FEDERAL RECEIPTS

11. GOVERNMENTAL RECEIPTS

A simpler, fairer, and more efficient tax system is critical to growing the economy and creating jobs. The enactment of the Tax Cuts and Jobs Act (Public Law 115–97) in 2017 reformed the Nation's outdated, overly complex, and burdensome tax system to unleash America's economy, and create millions of new, better-paying jobs that enable American workers to meet their families' needs. This Act, which is the first comprehensive tax reform in a generation, streamlines the tax system and ends special interest tax breaks and loopholes, ensuring that all Americans will be treated fairly by the tax system, not just the wealthy. This chapter presents the Budget's estimates of taxes and governmental receipts including the effects of the Act and other tax legislation enacted in 2017, discusses the provisions of those enacted laws, and explains the Administration's additional receipt proposals.

Table 11–1. RECEIPTS BY SOURCE—SUMMARY

(In billions of dollars)

	2017 Actual	Estimate										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Individual income taxes	1,587.1	1,660.1	1,687.7	1,790.6	1,918.7	2,052.9	2,201.7	2,353.1	2,510.6	2,707.0	2,890.2	3,069.7
Corporation income taxes	297.0	217.6	225.3	264.8	272.7	314.2	373.8	416.6	434.7	417.4	406.0	413.5
Social insurance and retirement receipts	1,161.9	1,169.7	1,237.6	1,288.5	1,362.8	1,439.0	1,513.7	1,596.3	1,680.7	1,774.1	1,863.4	1,974.7
(On-budget)	*(311.3)*	*(317.4)*	*(332.4)*	*(347.1)*	*(368.4)*	*(390.1)*	*(411.2)*	*(432.2)*	*(454.7)*	*(478.3)*	*(502.5)*	*(533.0)*
(Off-budget)	*(850.6)*	*(852.3)*	*(905.2)*	*(941.4)*	*(994.4)*	*(1,048.9)*	*(1,102.6)*	*(1,164.1)*	*(1,226.1)*	*(1,295.8)*	*(1,360.9)*	*(1,441.7)*
Excise taxes	83.8	108.2	108.4	112.4	118.9	106.3	108.7	111.3	114.2	117.4	121.2	125.5
Estate and gift taxes	22.8	24.7	16.8	18.0	19.4	20.7	22.8	24.4	26.1	27.6	29.1	30.9
Customs duties	34.6	40.4	43.9	46.7	47.8	49.6	50.6	51.5	52.7	54.2	56.0	58.0
Miscellaneous receipts	129.0	119.7	106.0	96.4	100.3	108.8	117.7	125.2	130.5	136.8	143.4	149.3
Allowance for repeal and replacement of Obamacare	....	....	–3.5	–8.6	–2.5	–2.8	–2.9	–3.0	–3.2	–3.5	–3.7	–4.1
Total, receipts	**3,316.2**	**3,340.4**	**3,422.3**	**3,608.9**	**3,838.2**	**4,088.7**	**4,386.1**	**4,675.5**	**4,946.3**	**5,231.1**	**5,505.6**	**5,817.5**
(On-budget)	*(2,465.6)*	*(2,488.1)*	*(2,517.1)*	*(2,667.6)*	*(2,843.8)*	*(3,039.8)*	*(3,283.6)*	*(3,511.4)*	*(3,720.2)*	*(3,935.3)*	*(4,144.7)*	*(4,375.8)*
(Off-budget)	*(850.6)*	*(852.3)*	*(905.2)*	*(941.4)*	*(994.4)*	*(1,048.9)*	*(1,102.6)*	*(1,164.1)*	*(1,226.1)*	*(1,295.8)*	*(1,360.9)*	*(1,441.7)*
Total receipts as a percentage of GDP	17.3	16.7	16.3	16.4	16.5	16.8	17.1	17.4	17.5	17.6	17.7	17.8

ESTIMATES OF GOVERNMENTAL RECEIPTS

Governmental receipts are taxes and other collections from the public that result from the exercise of the Federal Government's sovereign or governmental powers. The difference between governmental receipts and outlays is the surplus or deficit.

The Federal Government also collects income from the public from market-oriented activities. Collections from these activities are subtracted from gross outlays, rather than added to taxes and other governmental receipts, and are discussed in Chapter 12, "Offsetting Collections and Offsetting Receipts," in this volume.

Total governmental receipts (hereafter referred to as "receipts") are estimated to be $3,340.4 billion in 2018, an increase of $24.2 billion or 0.7 percent from 2017. The estimated increase in 2018 is largely due to increases in individual income taxes and excise taxes, partially offset by decreases in taxes on corporate income. Receipts in 2018 are estimated to be 16.7 percent of Gross Domestic Product (GDP), which is lower than in 2017, when receipts were 17.3 percent of GDP.

Receipts are estimated to rise to $3,422.3 billion in 2019, an increase of $81.9 billion or 2.5 percent relative to 2018. Receipts are projected to grow at an average annual rate of 6.4 percent between 2019 and 2023, rising to $4,386.1 billion. Receipts are projected to rise to $5,817.5 billion in 2028, growing at an average annual rate of 5.8 percent between 2023 and 2028. This growth is largely due to assumed increases in incomes resulting from both real economic growth and inflation.

As a share of GDP, receipts are projected to decrease from 16.7 percent in 2018 to 16.3 percent in 2019, and to steadily increase to 17.8 percent of GDP by 2028.

LEGISLATION ENACTED IN 2017 THAT AFFECTS GOVERNMENTAL RECEIPTS

In addition to the Tax Cuts and Jobs Act, two other laws were enacted during 2017 that affect receipts. The major provisions of these laws that have a significant impact on receipts are described below.[1]

DISASTER TAX RELIEF AND AIRPORT AND AIRWAY EXTENSION ACT OF 2017 (Public Law 115–63)

This Act, which was signed into law on September 29, 2017, extended through March 31, 2018, various expiring authorities, programs, and activities of the Federal Aviation Administration in the Department of Transportation, including aviation-related taxes. The Act also modified certain tax provisions for individuals living in areas impacted by Hurricanes Harvey, Irma, and Maria, and tax provisions regarding charitable giving to those areas.

Extend aviation taxes.—The Internal Revenue Code imposes certain aviation-related taxes, including taxes on aviation fuels and ticket taxes on transportation by air of persons and property; and transfers to the Airport and Airway Trust Fund amounts equivalent to the aviation fuel taxes and air transportation ticket taxes received in the Treasury. The Act extended these taxes at their current rates, and extended the exemption under current law on commercial aviation taxes for certain fractional aircraft program flights, both through March 31, 2018.

Impose special disaster-related rules for use of retirement funds.—The Act permits penalty-free withdrawals from eligible retirement plans for individuals whose principal place of abode was located in the Hurricane Harvey, Irma, or Maria disaster areas on the date of disaster and who sustained an economic loss by reason of the hurricane. Individuals can make withdrawals from eligible retirement plans limited to $100,000 over the aggregate amounts treated as qualified hurricane distributions for that individual in all prior taxable years. In addition, individuals who make withdrawals for qualified hurricane relief can, within a three-year period starting on the date of the withdrawal, make contributions back to an eligible retirement plan, not to exceed the amount withdrawn. To qualify, these distributions must be made on or after August 23, 2017, for Hurricane Harvey individuals (September 1, 2017, and September 16, 2017, for Hurricanes Irma and Maria individuals respectively) and before January 1, 2019.

Provide tax credit for disaster-related employment.—The Act allows certain employers who were in business in a Hurricane Harvey, Irma, or Maria disaster zone on the date of the disaster, and before January 1, 2018, whose business is inoperable, to take a tax credit for 40 percent (up to $6,000 per employee) of wages paid during that period to each employee whose principal place of employment with the employer was in a disaster zone.

Temporarily suspend limitations on charitable contributions.—Under current law, individuals and corporations can take itemized deductions for charitable contributions, subject to certain limitations. Individuals may deduct charitable contributions up to 50 percent of adjusted gross income (AGI), further limited by the phase-out of itemized deductions. For corporations, the total deductions for charitable contributions for any taxable year may not exceed 10 percent of a corporation's taxable income. Under the Act, these limitations do not apply to corporate contributions for relief efforts related to Hurricane Harvey, Irma, or Maria, or to any charitable contributions paid by individuals during the period beginning on the date of disaster, and ending on December 31, 2017.

Implement special rules for qualified disaster-related personal casualty losses.—Currently, individual taxpayers are generally allowed to deduct from income any loss sustained during the taxable year and not compensated for by insurance or otherwise. Losses of non-business property may be deducted if they arise from casualty (e.g., fire or storm) or theft. However, these losses are allowed only to the extent that the loss from each casualty or theft exceeds $100. In addition, aggregate net losses from casualties or theft are deductible only to the extent that they exceed 10 percent of an individual taxpayer's AGI. This Act eliminated the 10 percent limitation for losses arising in the Hurricane Harvey, Irma, or Maria disaster areas and attributable to the hurricane; raised the $100 personal loss threshold to $500; and eliminated the requirement that individuals must itemize deductions in order to access the personal casualty loss deduction.

Special rule for determining earned income.—Under current law, eligible taxpayers may receive an earned income tax credit (EITC) and child credits. The EITC is a refundable credit for low-income workers. Taxpayers may claim a refundable child credit of $1,000 for each qualifying child if their AGI is below $75,000 for single filers and $110,000 if married and filing jointly. The Act allows these credits to be determined, at the election of the taxpayer, by substituting the earned income for 2016 for the earned income for 2017. This provision only applies to individuals whose principal place of abode was located, on the date of the disaster, in a Hurricane Harvey, Irma, or Maria disaster zone; or Hurricane Harvey, Irma, or Maria disaster area (but outside the disaster zone) and was displaced due to the hurricane.

TSP MODERNIZATION ACT OF 2017 (Public Law 115–84)

This Act, which was signed into law on November 17, 2017, modifies the rules relating to withdrawals from the Thrift Saving Plan (TSP) accounts of former Federal employees and Members of Congress. Previously, such employees and Members could make only one partial withdrawal upon reaching age 59–1/2 while employed or

[1] In the discussions of enacted legislation, years referred to are calendar years, unless otherwise noted.

one such withdrawal after retirement. The Act permits an unlimited number of withdrawals. The Act also eliminates the withdrawal election deadline and the limitation on age-based in-service withdrawals.

AN ACT TO PROVIDE FOR RECONCILIATION PURSUANT TO TITLES II AND V OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2018 (Public Law 115–97)

This Act, also referred to as the Tax Cuts and Jobs Act, which was signed into law on December 22, 2017, provided comprehensive tax reform for individuals and corporations, and repealed the individual mandate under the Affordable Care Act. Significant provisions of this Act are described in greater detail below.

Individual tax reform

Consolidate, simplify, and temporarily reduce income tax rates for individuals.—This Act temporarily reduced the individual income tax rates and altered the threshold at which each of the tax rates apply, effective for taxable years beginning after December 31, 2017, and before January 1, 2026. The individual tax rates were reduced to 10 percent, 12 percent, 22 percent, 24 percent, 32 percent, 35 percent, and 37 percent, with the highest rate applying to taxable income over $600,000 for married individuals filing jointly and over $500,000 for single individuals.

Index tax brackets by the chained Consumer Price Index (CPI).—Under prior law, the individual income tax brackets and many other thresholds within the tax code were indexed for inflation using the CPI for all urban consumers, as produced by the Bureau of Labor Statistics (BLS) within the Department of Commerce. This Act revised these indexation provisions to use the chained CPI, an alternative measure of inflation produced by BLS that more accurately measures inflation by better capturing the effects of changes in purchasing patterns on consumer price inflation.

Consolidate and temporarily reduce income tax rates for estates and trusts.—The Act modified the income tax rates for estates and trusts to 10 percent on taxable income below $2,550; 24 percent on taxable income over $2,550 but below $9,150; 35 percent on taxable income over $9,150 but below $12,500; and 37 percent on taxable income over $12,500. The reduced rates apply to taxable years beginning after December 31, 2017, and before January 1, 2026.

Increase the standard deduction.—Individuals who do not elect to itemize deductions may reduce their AGI by the amount of the applicable standard deduction in arriving at their taxable income. The basic standard deduction varies depending upon a taxpayer's filing status. This Act increased the basic standard deduction for individuals in 2018 to be $12,000 for single individuals (from $6,350 in 2017) and $24,000 for married individuals filing a joint return (from $12,700 in 2017). These amounts are indexed for inflation. The increase applies to taxable years beginning after December 31, 2017, and before January 1, 2026.

Repeal the deduction for personal exemptions.—In determining taxable income, individuals reduce AGI by any personal exemption deductions and either the applicable standard deduction or his or her itemized deductions. Personal exemptions generally are allowed for taxpayers, their spouses, and any dependents. The deduction for the personal exemption is phased out for taxpayers with AGI in excess of $313,800 for married individuals filing jointly and $261,500 for single individuals. The Act repealed the deduction for personal exemptions for tax years beginning after December 31, 2017, through December 31, 2025.

Double the exemption amount for the estate and gift tax.—The Act unified the estate and gift taxes such that a single graduated rate schedule applies to cumulative taxable transfers made by a taxpayer during his or her lifetime and at death. Additionally, in determining one's taxable estate, certain credits are subtracted to determine estate tax liability; the Act doubled the exclusions for estate and gift taxes by increasing the basic exclusion amount from $5 million to $10 million, indexed for inflation occurring after 2011, for tax years beginning after December 31, 2017, through December 31, 2025.

Increase the child tax credit and require valid Social Security number (SSN).—The Act increased the child tax credit from $1,000 to $2,000 per qualifying child, provided $500 for each dependent who does not qualify for the child tax credit, and increased the maximum refundable child tax credit to $1,400 per qualifying child. The Act also increased the threshold for phase-out of the credit to $400,000 for married individuals filing a joint return ($200,000 for all other taxpayers). In addition, the Act required that a taxpayer claiming the child tax credit must include a SSN for each qualifying child for whom the credit is claimed. This additional requirement does not apply to a non-child dependent for whom the $500 non-refundable credit is claimed. These modifications apply to taxable years beginning after December 31, 2017, and before January 1, 2026.

Increase the alternative minimum tax exemption amount and phase-out thresholds.—An alternative minimum tax (AMT) is imposed on an individual, estate, or trust in an amount by which the tentative minimum tax exceeds the regular income tax for the taxable year. If a taxpayer owes more under the AMT calculation than under the regular income tax calculation, the taxpayer must pay the higher amount. A certain amount of income is exempt from the AMT – the so-called "exemption amount." The Act increased the AMT exemption amounts in 2018 to $109,400 for married taxpayers filling a joint return and $70,300 for single filers for taxable years beginning after December 31, 2017, and before January 1, 2026. It also increased the threshold at which this exemption amount is phased out to $1 million for married joint filers and $500,000 for single filers for taxable years beginning after December 31, 2017, and before January 1, 2026. Those amounts are indexed for inflation.

Reduce the threshold for medical expense deduction.—Current law allows for an itemized deduction for unreimbursed medical expenses in excess of 10 percent of a taxpayer's AGI. The Act reduced this floor to 7.5 percent for taxable years beginning after December 31, 2016, and ending before January 1, 2019. The Act made a similar change in calculating the deduction for these expenses under the AMT.

Decrease the mortgage interest deduction limitations.—Prior law allowed for a deduction for interest on certain home mortgages, limited to interest on the first million dollars of debt used for acquiring, constructing, or substantially improving the residence. Prior law also allowed the deduction of interest on up to $100,000 of home equity indebtedness. The Act reduced the limitation to interest on up to $750,000 of acquisition indebtedness and eliminating the deduction for interest on home equity indebtedness for taxable years beginning after December 31, 2017, and before January 1, 2026. In the case of acquisition indebtedness incurred before December 15, 2017, this limitation remains $1,000,000.

Limit State and local tax deduction.—Current law allows for an itemized deduction for State and local income taxes (or, at the taxpayer's election, State and local sales taxes) and property taxes. The Act limited the itemized deduction for State and local taxes to $10,000 for taxable years beginning after December 31, 2017, and before January 1, 2026.

Repeal of deductions and exclusions for moving expenses.—Prior law allowed above-the-line deductions for moving expenses paid by an employee and an exclusion from income for moving expenses reimbursed by an employer. The Act repealed the moving expense deduction and the exclusion of employer-reimbursed moving expense for taxpayers other than members of the Armed Forces, effective for taxable years beginning after December 31, 2017, and before January 1, 2026.

Repeal of deductions for alimony payments.—Prior law allowed above-the-line deductions for payments of alimony and provided that receipt of alimony payments be included as income. Child support payments were not treated as alimony. The Act repealed the alimony deduction and the corresponding inclusion of alimony as income, effective for any divorce or separation instrument executed after December 31, 2018.

Repeal of deduction for personal casualty and theft losses.—Prior law allowed a deduction for any uncompensated loss sustained during the taxable year, provided that the loss was incurred in a business or other profit-seeking activity or arose from theft and certain other casualties. Losses were deductible only above a $100 threshold, and only to the extent that aggregate losses exceeded 10 percent of the taxpayer's AGI. The Act limited the deduction to losses attributable to a Presidentially-declared disaster declared under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, effective for losses incurred after December 31, 2017, and before January 1, 2026.

Repeal itemized deductions subject to two percent floor.—Prior law allowed itemized deductions for a number of miscellaneous expenses, as long as the total of those expenses exceeded two percent of the taxpayer's AGI. Allowable expenses included certain expenses in the production or collection of income, tax preparation expenses, and unreimbursed employee expenses. The Act suspended those itemized deductions subject to the two percent floor for taxable years beginning after December 31, 2017, and before January 1, 2026.

Increase percentage limit for cash contributions to public charities.—Current law limits the deduction of cash contributions to public charities and certain other organizations to 50 percent of the taxpayer's contribution base, generally AGI. The Act increases the limit to 60 percent for taxable years beginning after December 31, 2017, and before January 1, 2026.

Repeal limitation on itemized deductions.—Prior law limited the total amount of most otherwise allowable itemized deductions (other than the deductions for medical expenses, investment interest and casualty, theft or gambling losses) for taxpayers with incomes above certain thresholds. For 2017, the threshold amounts are $261,500 for single taxpayers; $287,650 for heads of household; $313,800 for married couples filing jointly; and $156,900 for married taxpayers filing separately. The Act repealed the limitation on itemized deductions for taxable years beginning after December 31, 2017, and before January 1, 2026.

Allow deduction for certain pass-through income.—Under current law, businesses such as sole proprietorships, partnerships, limited liability companies, and S corporations, are considered to be "pass-through" entities. Pass-through businesses are generally not treated as taxable entities for income tax purposes, but rather income and expenses are passed through to their owners. Income earned by a pass-through entity (whether distributed or not) is taxed to the owners at their own tax rates along with income they may receive from other sources. The Act allows an individual taxpayer to deduct 20 percent of domestic qualified business income from a partnership, S corporation, or sole proprietorship, subject to certain limitations. This provision is effective for tax years beginning after December 31, 2018, through December 31, 2025.

Disallow active pass-through losses in excess of threshold.—Under prior law, active owners of pass-through businesses may use business losses to offset other ordinary income (e.g., wage income) without limit. The Act prohibits taxpayers' use of pass-through losses in excess of certain threshold amounts. Any excess losses that are disallowed are carried forward and can be used to offset future income, subject to limitations. For 2018, the thresholds are $500,000 for married couples filing jointly and $250,000 for all other individuals. This provision is effective for tax years beginning after December 31, 2017, through December 31, 2025.

Business tax reform

Eliminate the corporate income tax graduated rate structure and decrease the corporate tax rate.—Previously, corporate taxable income was subject to tax under a four-step graduated rate structure. The top corporate tax rate was 35 percent on taxable income in excess of $10 million. An additional five-percent tax was imposed on a corporation's taxable income in excess of $100,000, with the maximum additional tax at $11,750. A second additional three-percent tax was imposed on a corporation's taxable income in excess of $15 million. The maximum second additional tax was $100,000. The Act permanently applies a single rate of 21 percent to corporation taxable income, effective for tax years beginning after December 31, 2017.

Repeal the corporate AMT.—Previously, an AMT was imposed on a corporation to the extent the corporation's tentative minimum tax exceeded its regular tax. This tentative minimum tax was computed at the rate of 20 percent on the income covered by the AMT in excess of a $40,000 exemption amount subject to a phase-out. The income taxed under the AMT was the corporation's regular taxable income increased by certain preference items and adjustments. If a corporation was subject to AMT in any year, the amount of AMT is allowed as an AMT credit in any subsequent taxable year to the extent the corporation's regular tax liability exceeded its tentative minimum tax in the subsequent year. The Act repealed the corporate AMT and allowed AMT credits to offset regular tax liability, effective for tax years beginning after December 31, 2017.

Extend, expand, and phase down bonus depreciation.—Businesses can generally recover the cost of certain property over a predetermined period of years. Businesses are allowed to take a first-year bonus depreciation deduction of an additional 50 percent of the cost of assets acquired and placed into service before January 1, 2020, but may elect not to take this additional deduction with respect to certain property. The 50-percent allowance is phased down for property placed in service after December 31, 2017. This Act extends the additional first-year depreciation deduction through December 31, 2026. The 50-percent allowance is increased to 100 percent for property placed in service after September 27, 2017, and before January 1, 2023. The allowance then decreases by 20 percentage points each year before phasing out completely for property placed in service after December 31, 2026.

Limit net interest deduction to 30 percent of adjusted taxable income.—Previously, interest paid or accrued by a business generally was deductible in the computation of taxable income subject to a number of limitations. The Act generally limits the deduction to 30 percent of the adjusted taxable income of the business, but with an exception for certain small businesses. Adjusted taxable income is not reduced for depreciation, amortization, or depletion deductions for taxable years beginning after December 31, 2017, and before January 1, 2022. The excess amount of interest may be carried forward indefinitely to future tax years.

Modify net operating loss deduction.—A net operating loss (NOL) generally means the amount by which the deductions of a business exceed its gross income. Previously, a NOL could be carried back two years and carried forward over 20 years to offset taxable income in such years. The Act limits NOL deductions to 80 percent of taxable income and repeals the ability to carry back NOLs two years, with exceptions for certain businesses. This limitation applies to corporations as well as individuals with pass-through businesses.

Amortize research and experimentation expenditures.—Under current law, businesses may choose to deduct certain research or experimentation expenditures from current income, or to capitalize these expenditures and deduct them over a longer period. The Act requires that these expenditures paid or incurred in taxable years beginning after December 31, 2021, be capitalized and amortized ratably over a five-year period. Certain expenditures which are attributable to research that is conducted outside of the United States are required to be capitalized and amortized ratably over a period of 15 years.

Repeal or limit business-related deductions.—The Act permanently repeals or limits a number of deductions from business income, including eliminating the deduction for income attributable to domestic production activities and limiting the deduction for employee meal, entertainment, and transportation expenses.

International tax reform

Allow deduction of dividends received by domestic corporations from certain foreign corporations.—The Act provides that in the case of any dividend received from a specified 10-percent owned foreign corporation by a domestic corporation which is a United States shareholder with respect to such foreign corporation, a deduction is allowed in an amount equal to the foreign-source portion of such dividend.

Treat deferred foreign income at two-tier rate.—The Act requires that, for the last taxable year of a foreign corporation beginning before January 1, 2018, all U.S. shareholders of any controlled foreign corporation or other foreign corporation (CFC) that is at least 10-percent U.S.-owned but not controlled, include in income their pro rata shares of the accumulated post–1986 deferred foreign income that was not previously taxed. A portion of that pro rata share of deferred foreign income is deductible resulting in a reduced rate of tax of 15.5 percent for the included deferred foreign income held in liquid form and 8 percent for the remaining deferred foreign income.

Include current year global intangible low-taxed income.—The Act requires that U.S. shareholders of any CFC include in gross income its global intangible low-taxed income (GILTI) in a manner generally similar to inclusions of subpart F income. GILTI means, with respect to any U.S. shareholder for the shareholder's taxable year, the excess (if any) of the shareholder's net CFC tested income over the shareholder's net deemed tangible income return. The shareholder's net deemed tangible income return is an amount equal to 10 percent of the aggregate of the shareholder's pro rata share of the qualified business asset investment of each CFC with respect to which it is a U.S. shareholder. Domestic C corporations that are U.S. shareholders of CFCs are given a deduction equal to 50 percent (decreasing to 37.5 percent in 2026) of the GILTI. This results in a pre-credit U.S. effective tax rate on GILTI income of 10.5 percent for 2018 through 2025, and 13.125 percent from 2026 onward. Foreign taxes paid that are attributable to the excess return are creditable against the U.S. tax on GILTI, subject to a 20 percent reduction.

Establish deduction for foreign-derived intangible income.—The Act provides a deduction for domestic corporations based on their foreign-derived intangible income (FDII). FDII is the portion of a domestic corporation's "intangible" income, determined on a formulaic basis, attributable to serving foreign markets. For taxable years beginning after December 31, 2017, and before January 1, 2026, the provision generally allows a deduction equal to 37.5 percent of the corporation's FDII. This deduction reduces the effective tax rate on FDII below the statutory corporate tax rate of 21 percent; for example, the deduction implies a 13.125 percent effective tax rate for FDII in these years. For taxable years beginning after December 31, 2025, the deduction for FDII is reduced to 21.875 percent.

Impose a base erosion and anti-abuse tax.—The Act requires that certain taxpayers compute an alternative minimum tax called the base erosion anti-abuse tax (BEAT). The BEAT is imposed on both domestic and foreign companies with more than $500 million in average annual gross receipts and "base erosion payments" greater than 3 percent of total deductions (2 percent in the case of banks). Base erosion payments are non-cost of goods sold deductible payments made to foreign related parties. The BEAT is computed as the amount by which a company's taxable income computed without regard to base erosion payments exceeds the company's regular corporate tax liability minus certain tax credits. The BEAT rate is 5 percent in 2018, rising to 10 percent in 2019 through 2025, and then to 12.5 percent starting in 2026. Banks are subject to a BEAT rate that is 1 percent higher that applies if the base erosion payments exceed 2 percent of total deductions, but certain payments made with respect to derivatives are excluded from the BEAT.

Other

Permanently repeal the individual mandate tax penalty.—Under the Patient Protection and Affordable Care Act (Public Law 111–148), individuals are required to be covered by a health plan that provides at least minimum essential coverage or be subject to a tax penalty for failure to maintain the coverage (commonly referred to as the "individual mandate"). The tax is imposed for any month that the individual does not have the minimum essential coverage and is equal to the greater of a flat dollar amount or a percentage of income in excess of the filing threshold. This Act permanently repeals the individual mandate tax penalty by decreasing both the individual annual dollar amount and the percentage of income to zero for health coverage in months beginning after December 31, 2018.

Table 11–2. ADJUSTMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT (BBEDCA) BASELINE ESTIMATES OF GOVERNMENTAL RECEIPTS

(In billions of dollars)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–2023	2019–2028
BBEDCA baseline receipts	**3,340.5**	**3,424.3**	**3,613.3**	**3,832.9**	**4,094.7**	**4,388.9**	**4,677.8**	**4,947.7**	**5,346.1**	**5,716.9**	**6,040.3**	**19,354.1**	**46,082.9**
Adjustments to BBEDCA baseline:													
Extend individual income tax provisions [1]	....	....	....	....	....	....	....	....	–112.7	–194.9	–204.7	....	–512.4
Extend estate and gift tax provisions	....	....	....	....	....	....	....	....	....	–14.2	–15.1	....	–29.2
Total, adjustments to BBEDCA baseline	....	....	....	....	....	....	....	....	**–112.7**	**–209.1**	**–219.8**	....	**–541.6**
Adjusted baseline receipts	**3,340.5**	**3,424.3**	**3,613.3**	**3,832.9**	**4,094.7**	**4,388.9**	**4,677.8**	**4,947.7**	**5,233.5**	**5,507.8**	**5,820.5**	**19,354.1**	**45,541.4**

[1] This provision affects both receipts and outlays. Only the receipt effect is shown here. The outlay effects are listed below:

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–23	2019–28
Extend individual income tax provisions	....	....	....	....	....	....	....	....	–3.9	15.3	15.9	....	27.3
Total, outlay effects of adjustments to BBEDCA baseline	....	....	....	....	....	....	....	....	–3.9	15.3	15.9	....	27.3

ADJUSTMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT (BBEDCA) BASELINE

An important step in addressing the Nation's fiscal problems is to be upfront about them and to establish a baseline that provides a realistic measure of the deficit outlook before new policies are enacted. This Budget does so by adjusting the BBEDCA baseline to reflect the true cost of extending major tax policies that are scheduled to expire but that are likely to be extended. The BBEDCA baseline, which is commonly used in budgeting and is defined in statute, reflects, with some exceptions, the projected receipts level under current law.

However, current law includes a number of scheduled tax changes that the Administration believes are unlikely to occur and that prevent it from serving as a realistic benchmark for judging the effect of new legislation. These tax changes include expiration in 2025 of the individual income and estate and gift tax provisions enacted in the Tax Cuts and Jobs Act. This Budget uses an adjusted baseline that is intended to be more realistic by extending those expiring provisions. This baseline does not reflect the President's policy proposals, but is rather a realistic and fair benchmark from which to measure the effects of those policies.

Extend individual income tax provisions.—The Administration's adjusted baseline projection permanently extends all expiring individual income tax provisions in the Tax Cuts and Jobs Act that are currently set to expire on December 31, 2025.

Extend estate and gift tax provisions.—The Administration's adjusted baseline projection reflects permanent extension of the estate and gift tax parameters and provisions in effect for calendar year 2025.

BUDGET PROPOSALS

The 2019 Budget supports the extension of the individual and estate tax provisions of the Tax Cuts and Jobs Act beyond their expiration in 2025, as described above, to provide certainty for taxpayers and support continued economic growth. The Budget's additional proposals affecting governmental receipts are as follows:

Allow Medicare beneficiaries to contribute to Health Savings Accounts (HSAs) and Medical Savings Accounts (MSAs).—Under current law, workers who are entitled to Medicare are not allowed to contribute to an HSA, even if they are working and are enrolled in a qualifying health plan through their employer. The Administration proposes to allow workers aged 65 or older who have a high-deductible health plan through their employer to contribute to an HSA, even if they are entitled to Medicare. In addition, the Administration proposes to allow beneficiaries enrolled in Medicare MSA Plans to contribute to their MSAs, beginning in 2021, subject to the annual HSA contribution limits as determined by the Internal Revenue Service. Beneficiaries would also be allowed a one-time opportunity to roll over the funds from their private HSAs to their Medicare MSAs. Beneficiaries who elect this plan option would not be allowed to purchase Medigap or other supplemental insurance.

Extend Children's Health Insurance Program (CHIP) funding through 2019.—The Administration proposes to extend CHIP funding through fiscal year 2019. As a result, on net, more children will be enrolled in CHIP and fewer children will be enrolled in Marketplace qualified health plans and employment-based health insurance. This will increase tax revenues and reduce outlays associated with the premium tax credit.

Reform medical liability.—The Administration proposes to reform medical liability beginning in 2019. This proposal has the potential to lower health insurance premiums, increasing taxable income and payroll tax receipts.

Reduce the grace period for Exchange premiums.—The Administration proposes to reduce the 90-day grace period for individuals on Exchange plans to repay any missed premium payments to 30 days. The proposal would decrease premium tax credit outlays and increase governmental receipts.

Provide tax exemption for Indian Health Service (IHS) Health Professions scholarship and loan repayment programs in return for obligatory service requirement.—The Administration proposes to allow scholarship funds for qualified tuition and related expenses received under the IHS Health Professions scholarship to be excluded from income. The Administration also proposes to allow students to exclude from gross income student loan amounts forgiven by the IHS Loan Repayment Program. Under current law, National Health Service Corps programs and Armed Forces Health Professions Scholarships are provided an exception to the general rule that scholarship amounts representing payment for work are considered ordinary income and therefore taxable. Furthermore, certain loans forgiven as part of certain State and profession-based loan programs are provided an exception from the general rule that loan amounts paid on another's behalf are taxable income. Extending the exceptions to IHS programs would provide the IHS programs with comparable treatment to similar programs administered by the National Health Service Corps, the Armed Forces, and certain State programs. Eliminating the current tax burden on scholarship recipients would allow IHS to leverage another tool to bolster its ongoing efforts to recruit and retain qualified healthcare providers.

Establish Electronic Visa Update System (EVUS) user fee.—The Administration proposes to establish a user fee for EVUS, a new U.S. Customs and Border Protection (CBP) program to collect biographic and travel-related information from certain non-immigrant visa holders prior to traveling to the United States. The user fee would fund the costs of establishing, providing, and administering the system.

Eliminate Corporation for Travel Promotion.—The Administration proposes to eliminate funding for the Corporation for Travel Promotion (also known as Brand USA). The Budget extents the authorization for the Electronic System for Travel Authorization (ESTA) surcharge currently deposited in the Travel Promotion Fund and redirects the surcharge to the ESTA account at Customs and Border Protection with a portion to be transferred to the International Trade Administration to administer the Survey of International Air Travelers.

Establish an immigration services surcharge.—The Administration proposes to add a 10 percent surcharge on all requests received by U.S. Citizenship and Immigration Services, including applications for citizenship, adjustment of status, and petitions for temporary workers.

Increase worksite enforcement penalties.—The Administration proposes to increase by 35 percent all penalty amounts against employers who violate Immigration and Nationality Act provisions on the unlawful employment of aliens.

Reinstate the Oil Spill Liability Trust Fund excise tax.—The Administration proposes to reinstate the Oil Spill Liability Trust Fund excise tax, which expired on December 31, 2017. The Trust Fund provides resources for the Federal Government to respond and clean up incidents of oil spills.

Provide paid parental leave benefits.—The Administration proposes establishing a new benefit within the Unemployment Insurance (UI) program to provide up to six weeks paid leave to mothers, fathers, and adoptive parents. States are responsible for adjusting their UI tax structures to maintain sufficient balances in their Unemployment Trust Fund accounts.

Establish Unemployment Insurance (UI) solvency standard.—The Administration proposes to set a minimum solvency standard to encourage States to maintain sufficient balances in their UI trust funds. States that are currently below this minimum standard are expected to increase their State UI taxes to build up their trust fund balances. States that do not build up sufficient reserves will be subject to Federal Unemployment Tax Act credit reductions, increasing Federal UI receipts.

Improve UI Insurance program integrity.—The Administration proposes a package of reforms to the UI program aimed at improving program integrity. These reforms are expected to reduce outlays in the UI program by reducing improper payments. In general, reduced outlays allow States to keep UI taxes lower, reducing overall receipts to the UI trust funds.

Provide for Reemployment Services and Eligibility Assessments (RESEAs).—The Administration proposes mandatory funding to provide RESEAs to the one-half of UI claimants identified as most likely to exhaust benefits. RESEAs have been shown to reduce improper payments and to get claimants back to work more quickly, thereby reducing UI benefit outlays. In general, reduced outlays allow States to keep UI taxes lower, reducing overall receipts to the UI trust funds.

Reform the Essential Air Service (EAS).—The Administration proposes to reform the EAS by reducing discretionary funding and focusing on the remote airports that are most in need of subsidized commercial air service. The proposal will include a mix of reforms, including limits on per-passenger subsidies and higher average daily enplanements. These reforms would affect governmental receipts by reducing aviation overflight fees.

Enact Federal Aviation Administration (FAA) air traffic control reform.—The Administration proposes to shift the FAA's air traffic control function into a non-governmental entity beginning in 2022. This proposal would reduce the collection of aviation excise taxes. The estimates in the Budget are illustrative of the aviation taxes that would be in place to fund the FAA's Airport Improvement Program.

Provide authority to purchase and construct a new Bureau of Engraving and Printing facility.—The Administration proposes to provide authority to the Bureau of Engraving and Printing to construct a more efficient production facility. This will reduce the cost incurred by the Federal Reserve for printing currency and therefore increase governmental receipts via increased deposits from the Federal Reserve to Treasury.

Subject Financial Research Fund (FRF) to appropriations with reforms to the Financial Stability Oversight Council (FSOC) and Office of Financial Research (OFR).—Expenses of the FSOC and OFR are paid through the FRF, which is funded by assessments on certain bank holding companies with total consolidated assets of $50 billion or greater and nonbank financial companies supervised by the Federal Reserve Board of Governors. The FRF was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law 111–203) and is managed by the Department of the Treasury. To improve their effectiveness and ensure greater accountability, the Budget proposes to subject activities of the FSOC and OFR to the annual appropriations process. In so doing, currently authorized assessments would, beginning in fiscal year 2020, be reauthorized as discretionary offsetting collections and set at a level determined by the Congress. The Budget also reflects continued reductions in OFR spending commensurate with the renewed fiscal discipline being applied across the Federal Government.

Provide discretionary funding for Internal Revenue Service (IRS) program integrity cap adjustment.—The Administration proposes to establish and fund a new adjustment to the discretionary caps for IRS program integrity activities starting in 2019. The IRS base funding within the discretionary caps funds current tax administration activities, including all tax enforcement and compliance program activities, in the Enforcement and Operations Support accounts at IRS. The additional $362 million cap adjustment in 2019 will fund new and continuing investments in expanding and improving the effectiveness and efficiency of the IRS's tax enforcement program. The activities are estimated to generate $44 billion in additional revenue over 10 years and cost approximately $15 billion, resulting in an estimated net savings of $29 billion. Once the new staff are trained and become fully operational these initiatives are expected to generate roughly $4 in additional revenue for every $1 in IRS expenses. Notably, the return on investment is likely understated because it only includes amounts received; it does not reflect the effect enhanced enforcement has on deterring noncompliance. This indirect deterrence helps to ensure the continued payment of over $3 trillion in taxes paid each year without direct enforcement measures.

Increase oversight of paid tax return preparers.—Paid tax return preparers have an important role in tax administration because they assist taxpayers in complying with their obligations under the tax laws. Incompetent and dishonest tax return preparers increase collection costs, reduce revenues, disadvantage taxpayers by potentially subjecting them to penalties and interest as a result of incorrect returns, and undermine confidence in the tax system. To promote high quality services from paid tax return preparers, the proposal would explicitly provide that the Secretary of the Treasury has the authority to regulate all paid tax return preparers.

Provide the IRS with greater flexibility to address correctable errors.—The Administration proposes to expand IRS authority to correct errors on taxpayer returns. Current statute only allows the IRS to correct errors on returns in certain limited instances, such as basic math errors or the failure to include the appropriate social security number or taxpayer identification number. This proposal would expand the instances in which the IRS could correct a taxpayer's return including cases where: (1) the information provided by the taxpayer does not match the information contained in Government databases; (2) the taxpayer has exceeded the lifetime limit for claiming a deduction or credit; or (3) the taxpayer has failed to include with his or her return, certain documentation that is required by statute. The proposal would be effective on the date of enactment.

Reform inland waterways financing.—The Administration proposes to reform the laws governing the Inland Waterways Trust Fund, including establishing a fee to increase the amount paid by commercial navigation users of the inland waterways. In 1986, the Congress provided that commercial traffic on the inland waterways would be responsible for 50 percent of the capital costs of the locks, dams, and other features that make barge transportation possible on the inland waterways. The additional revenue would help finance the users' share of future capital investments as well as 10 percent of the cost of operation and maintenance activities in these wa-

Table 11-3. EFFECT OF BUDGET PROPOSALS

(In millions of dollars)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Allow Medicare beneficiaries to contribute to Health Savings Accounts (HSAs) and Medical Savings Accounts (MSAs)	....	....	....	–610	–1,071	–1,285	–1,493	–1,599	–1,674	–1,746	–1,807	–2,966	–11,285
Extend Children's Health Insurance Program (CHIP) funding through 2019	....	388	58	....	....	....	....	....	....	....	....	446	446
Reform medical liability	....	24	222	548	987	1,476	2,067	2,687	3,079	3,290	3,475	3,257	17,855
Reduce the grace period for Exchange premiums	....	164	55	....	....	....	....	....	....	....	....	219	219
Provide tax exemption for Indian Health Service (IHS) Health Professions scholarship and loan repayment programs in return for obligatory service requirement	....	–5	–12	–13	–14	–14	–14	–14	–15	–17	–19	–58	–137
Establish Electronic Visa Update System (EVUS) user fee	....	25	28	31	34	38	42	46	52	57	64	156	417
Eliminate Corporation for Travel Promotion	....	....	....	171	177	183	189	196	202	209	216	531	1,543
Establish an immigration services surcharge	....	453	465	479	493	507	522	538	553	569	587	2,397	5,166
Increase worksite enforcement penalties	....	13	14	15	15	15	15	15	15	15	15	72	147
Reauthorize the Oil Spill Liability Trust Fund excise tax [1]	....	354	466	473	480	489	494	500	507	511	511	2,262	4,785
Provide paid parental leave benefits [1]	....	....	....	....	962	971	1,001	1,194	1,300	1,401	1,495	1,933	8,324
Establish an Unemployment Insurance (UI) solvency standard [1]	....	....	....	633	1,615	2,230	919	1,613	927	1,267	1,907	4,478	11,111
Improve UI program integrity [1]	....	....	–1	–9	–21	–72	–66	–98	–69	–127	–105	–103	–568
Provide for Reemployment Services and Eligibility Assessments (RESEAs) [1]	....	....	–3	–14	–69	–125	–128	–199	–307	–287	–469	–211	–1,601
Reform the Essential Air Service (EAS)	....	....	....	....	–152	156	–160	–164	–168	–172	–177	–308	–1,149
Enact Federal Aviation Administration (FAA) air traffic control reform	....	....	....	....	–15,495	–16,241	–17,027	–17,870	–18,674	–19,497	–20,536	–31,736	–125,340
Provide authority to purchase and construct a new Bureau of Engraving and Printing facility	....	12	32	3	–89	360	53	–20	3	222	3	318	579
Subject Financial Research Fund (FRF) to appropriations with reforms to the Financial Stability Oversight Council (FSOC) and Office of Financial Research (OFR) [1]	....	1	–50	–50	–50	–50	–50	–50	–50	–50	–50	–199	–449
Provide discretionary funding for Internal Revenue Service (IRS) program integrity cap adjustment	....	152	787	1,825	3,033	4,330	5,554	6,416	6,931	7,270	7,505	10,127	43,803
Increase oversight of paid tax return preparers	....	17	18	21	23	25	28	31	34	38	41	104	276
Provide the IRS with greater flexibility to address correctable errors	....	7	11	12	12	13	13	14	15	15	16	55	128
Reform inland waterways financing	....	178	178	178	178	178	178	178	178	178	178	890	1,780
Reduce the Harbor Maintenance Tax [1]	....	–265	–281	–292	–299	–307	–314	–323	–333	–345	–359	–1,444	–3,118
Increase employee contributions to Federal Employee Retirement System (FERS)	....	....	2,267	4,602	6,442	8,068	9,441	9,456	9,470	9,480	9,479	21,379	68,705
Eliminate allocations to the Housing Trust Fund and Capital Magnet Fund	....	62	74	73	78	82	84	85	87	89	90	369	804
Improve clarity in worker classification and information reporting requirements	–100	–100	100	....	....	....	....	....	....	100	105	....	205
Repeal and replace Obamacare	....	–3,452	–8,617	–2,503	–2,829	–2,883	–2,959	–3,192	–3,473	–3,676	–4,092	–20,284	–37,676
Offset overlapping unemployment and disability payments [1]	....	....	....	–3	–6	–7	–14	–18	–25	–29	–31	–16	–133
Expand flexibility and broaden eligibility for Private Activity Bonds (PABs)	....	–31	–138	–296	–457	–616	–753	–839	–893	–945	–992	–1,538	–5,960
Total, effect of budget proposals	–100	–2,003	–4,327	5,274	–6,023	–2,791	–2,378	–1,417	–2,328	–2,180	–2,950	–9,870	–21,123

[1] Net of income offsets.

terways to support economic growth. The current excise tax on diesel fuel used in inland waterways commerce will not produce sufficient revenue to cover these costs.

Reduce the Harbor Maintenance Tax.—The Administration proposes to reduce the Harbor Maintenance Tax rate to better align estimated annual receipts from this tax with recent appropriation levels for eligible expenditures from the Harbor Maintenance Trust Fund. Reducing this tax would provide greater flexibility for individual ports to establish appropriate fee structures for services they provide, in order to help finance their capital and operating expenses on their own.

Increase employee contributions to Federal Employee Retirement System (FERS).—The Administration proposes to increase Federal employee contributions to FERS, equalizing employee and employer contributions to FERS so that half of the normal cost would be paid by each. For some specific occupations, such as law enforcement officers and firefighters, the cost of their retirement package necessitates a higher normal cost percentage. For those specific occupations, this proposal would increase but not equalize employee contributions. This proposal brings Federal retirement benefits more in line with the private sector. This adjustment will reduce the long term cost to the Federal Government by reducing the Government's contribution rate. To lessen the impact on employees this proposal will be phased in, increasing employee contributions by one percentage point per year until equalized.

Eliminate allocations to the Housing Trust Fund and Capital Magnet Fund.—The Administration proposes to eliminate an assessment on Fannie Mae and Freddie Mac that is used to fund the Housing Trust Fund and Capital Magnet Fund, two Federal programs that support affordable low-income housing. The resulting increase in taxable income at Fannie Mae and Freddie Mac would impact governmental receipts.

Improve clarity in worker classification and information reporting requirements.—The Administration proposes to: (1) establish a new safe harbor that allows a service recipient to classify a service provider as an independent contractor and requires withholding of individual income taxes to this independent contractor at a rate of five percent on the first $20,000 of payments; and (2) raises the reporting threshold for payments to all independent contractors from $600 to $1,000, and reduces the reporting threshold for third-party settlement organizations from $20,000 and 200 transactions per payee to $1,000 without regard to the number of transactions. The proposal increases clarity in the tax code, reduces costly litigation, and raises revenue.

Repeal and replace Obamacare.—The Administration is committed to rescuing Americans from the failures of Obamacare. Repealing and replacing Obamacare would affect governmental receipts by repealing the Premium Tax Credit, the medical device tax, and the HSA tax, and making various other reforms to HSAs.

Offset overlapping unemployment and disability payments.—The Administration proposes to close a loophole that allows individuals to receive both UI and Disability Insurance (DI) benefits for the same period of joblessness. The proposal would offset the DI benefit to account for concurrent receipt of UI benefits. Offsetting the overlapping benefits would discourage some individuals from applying for UI, reducing benefit outlays. The reduction in benefit outlays is accompanied by a reduction in States' UI tax receipts, which are held in the Unemployment Trust Fund.

Expand flexibility and broaden eligibility for private activity bonds (PABs).—As part of the Administration's infrastructure initiative, the Budget proposes to expand flexibility and broaden eligibility for private activity bonds. PABs eligible to finance this broadened definition of "core public infrastructure projects" would not be subject to State volume caps. However, the projects must be either Government-owned or privately-owned but subject to Government regulatory or contractual control and approval such that the facilities are available to the public.

Table 11–4. RECEIPTS BY SOURCE
(In millions of dollars)

Source	2017 Actual	Estimate 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Individual income taxes:												
Federal funds	1,587,120	1,660,063	1,687,042	1,789,704	1,917,184	2,050,498	2,197,899	2,347,934	2,504,331	2,700,016	2,882,828	3,062,139
Legislative proposal, not subject to PAYGO	....	....	–14	–29	–65	–175	–206	–129	–175	–134	–156	–188
Legislative proposal, subject to PAYGO	....	....	718	947	1,592	2,626	3,968	5,316	6,428	7,120	7,516	7,797
Total, Individual income taxes	**1,587,120**	**1,660,063**	**1,687,746**	**1,790,622**	**1,918,711**	**2,052,949**	**2,201,661**	**2,353,121**	**2,510,584**	**2,707,002**	**2,890,188**	**3,069,748**
Corporation income taxes:												
Federal funds	297,048	217,648	225,295	264,710	272,706	314,208	373,856	416,627	434,764	417,498	406,137	413,564
Legislative proposal, not subject to PAYGO	....	....	–3	10	10	11	11	10	11	11	11	12
Legislative proposal, subject to PAYGO	....	....	52	40	7	–21	–48	–71	–85	–94	–102	–110
Total, Corporation income taxes	**297,048**	**217,648**	**225,344**	**264,760**	**272,723**	**314,198**	**373,819**	**416,566**	**434,690**	**417,415**	**406,046**	**413,466**
Social insurance and retirement receipts (trust funds):												
Employment and general retirement:												
Old-age survivors insurance (off-budget)	688,048	689,294	762,821	804,675	850,279	897,037	942,951	995,275	1,048,234	1,107,760	1,163,400	1,232,525
Legislative proposal, not subject to PAYGO	....	....	–8	–15	–95	–343	–411	–240	–344	–256	–307	–382
Legislative proposal, subject to PAYGO	....	–43	–80	58	–113	–97	–30	68	194	174	290	311
Disability insurance (off-budget)	162,570	163,035	142,464	136,643	144,388	152,328	160,123	169,009	178,003	188,111	197,558	209,296
Legislative proposal, not subject to PAYGO	....	....	–1	–2	–16	–58	–70	–41	–58	–43	–52	–65
Legislative proposal, subject to PAYGO	....	–7	–14	10	–19	–17	–5	12	33	30	49	53
Hospital Insurance	255,930	259,138	275,214	286,994	304,251	321,942	339,409	358,896	378,617	400,703	421,734	447,540
Legislative proposal, not subject to PAYGO	....	....	–2	–4	–26	–94	–113	–66	–93	–70	–84	–104
Legislative proposal, subject to PAYGO	....	–50	2	120	93	100	126	161	211	334	341	363
Railroad retirement:												
Social security equivalent account	2,213	2,365	2,472	2,536	2,627	2,728	2,835	2,943	3,053	3,167	3,276	3,382
Rail pension & supplemental annuity	3,136	3,187	3,253	3,349	3,464	3,596	3,734	3,876	4,021	4,171	4,512	4,708
Total, Employment and general retirement	1,111,897	1,116,919	1,186,121	1,234,364	1,304,833	1,377,122	1,448,549	1,529,893	1,611,871	1,704,081	1,790,717	1,897,627
On-budget	(261,279)	(264,640)	(280,939)	(292,995)	(310,409)	(328,272)	(345,991)	(365,810)	(385,809)	(408,305)	(429,779)	(455,889)
Off-budget	(850,618)	(852,279)	(905,182)	(941,369)	(994,424)	(1,048,850)	(1,102,558)	(1,164,083)	(1,226,062)	(1,295,776)	(1,360,938)	(1,441,738)
Unemployment insurance:												
Deposits by States[1]	37,551	39,118	39,993	39,936	40,218	39,367	39,907	40,719	41,611	42,983	44,549	47,582
Legislative proposal, not subject to PAYGO	....	....	....	–4	–27	–110	–238	–235	–361	–460	–504	–699
Legislative proposal, subject to PAYGO	....	....	....	....	–4	1,591	2,172	1,741	2,374	1,950	1,979	2,116
Federal unemployment receipts[1]	8,131	8,811	6,383	6,503	6,629	6,760	6,892	7,037	7,187	7,339	7,499	7,669
Legislative proposal, subject to PAYGO	....	....	....	....	791	1,621	1,814	633	1,100	791	1,305	2,078
Railroad unemployment receipts[1]	126	135	140	146	141	119	116	138	145	138	138	151
Total, Unemployment insurance	45,808	48,064	46,516	46,581	47,748	49,348	50,663	50,033	52,056	52,741	54,966	58,897
Other retirement:												
Federal employees retirement-employee share	4,158	4,681	4,952	5,258	5,623	6,011	6,421	6,850	7,294	7,754	8,233	8,701
Legislative proposal, subject to PAYGO	....	....	....	2,267	4,602	6,442	8,068	9,441	9,456	9,470	9,480	9,479
Non-Federal employees retirement[2]	34	37	39	39	38	38	38	38	38	37	37	37
Total, Other retirement	4,192	4,718	4,991	7,564	10,263	12,491	14,527	16,329	16,788	17,261	17,750	18,217
Total, Social insurance and retirement receipts (trust funds)	**1,161,897**	**1,169,701**	**1,237,628**	**1,288,509**	**1,362,844**	**1,438,961**	**1,513,739**	**1,596,255**	**1,680,715**	**1,774,083**	**1,863,433**	**1,974,741**
On-budget	(311,279)	(317,422)	(332,446)	(347,140)	(368,420)	(390,111)	(411,181)	(432,172)	(454,653)	(478,307)	(502,495)	(533,003)

Table 11–4. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	2017 Actual	Estimate										
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Off-budget	(850,618)	(852,279)	(905,182)	(941,369)	(994,424)	(1,048,850)	(1,102,558)	(1,164,083)	(1,226,062)	(1,295,776)	(1,360,938)	(1,441,738)
Excise taxes:												
Federal funds:												
Alcohol	9,924	10,208	10,377	10,466	10,576	10,683	10,726	10,833	10,893	10,978	11,183	11,515
Tobacco	13,804	13,669	13,534	13,398	13,263	13,128	12,993	12,857	12,722	12,587	12,451	12,316
Transportation fuels	–3,400	–947	–998	–1,010	–1,013	–1,014	–1,014	–1,016	–1,015	–1,014	–1,015	–1,014
Telephone and teletype services	558	510	463	413	361	308	254	199	143	86	44	23
High-cost health insurance coverage	....	....	....	1,714	5,981	6,919	8,000	9,249	10,671	12,238	14,044	16,105
Health insurance providers	68	14,281	15,026	15,684	16,480	17,374	18,225	19,161	20,149	21,170	22,253	23,391
Indoor tanning services	70	68	67	65	63	61	59	57	55	53	51	49
Medical devices	–202	1,572	2,309	2,489	2,640	2,823	2,992	3,178	3,360	3,556	3,761	3,975
Other Federal fund excise taxes	369	3,159	3,283	3,494	3,635	3,756	3,872	3,995	4,133	4,270	4,418	4,574
Legislative proposal, subject to PAYGO	....	....	....	....	....	–152	–156	–160	–164	–168	–172	–177
Total, Federal funds	21,191	42,520	44,061	46,713	51,986	53,886	55,951	58,353	60,947	63,756	67,018	70,757
Trust funds:												
Transportation	41,020	41,812	42,591	43,244	43,619	43,812	43,934	44,030	44,095	44,254	44,568	44,921
Airport and airway	15,055	15,736	16,538	17,281	18,060	18,845	19,725	20,668	21,678	22,692	23,691	24,915
Legislative proposal, subject to PAYGO	....	....	....	....	....	–15,495	–16,241	–17,027	–17,870	–18,674	–19,497	–20,536
Sport fish restoration and boating safety	559	562	565	569	573	577	583	587	592	597	602	611
Tobacco assessments	3	....	....	....	....	....	....	....	....	....	....	....
Black lung disability insurance	429	473	290	235	234	229	225	221	217	212	207	201
Inland waterway	114	105	104	102	101	98	97	95	94	92	91	92
Oil spill liability	516	137	....	....	....	....	....	....	....	....	....	....
Legislative proposal, subject to PAYGO	....	....	465	612	621	630	641	649	657	666	670	670
Vaccine injury compensation	270	296	303	308	305	308	312	317	316	319	324	329
Leaking underground storage tank	225	215	218	218	219	217	214	212	212	210	208	208
Supplementary medical insurance	4,147	5,997	2,826	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Patient-centered outcomes research	294	329	434	366	382	400	418	437	455	475	495	518
Total, Trust funds	62,632	65,662	64,334	65,735	66,914	52,421	52,708	52,989	53,246	53,643	54,159	54,729
Total, Excise taxes	**83,823**	**108,182**	**108,395**	**112,448**	**118,900**	**106,307**	**108,659**	**111,342**	**114,193**	**117,399**	**121,177**	**125,486**
Estate and gift taxes:												
Federal funds	22,768	24,650	16,824	18,042	19,429	20,651	22,848	24,364	26,091	27,635	29,092	30,891
Total, Estate and gift taxes	**22,768**	**24,650**	**16,824**	**18,042**	**19,429**	**20,651**	**22,848**	**24,364**	**26,091**	**27,635**	**29,092**	**30,891**
Customs duties and fees:												
Federal funds	33,097	38,749	42,368	45,150	46,206	47,932	48,852	49,783	50,933	52,360	54,120	56,147
Trust funds:												
Trust funds	1,477	1,688	1,831	1,943	2,018	2,067	2,118	2,165	2,223	2,292	2,292	2,292
Legislative proposal, subject to PAYGO	....	....	–347	–369	–383	–393	–403	–412	–424	–437	–453	–471
Total, Trust funds	1,477	1,688	1,484	1,574	1,635	1,674	1,715	1,753	1,799	1,855	1,839	1,821
Total, Customs duties and fees	**34,574**	**40,437**	**43,852**	**46,724**	**47,841**	**49,606**	**50,567**	**51,536**	**52,732**	**54,215**	**55,959**	**57,968**
Miscellaneous receipts:												
Federal funds:												
Miscellaneous taxes	593	543	544	598	598	599	599	599	599	600	600	600
Deposit of earnings, Federal Reserve System	81,287	72,097	55,102	48,588	52,228	59,130	66,905	72,662	77,280	81,780	86,336	90,854
Legislative proposal, subject to PAYGO	....	....	159	679	665	588	1,054	763	707	747	983	782
Transfers from the Federal Reserve	602	575	632	647	662	677	694	710	727	744	761	779
Legislative proposal, subject to PAYGO	....	....	–147	–647	–662	–677	–694	–710	–727	–744	–761	–779
Fees for permits and regulatory and judicial services	23,911	22,694	22,053	23,258	24,013	25,392	25,955	27,713	27,978	29,372	30,799	31,952

Table 11–4. RECEIPTS BY SOURCE—Continued
(In millions of dollars)

Source	2017 Actual	Estimate 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Legislative proposal, subject to PAYGO	....	....	478	425	613	636	660	685	712	739	767	799
Fines, penalties, and forfeitures	20,984	22,266	25,236	20,785	20,193	20,462	20,760	21,084	21,435	21,785	22,035	22,417
Legislative proposal, subject to PAYGO	....	....	13	14	15	15	15	15	15	15	15	15
Refunds and recoveries	–50	–50	–50	–50	–50	–50	–50	–50	–50	–50	–50	–50
Total, Federal funds	127,327	118,125	104,020	94,297	98,275	106,772	115,898	123,471	128,676	134,988	141,485	147,369
Trust funds:												
United Mine Workers of America, combined benefit fund	81	17	16	14	13	12	11	10	9	8	7	7
Defense cooperation	375	360	531	697	486	535	232	161	164	167	170	174
Inland waterways (Legislative proposal, subject to PAYGO)	....	....	178	178	178	178	178	178	178	178	178	178
Fines, penalties, and forfeitures	1,169	1,177	1,219	1,259	1,300	1,342	1,383	1,424	1,464	1,505	1,545	1,587
Total, Trust funds	1,625	1,554	1,944	2,148	1,977	2,067	1,804	1,773	1,815	1,858	1,900	1,946
Total, Miscellaneous receipts	**128,952**	**119,679**	**105,964**	**96,445**	**100,252**	**108,839**	**117,702**	**125,244**	**130,491**	**136,846**	**143,385**	**149,315**
Allowance for repeal and replacement of Obamacare	....	....	**–3,452**	**–8,617**	**–2,503**	**–2,829**	**–2,883**	**–2,959**	**–3,192**	**–3,473**	**–3,676**	**–4,092**
Total, budget receipts	**3,316,182**	**3,340,360**	**3,422,301**	**3,608,933**	**3,838,197**	**4,088,682**	**4,386,112**	**4,675,469**	**4,946,304**	**5,231,122**	**5,505,604**	**5,817,523**
On-budget	(2,465,564)	(2,488,081)	(2,517,119)	(2,667,564)	(2,843,773)	(3,039,832)	(3,283,554)	(3,511,386)	(3,720,242)	(3,935,346)	(4,144,666)	(4,375,785)
Off-budget	(850,618)	(852,279)	(905,182)	(941,369)	(994,424)	(1,048,850)	(1,102,558)	(1,164,083)	(1,226,062)	(1,295,776)	(1,360,938)	(1,441,738)

[1] Deposits by States cover the benefit part of the program. Federal unemployment receipts cover administrative costs at both the Federal and State levels. Railroad unemployment receipts cover both the benefits and administrative costs of the program for the railroads.

[2] Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored, privately owned enterprises and the District of Columbia municipal government.