

Education and Labor
(continued)

Parental personal exemption for children age 19 and over
Deductibility for charitable contributions (education)
Credit for child and dependent care expenses
Employer educational assistance
Expensing of removal of architectural and transportation barriers to the handicapped
Credit for the employment of AFDC and public assistance recipients under work incentive programs
Additional exemption for the elderly
Additional exemption for the blind
Exclusion for workmen's compensation benefits
Exclusion of special benefits for disabled coal miners
Net exclusion of pension contributions and earnings
 Employer plans
 Plans for self-employed and others
Exclusion of other employee benefits
 Premiums on group term life insurance
 Premiums on accident and disability insurance
Tax credit for the elderly
Earned income credit
Deductibility of casualty losses
Exclusion of employee meals and lodging (other than military)
Maximum tax on personal service income
Exclusion for contributions to prepaid legal service plans
Investment credit for ESOP's

(Continued)

Committee	Tax Expenditure
Education and Labor (continued)	Deductibility of charitable contributions for other than education and health Exclusion of employer contributions for medical insurance premiums and medical care General jobs credit Targeted jobs credit
Government Operations	Tax credit for corporations doing business in U.S. possessions Deductibility of nonbusiness state and local taxes (other than on owner-occupied homes) Exclusion of interest payments on state and local industrial development bonds Exclusion of interest on state and local pollution control bonds Exclusion of interest on general purpose state and local debt
House Administration	Credits for political contributions
Interior and Insular Affairs	Tax incentives for preservation of historic structures Capital gains treatment of royalties on coal Capital gains treatment of royalties on iron ore Expensing of exploration and development costs Excess of percentage over cost depletion Alternative fuel production credit Alcohol fuel credit Residential energy credits Alternative, conservation and new technology credits

(Continued)

Committee

Tax Expenditure

Foreign Affairs

Exclusion of income earned abroad
Deferral of income of Domestic International Sales Corporations (DISC)
Deferral of income of controlled foreign corporations

Interstate and Foreign Commerce

Deferral of income of Domestic International Sales Corporations (DISC)
Deferral of income of controlled foreign corporations
Dividend and interest exclusion
Exclusion of interest payments on state and local industrial development bonds (other than for education and health)
5-year amortization for railroad rolling stock
Exclusion of sick pay
Expensing of removal of architectural and transportation barriers to the handicapped
Deductibility of medical expenses
Exclusion of employee contributions for medical insurance premiums and medical care
Deferral of tax on shipping companies
Deferral of interest on savings bonds
Exclusion of other employee benefits
 Premiums on group term life insurance
 Premiums on accident and disability insurance
Tax credit for corporations doing business in U.S. possessions
Exclusion of railroad retirement system benefits

(Continued)

Committee	Tax Expenditure
Interstate and Foreign Commerce (continued)	Exclusion of payments in aid of construction in water and sewage utilities Exclusion of interest on state and local pollution control bonds 5-year amortization of pollution control facilities
Judiciary	Group legal services exclusion
Merchant Marine and Fisheries	Deferral of tax on shipping companies
Public Works and Transportation	Deductibility of state gasoline taxes Exclusion of payments in aid of construction of water and sewage utilities Exclusion of interest on state and local industrial development bonds
Science and Technology	Expensing of research and development expenditures
Veterans' Affairs	Exclusion of veterans' disability compensation Exclusion of veterans' pensions Exclusion of GI Bill benefits
Ways and Means	Exclusion of unemployment insurance benefits Exclusion of income of trusts to finance supplementary unemployment benefits Exclusion of public assistance benefits Earned income credit

(continued)

Committee

Tax Expenditure

Ways and Means
(continued)

Exclusion of Social Security benefits
Disability insurance benefits
OASI benefits for retired workers
Benefits for dependents and survivors

Senate

Agriculture, Nutrition,
and Forestry

Capital gains treatment of certain
timber income
Capital gains treatment of certain
ordinary income
Expensing of certain capital outlays
Deductibility of noncash patronage
dividends and certain other items of
cooperatives
Exclusion of certain cost-sharing
payments

Armed Services

Exclusion of benefits and allowances
to Armed Forces personnel
Exclusion of military disability pen-
sions

Banking, Housing,
and Urban Affairs

Exclusion of income earned abroad by
U.S. citizens
Deferral of income of Domestic Inter-
national Sales Corporations (DISC)
Deferral of income of controlled for-
eign corporations
Exemption of credit union income
Excess bad debt reserves of financial
institutions
Deductibility of mortgage interest on
owner-occupied homes

(Continued)

Committee

Tax Expenditure

Banking, Housing, and
Urban Affairs
(continued)

Deductibility of property tax on owner-occupied homes
Deductibility of interest on consumer credit
Deferral of capital gains on home sales
Dividend and interest exclusion
Reduced rates on first \$100,000 of corporate income
Investment tax credit for certain rehabilitated structures
Capital gains (other than farming, timber, iron ore, and coal)
Capital gains at death
Depreciation on rental housing in excess of straight-line
Depreciation on buildings (other than rental housing) in excess of straight-line
Expensing of construction period interest and taxes
Excess first-year depreciation
Asset Depreciation Range
5-year amortization for housing rehabilitation
Tax incentives for preservation of historic structures
Deferral of interest on savings bonds
Exclusion of interest on general purpose state and local debt
Exclusion of capital gains on home sales for persons 55 or older
Exclusion of interest on state and local pollution control bonds
Exclusion of interest on state and local industrial development bonds

(Continued)

Committee

Tax Expenditure

Commerce, Science, and
Transportation

Expensing of research and development
expenditures
5-year amortization on railroad roll-
ing stock
Deductibility of nonbusiness state
gasoline taxes
Deferral of tax on shipping companies
Tax credit for corporations doing
business in U.S. possessions

Energy and Natural
Resources

Expensing of exploration and develop-
ment costs
Excess of percentage over cost deple-
tion
Capital gains treatment of royalties
on iron ore
Investment credit for certain rehabil-
itated structures
Tax incentives for preservation of
historic structures
Alternative fuel production credit
Alcohol fuel credit
Residential energy credits
Alternative, conservation and new
technology credits

Environment and
Public Works

Exclusion of interest on state and
local government pollution control
bonds
5-year amortization of pollution con-
trol facilities
Exclusion of payments in aid of con-
struction of water and sewage facili-
ties
Exclusion of interest on state and
local industrial development bonds

(Continued)

Committee**Tax Expenditure**

Finance	Exclusion of Social Security benefits Disability insurance benefits OASI benefits for retired workers Benefits for dependents and survivors Exclusion of unemployment insurance benefits Exclusion of public assistance benefits Exclusion of interest on general purpose state and local debt Exclusion of interest on state and local pollution control bonds Exclusion of interest on state and local housing bonds
Foreign Relations	Exclusion of income earned abroad by U.S. citizens Deferral of income of Domestic International Sales Corporations (DISC)
Governmental Affairs	Exclusion of interest on general purpose state and local debt Deductibility of nonbusiness state and local taxes (other than on owner-occupied homes) Tax credit for corporations doing business in U.S. possessions
Labor and Human Resources	Exclusion of scholarship and fellowship income Parental personal exemption for students aged 19 and over Deductibility of charitable contributions (education) Credit for child and dependent care expenses

(Continued)

Committee

Tax Expenditure

Labor and Human Resources
(continued)

Expensing of removal of architectural and transportation barriers for the handicapped
Credit for employment of AFDC and public assistance recipients under work incentive programs
Maximum tax on personal service income
Exclusion of employee meals and lodging (other than military)
Exclusion of contributions to prepaid legal service plans
Investment credit for Employee Stock Ownership Plans (ESOPs)
Deductibility of charitable contributions to other than education and health
Exclusion of employer contributions for medical insurance premiums and medical care
Deductibility of medical expenses
Deductibility of charitable contributions (health)
Exclusion of railroad retirement system benefits
Exclusion of workmen's compensation benefits
Exclusion of special benefits for disabled coal miners
Net exclusion of pension contributions and earnings
 Employer plans
 Plans for self-employed and others
Exclusion of other employee benefits
 Premiums on group term life insurance
 Premiums on accident and disability insurance

(Continued)

Committee	Tax Expenditure
Labor and Human Resources (continued)	Exclusion of capital gains on home sales for persons age 55 and over Additional exemption for the elderly Tax credit for the elderly Exclusion of interest on life insurance saving Exclusion of sick pay Exclusion of income of trusts to finance supplementary unemployment benefits Additional exemption for the blind Deductibility of casualty losses General jobs credit Targeted jobs credit Employer educational assistance
Judiciary	Exclusion of contributions to prepaid legal services plans
Rules and Administration	Credits for political contributions
Veterans' Affairs	Exclusion of veterans' disability compensation Exclusion of veterans' pensions Exclusion of GI bill benefits

NOTE: Some tax expenditures are listed under more than one category because of overlapping committee jurisdictions.

