H.R. 4691
Private Foundation Excise Tax Simplification Act of 2014

As ordered reported by the House Committee on Ways and Means on May 29, 2014

H.R. 4691 would amend the Internal Revenue Code to restructure the excise tax on net investment income of private foundations from a dual-rate system (tax rates of 1 percent and 2 percent) to a single-rate system with a rate of 1 percent. Under current law, the calculation of the amount of excise tax differs depending on whether the foundation is exempt from income taxes or not, but in both cases a foundation faces a general excise tax rate of 2 percent on its net investment income. The rate of tax is reduced to 1 percent when a foundation has made charitable distributions in a year that exceed an amount based largely on its historical rate of distributions relative to its assets.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 4691 would reduce revenues, thus increasing federal budget deficits, by about $1.9 billion over the 2014-2024 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending and revenues. Enacting H.R. 4691 would result in revenue losses in each year beginning in 2015. The estimated increases in the deficit are shown in the following table.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Logan Timmerhoff. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.
CBO Estimate of Pay-As-You-Go Effects for H.R. 4691, as ordered reported by the House Committee on Ways and Means on May 29, 2014

<table>
<thead>
<tr>
<th>By Fiscal Year, in Millions of Dollars</th>
<th>2014-2019</th>
<th>2014-2024</th>
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<tbody>
<tr>
<td>0</td>
<td>118</td>
<td>166</td>
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Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.