
FEDERAL RECEIPTS

14. 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 The enactment of the Tax Cuts and Jobs Act (Public Law 115–97) in 2017 reformed the Nation’s outdated, overly complex, and burdensome tax system to unleash America’s economy, and create millions of new, better-paying jobs that enable American workers to meet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, the first comprehensive tax reform in a genera-

tion, 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 tax legislation enacted in 2018, discusses the provisions of those enacted laws, and explains the Administration’s additional receipt proposals.

Table 14–1. RECEIPTS BY SOURCE—SUMMARY
(In billions of dollars)

	2018 Actual	Estimate										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Individual income taxes	1,683.5	1,698.4	1,824.2	1,945.8	2,081.1	2,236.8	2,394.5	2,567.8	2,752.4	2,944.1	3,151.4	3,365.2
Corporation income taxes	204.7	216.2	255.2	284.1	314.7	370.9	418.4	443.4	428.6	418.0	428.1	432.4
Social insurance and retirement receipts	1,170.7	1,242.4	1,295.5	1,370.0	1,446.9	1,523.2	1,607.0	1,692.6	1,788.4	1,876.9	1,989.6	2,092.6
<i>(On-budget)</i>	<i>(316.0)</i>	<i>(331.3)</i>	<i>(346.2)</i>	<i>(366.6)</i>	<i>(388.2)</i>	<i>(409.8)</i>	<i>(433.1)</i>	<i>(457.3)</i>	<i>(483.6)</i>	<i>(505.6)</i>	<i>(535.0)</i>	<i>(563.0)</i>
<i>(Off-budget)</i>	<i>(854.7)</i>	<i>(911.1)</i>	<i>(949.3)</i>	<i>(1,003.3)</i>	<i>(1,058.7)</i>	<i>(1,113.3)</i>	<i>(1,173.9)</i>	<i>(1,235.3)</i>	<i>(1,304.8)</i>	<i>(1,371.3)</i>	<i>(1,454.5)</i>	<i>(1,529.6)</i>
Excise taxes	95.0	98.7	108.8	111.5	115.0	107.7	136.4	126.6	130.2	134.1	122.7	143.0
Estate and gift taxes	23.0	19.3	19.3	20.4	21.8	23.3	24.9	26.5	28.0	29.4	30.7	31.9
Customs duties	41.3	69.5	48.4	45.2	48.2	51.0	53.8	56.7	59.6	62.5	65.5	68.6
Miscellaneous receipts	111.7	93.3	94.4	99.9	104.5	112.5	121.9	130.5	139.1	146.8	154.7	162.8
Allowance for empowering States and consumers to reform healthcare .....	.....	.....	–1.0	*	–3.5	–4.0	–4.4	–4.1	–3.7	–3.4	–3.7	–3.9
Total, receipts	3,329.9	3,437.7	3,644.8	3,876.9	4,128.6	4,421.5	4,752.5	5,040.1	5,322.6	5,608.5	5,938.9	6,292.5
<i>(On-budget)</i>	<i>(2,475.2)</i>	<i>(2,526.5)</i>	<i>(2,695.5)</i>	<i>(2,873.5)</i>	<i>(3,069.9)</i>	<i>(3,308.1)</i>	<i>(3,578.6)</i>	<i>(3,804.7)</i>	<i>(4,017.9)</i>	<i>(4,237.2)</i>	<i>(4,484.4)</i>	<i>(4,762.9)</i>
<i>(Off-budget)</i>	<i>(854.7)</i>	<i>(911.1)</i>	<i>(949.3)</i>	<i>(1,003.3)</i>	<i>(1,058.7)</i>	<i>(1,113.3)</i>	<i>(1,173.9)</i>	<i>(1,235.3)</i>	<i>(1,304.8)</i>	<i>(1,371.3)</i>	<i>(1,454.5)</i>	<i>(1,529.6)</i>
Total receipts as a percentage of GDP	16.5	16.1	16.3	16.5	16.7	17.0	17.4	17.6	17.7	17.8	17.9	18.1

* \$50 million or less.

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 through 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 15, “Offsetting Collections and Offsetting Receipts,” in this volume.

Total governmental receipts (hereafter referred to as “receipts”) are estimated to be \$3,437.7 billion in 2019, an increase of \$107.8 billion or 3.2 percent from 2018. The estimated increase in 2019 is largely due to increases in social insurance and retirement receipts and customs du-

ties. Receipts in 2019 are estimated to be 16.1 percent of Gross Domestic Product (GDP), which is lower than in 2018, when receipts were 16.5 percent of GDP.

Receipts are estimated to rise to \$3,644.8 billion in 2020, an increase of \$207.1 billion or 6.0 percent relative to 2019. Receipts are projected to grow at an average annual rate of 6.9 percent between 2020 and 2024, rising to \$4,752.5 billion. Receipts are projected to rise to \$6,292.5 billion in 2029, growing at an average annual rate of 5.8 percent between 2024 and 2029. 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 increase from 16.1 percent in 2019 to 16.3 percent in 2020, and to steadily increase to 18.1 percent of GDP by 2029.

LEGISLATION ENACTED IN 2018 THAT AFFECTS GOVERNMENTAL RECEIPTS

Five laws were enacted during 2018 that affect receipts. The major provisions of these laws that have a significant impact on receipts are described below.¹

AN ACT MAKING FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2018, AND FOR OTHER PURPOSES (Public Law 115–120)

This Act, which was signed into law on January 22, 2018, extends for two years, through 2019, the moratorium on the 2.3% excise tax on the sale of medical devices. It also delays for two years, until 2022, implementation of the excise tax on high cost employer-sponsored health coverage.

BIPARTISAN BUDGET ACT OF 2018 (Public Law 115–123)

This Act, which was signed into law on February 9, 2018, provides tax relief to certain individuals and businesses in the areas affected by the California wildfires and areas affected by Hurricanes Harvey, Irma, and Maria. The Act also extends expiring provisions providing tax relief for families and individuals; incentives for growth, jobs, investment, and innovation; and incentives for energy production and conservation. Finally, the Act extends funding for the Children's Health Insurance Program and extends several Medicare provisions, among other health provisions.

CONSOLIDATED APPROPRIATIONS ACT, 2018 (Public Law 115–141)

This Act, which was signed into law on March 23, 2018, extends existing fuel and ticket taxes that are dedicated

to the Airport and Airway Trust Fund. The Act also increases the State housing credit ceiling for 2018 through 2021.

ECONOMIC GROWTH, REGULATORY RELIEF, AND CONSUMER PROTECTION ACT (Public Law 115–174)

This Act, which was signed into law on May 24, 2018, permits some credit unions to issue more loans for non-owner occupied housing. Under this Act, loans for non-owner occupied homes that house one to four families would not count against the cap on member business loans. This would shift some of the business of issuing such loans from taxable banks and thrifts to nonprofit credit unions.

MISCELLANEOUS TARIFF BILL ACT OF 2018 (Public Law 115–239)

This Act, which was signed into law on September 13, 2018, provides for duty suspensions and reductions for specified chemicals and other items through December 31, 2020.

FAA REAUTHORIZATION ACT OF 2018 (Public Law 115–254)

This Act, which was signed into law on October 5, 2018, establishes a Concrete Masonry Products Board to carry out promotion, research, and education activities regarding concrete masonry products. The Board is funded by a manufacturer-paid assessment of \$0.01 per concrete masonry unit sold.

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

Table 14–2. ADJUSTMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT (BBEDCA) BASELINE ESTIMATES OF GOVERNMENTAL RECEIPTS

(In billions of dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020–2024	2020–2029
BBEDCA baseline receipts	3,437.6	3,642.6	3,874.1	4,125.9	4,414.5	4,742.5	5,043.5	5,463.2	5,843.9	6,194.8	6,561.7	20,800.1	49,909.0
Adjustments to BBEDCA baseline:													
Extend individual income tax provisions ¹ .....	.....	.....	.....	.....	.....	.....	–17.0	–157.2	–235.6	–256.2	–269.7	.....	–935.6
Extend estate and gift tax provisions .....	.....	.....	.....	.....	.....	.....	.....	.....	–15.8	–16.1	–17.2	.....	–49.0
Total, adjustments to BBEDCA baseline ...	.....	.....	.....	.....	.....	.....	–17.0	–157.2	–251.4	–272.3	–286.8	.....	–984.7
Adjusted baseline receipts	3,437.6	3,642.6	3,874.1	4,125.9	4,414.5	4,742.5	5,026.5	5,306.0	5,592.5	5,922.5	6,274.9	20,800.1	48,924.3
¹ This provision affects both receipts and outlays. Only the receipt effect is shown here. The outlay effects are listed below:													
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020–2024	2020–2029
Extend individual income tax provisions .....	.....	.....	.....	.....	.....	.....	.....	0.7	23.7	23.7	24.7	.....	72.8
Total, outlay effects of adjustments to BBEDCA baseline .....	.....	.....	.....	.....	.....	.....	.....	0.7	23.7	23.7	24.7	.....	72.8

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 pro-

visions enacted in the Tax Cuts and Jobs Act. This Budget uses an adjusted baseline that is intended to be more realistic by assuming permanent extension of 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 assumes permanent extension of all 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 assumes permanent extension of the estate and gift tax parameters and provisions in effect for calendar year 2025.

BUDGET PROPOSALS

The 2020 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 to support continued economic growth. The Budget's additional proposals affecting governmental receipts are as follows:

Establish Education Freedom Scholarships.—The Administration proposes to make available annually \$5 billion worth of income tax credits for individual and corporate donations to State-authorized nonprofit education scholarship granting organizations (SGOs). (Taxpayers who claim the credit will not be allowed to claim an itemized deduction for the same contribution.) These SGOs will use donated funds to provide families with Education Freedom Scholarships that can be used on a range of educational activities such as career and technical dual-enrollment programs, afterschool tutoring programs, and tuition for private schools. States will decide family eligibility requirements and allowable uses of scholarship funds.

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.

Provide tax exemption for Indian Health Service (IHS) Health Professions, NURSE Corps, and Native Hawaiian 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, NURSE Corps, and Native Hawaiian scholarships to be excluded from income. The Administration also proposes to allow students to exclude from gross income student loan amounts forgiven or repaid by the IHS Loan Repayment Program and NURSE Corps. 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 or repaid 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. Eliminating the current tax burden on scholarship and loan repayment recipients would allow IHS and the Health Resources and Services Administration to leverage another tool to bolster their ongoing efforts to recruit and retain qualified healthcare providers and provide equity between participants in these programs and other similar programs currently receiving these tax benefits.

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.

Require a minimum contribution for Premium Tax Credits (PTC).—The Administration proposes a minimum required contribution percent for subsidized in-

dividuals enrolled in health plans on the Exchange. While the PTC would continue to be calculated based on the required contribution percent of an individual's income and the second lowest cost silver plan, an individual's PTC would be reduced when they buy a less expensive plan so that they are required to spend at least a minimum percentage of their income on any health plan.

Improve and expand access to health savings accounts (HSAs).—The Administration proposes to allow taxpayers enrolled in health plans with an actuarial value of 70 percent or below to make contributions to health savings accounts; deem all individual and small group market plans meeting the PPACA out-of-pocket spending limit as meeting the HSA out-of-pocket limit; and allow fees for direct primary care arrangements to be paid out of HSAs.

Reform medical liability.—The Administration proposes to reform medical liability beginning in 2020. This proposal has the potential to lower health insurance premiums, increasing taxable income and payroll tax receipts.

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 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 extends 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 CBP.

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 and 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, 2018. 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 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) assessments to annual appropriations action.—Expenses of the Financial Stability Oversight Council (FSOC) and Office of Financial Research (OFR) are paid through the FRF, which is authorized to assess fees on certain bank holding companies and nonbank financial companies supervised by the Federal Reserve Board of Governors. The FRF was established by the Dodd-Frank Act and is managed by the Department of the Treasury. To improve their effectiveness and ensure greater accountability, the Budget proposes to subject the activities of FSOC and OFR to the appropriations process. In so doing, currently authorized assessments would, beginning in 2021, be reclassified as discretionary offsetting collections and set at a level determined by the Congress.

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 2020. 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 2020 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 \$47 billion in additional revenue over 10 years and cost approximately \$15 billion, resulting in an estimated net savings of \$33 billion. Once the new staff are trained and become fully operational, these initiatives are expected to generate roughly \$3 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

detering noncompliance. This indirect deterrence helps to ensure the continued payment of \$3.5 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 or Form W-2, or from other third party databases as the Secretary determines by regulation; (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 to be included on or attached to the return. This proposal would make it easier for IRS to correct clear taxpayer errors, directly improving tax compliance and reducing EITC and other improper payments and freeing IRS resources for other enforcement activities.

Eliminate the qualified plug-in electric drive motor vehicle credit.—The Administration proposes to repeal the tax credit for vehicles placed in service after December 31, 2019. Current law provides a non-refundable tax credit of up to \$7,500 to the purchaser of a qualified plug-in electric drive motor vehicle. The credit phases out for a manufacturer's vehicles over a one-year period beginning with the second calendar quarter after which the manufacturer has sold a cumulative 200,000 qualifying vehicles.

Repeal exclusion of utility conservation subsidies.—The Administration proposes to repeal the exclusion of utility conservation subsidies to non-business customers who invest in energy conservation measures. The current rate subsidies are equivalent to payments from the utility to its customer, but individuals are not taxed on the value of these subsidies.

Repeal accelerated depreciation for renewable energy property.—The Administration proposes to repeal accelerated (five-year) depreciation for renewable energy property. The cost recovery period for such property—including solar energy, wind energy, biomass, geothermal, combined heat and power, and geothermal heat pump property; fuel cells; and micro-turbines—would range

from five to 20 years, depending on the specific activity of the taxpayer and the type of property in service after repeal. Qualifying properties would still be eligible for the bonus depreciation allowance included in the TCJA.

Repeal energy investment credit.—The Administration proposes to repeal the energy investment credit for property for which construction begins after December 31, 2019. The IRC currently provides a credit equal to a certain portion of the cost of solar energy property, geothermal electric property, qualified fuel cell power plants, small wind energy property, stationary micro-turbine power plants, geothermal heat pumps, and combined heat and power property.

Repeal credit for residential energy efficient property.—The Administration proposes to repeal the credit for residential energy efficient property for property placed in service after December 31, 2019. Currently, a credit is available for a portion of the purchase of qualified photovoltaic and solar water heating property, fuel cell power plants, geothermal heat pumps, and small wind property used in or placed on a residence.

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 waterways 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.

Increase employee contributions to the Federal Employees 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 costs of their retirement packages 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 reduce the impact on employees, this proposal will be phased in, increasing employee contributions by one percentage point per year, and reducing employer contributions by one percentage point per year, until both are equalized.

Implement a defined contribution system for term employees.—The Administration proposes to provide new federal term employees with a more generous TSP defined contribution plan, in lieu of participation in the FERS defined benefit plan. Term employees would receive a defined contribution that consists of an automatic 5 percent agency contribution to the Thrift Savings Plan,

Table 14-3. EFFECT OF BUDGET PROPOSALS

(In millions of dollars)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020– 2024	2020– 2029
Establish Education Freedom Scholarships		-893	-4,847	-4,928	-5,006	-4,974	-5,036	-4,916	-4,934	-4,960	-4,994	-20,648	-45,488
Give Medicare beneficiaries with high deductible health plans the option to make tax deductible contributions to Health Savings Accounts or Medical Savings Accounts			-601	-1,056	-1,267	-1,472	-1,577	-1,652	-1,724	-1,785	-1,223	-4,396	-12,357
Provide tax exemption for certain HRSA and IHS scholarship and loan repayment programs.....		-24	-32	-32	-32	-32	-32	-35	-35	-35	-36	-152	-325
Reduce the grace period for Exchange premiums		47	-20									27	27
Introduce new minimum required contribution for premium tax credits			38									38	38
Improve and expand access to Health Savings Accounts.....			-2,122	-2,997	-2,933	-2,872	-2,948	-3,077	-3,216	-3,339	-3,467	-10,924	-26,971
Reform medical liability.....		18	64	94	117	134	183	147	33			427	790
Establish Electronic Visa Update System user fee		34	38	42	47	52	58	64	72	79	88	213	574
Make full Electronic System for Travel Authorization (ESTA) receipts available to CBP							-1			209	216	0	424
Establish an immigration services surcharge		466	471	479	486	494	508	523	538	554	570	2,396	5,089
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		403	533	539	544	551	552	536	535	543	546	2,570	5,282
Provide paid parental leave benefits ¹				538	803	887	966	1,042	1,113	1,180	1,241	2,228	7,770
Establish an Unemployment Insurance (UI) solvency standard ¹				332	678	1,042	1,472	2,047	404	690	1,062	2,052	7,727
Improve UI program integrity ¹			-1	-8	-22	-39	54	-143	-214	-169	-140	-70	-682
Provide authority for Bureau of Engraving and Printing to construct a new facility.....	42	5	3	-83	360	54	-19	3	223	3		339	549
Subject Financial Research Fund to appropriations ¹			-51	-51	-51	-51	-51	-51	-51	-51	-51	-204	-459
Implement tax enforcement program integrity cap adjustment.....		160	818	1,895	3,166	4,558	5,899	6,880	7,510	7,942	8,241	10,597	47,069
Increase oversight of paid tax return preparers.....		19	19	21	24	26	29	32	35	39	43	109	287
Provide more flexible authority for the Internal Revenue Service to address correctable errors		419	634	666	700	736	773	812	852	893	937	3,155	7,422
Repeal the qualified plug-in electric drive motor vehicle credit.....		34	379	386	381	319	234	207	221	208	156	1,499	2,525
Repeal exclusion of utility conservation subsidies.....		2	10	9	8	8	7	7	6	6	5	37	68
Repeal accelerated depreciation for renewable energy property		127	395	591	655	688	690	622	534	448	352	2,456	5,102
Repeal energy investment credit		-160	274	1,184	1,457	1,382	1,254	1,105	1,019	957	916	4,137	9,388
Repeal credit for residential energy efficient property		374	676	192	34							1,276	1,276
Reform inland waterways financing.....		178	178	178	178	178	178	178	178	178	178	890	1,780
Increase employee contributions to 50 percent of cost, phased in at 1 percent per year			2,121	4,400	6,687	8,627	10,191	11,505	11,699	11,762	11,819	21,835	78,811
Implement defined contribution system for term employees		-33	-90	-92	-93	-95	-98	-100	-102	-104	-106	-403	-913
Expand mandatory electronic filing of W-2s		12	12	12	11	11	11	11	10	10	10	58	110
Eliminate allocations to the Housing Trust Fund and Capital Magnet Fund ...		64	72	65	66	66	66	66	67	68	70	333	670
Improve clarity in worker classification and information reporting requirements		86	124	147	188	220	249	282	302	321	341	765	2,260
Empowering States and consumers to reform healthcare.....		-959	24	-3,489	-4,014	-4,355	-4,081	-3,688	-3,415	-3,737	-3,901	-12,793	-31,615
Require Social Security Number (SSN) for Child Tax Credit, Earned Income Tax Credit, and credit for other dependents		1,780	3,587	3,662	3,764	3,887	4,028	4,175	4,328	4,501	4,694	16,680	38,406
Offset overlapping unemployment and disability payments ¹					-1	-7	-18	-15	-17	-20	-28	-8	-106
Total, effect of budget proposals	42	2,172	2,720	2,711	6,950	10,038	13,556	16,582	15,986	16,406	17,554	24,591	104,675

¹ Net of income offsets

and up to 5 percent additional in matching contributions. These employees are currently provided a 1 percent automatic agency contribution to the Thrift Savings Plan and up to 4 percent additional in matching contributions. For certain term employees in the public safety field, the automatic Government contribution would consist of 7 percent of basic pay, with a Government match of up to 7 percent.

Lower the threshold from 250 to 10 for mandatory electronic reporting of W-2 data by employers.—Providing the IRS with timely and accurate W-2 information reported by employers facilitates pre-refund verification of wage and withholding informa-

tion, which, in turn, can prevent issuance of questionable tax refunds through early detection of fraud and other erroneous refund claims. Extra time and resources are needed for the SSA to process paper W-2s submitted by employers before information on paper statements can be transmitted to the IRS. Under current law, employers who file 250 or more Forms W-2 in a year must e-file these information returns but those filing fewer than 250 Forms W-2 in a year can choose to file on paper. To enhance IRS pre-refund W-2 verification, the Administration proposes increasing the number of employers subject to mandatory electronic reporting of W-2 data. The proposal would reduce the W-2 e-file threshold from 250 to 10 Forms W-2.

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 increase 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. In addition, Form 1099-K would be required to be filed with the IRS by January 31 of the year following the year for which the information is being reported. The proposal increases clarity in the tax code, reduces costly litigation, and improves tax compliance.

Empower States and consumers to reform health care.—The Administration is committed to empowering consumers and States to reimagine health care. Enacting ACA reform legislation would affect governmental receipts by repealing the Premium Tax Credit and several of the damaging Obamacare taxes. It would also make reforms to HSAs that would expand individuals' ability to contribute pre-tax dollars to their health care.

Require a social security number (SSN) that is valid for work in order to claim child tax credit,

earned income tax credit (EITC), and/or credit for other dependents (ODTC).—The Administration proposes requiring a SSN that is valid for work to claim the EITC, the child tax credit (both the refundable and non-refundable portion), and/or the ODTC for the taxable year. For all credits, this requirement would apply to taxpayers (including both the primary and secondary filer on a joint return) and all qualifying children or dependents. Under current law, taxpayers who do not have SSNs that are valid for work may claim the child tax credit (CTC) as long as the qualifying child for whom the credit is claimed has a valid SSN. Furthermore, the ODTC, created by the Tax Cuts and Jobs Act, allows taxpayers whose dependents do not meet the requirements of the CTC—including the SSN requirement—to claim this non-refundable credit. This proposal would ensure that only individuals who are authorized to work in the United States could claim these credits by extending the SSN requirement for qualifying children to parents on the tax form for the CTC and instituting an SSN requirement for the ODTC. While this SSN requirement is already current law for the EITC, this proposal would also fix an administrative gap to strengthen enforcement of the provision.

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.

Table 14–4. RECEIPTS BY SOURCE

(In millions of dollars)

Source	2018 Actual	Estimate										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Individual income taxes:												
Federal funds.....	1,683,538	1,698,353	1,821,791	1,945,724	2,081,146	2,235,619	2,391,867	2,563,837	2,747,521	2,938,708	3,145,623	3,358,755
Legislative proposal, not subject to PAYGO .....	.....	.....	102	741	1,767	3,002	4,368	5,675	6,622	7,345	7,752	8,025
Legislative proposal, subject to PAYGO .....	.....	.....	2,292	–678	–1,863	–1,852	–1,743	–1,742	–1,729	–1,929	–1,989	–1,535
Total, Individual income taxes.....	1,683,538	1,698,353	1,824,185	1,945,787	2,081,050	2,236,769	2,394,492	2,567,770	2,752,414	2,944,124	3,151,386	3,365,245
Corporation income taxes:												
Federal funds.....	204,733	216,194	255,598	284,269	314,104	370,177	417,717	442,942	428,264	417,683	427,773	432,163
Legislative proposal, not subject to PAYGO .....	.....	.....	–11	3	3	3	2	2	1	1	1	1
Legislative proposal, subject to PAYGO .....	.....	.....	–426	–214	570	768	684	496	375	364	303	187
Total, Corporation income taxes.....	204,733	216,194	255,161	284,058	314,677	370,948	418,403	443,440	428,640	418,048	428,077	432,351
Social insurance and retirement receipts (trust funds):												
Employment and general retirement:												
Old-age survivors insurance (off-budget)	691,215	767,747	811,470	858,009	905,648	952,447	1,004,297	1,056,904	1,116,360	1,173,033	1,244,273	1,308,411
Legislative proposal, not subject to PAYGO .....	.....	.....	11	–320	–597	–718	–817	–906	–988	–807	–887	–856
Disability insurance (off-budget)	163,532	143,367	137,797	145,699	153,789	161,737	170,541	179,474	189,571	199,194	211,292	222,183
Legislative proposal, not subject to PAYGO .....	.....	.....	2	–54	–101	–122	–138	–154	–167	–137	–150	–145
Hospital Insurance.....	260,659	276,253	288,938	306,642	324,951	342,843	362,213	381,745	403,745	425,219	451,693	476,070
Legislative proposal, not subject to PAYGO .....	.....	.....	–8	–10	–41	–63	–80	–100	–118	–58	–73	–89
Legislative proposal, subject to PAYGO .....	.....	.....	–5	–113	–167	–178	–192	–188	–206	–239	–253	–224
Railroad retirement:												
Social security equivalent account ...	2,396	2,363	2,508	2,600	2,700	2,803	2,899	2,999	3,098	3,197	3,300	3,406
Rail pension & supplemental annuity	3,353	3,300	3,408	3,458	3,585	3,716	3,843	3,972	4,099	4,229	4,361	4,703
Total, Employment and general retirement	1,121,155	1,193,030	1,244,121	1,315,911	1,389,767	1,462,465	1,542,566	1,623,746	1,715,394	1,803,631	1,913,556	2,013,459
On-budget.....	(266,408)	(281,916)	(294,841)	(312,577)	(331,028)	(349,121)	(368,683)	(388,428)	(410,618)	(432,348)	(459,028)	(483,866)
Off-budget.....	(854,747)	(911,114)	(949,280)	(1,003,334)	(1,058,739)	(1,113,344)	(1,173,883)	(1,235,318)	(1,304,776)	(1,371,283)	(1,454,528)	(1,529,593)
Unemployment insurance:												
Deposits by States ¹	36,222	37,850	39,502	39,682	38,913	38,906	39,562	41,210	42,823	44,276	45,875	47,867
Legislative proposal, not subject to PAYGO .....	.....	.....	.....	–1	–6	–18	–32	88	–152	–235	–175	–135
Legislative proposal, subject to PAYGO .....	.....	.....	.....	.....	669	994	1,084	1,164	1,258	1,336	1,414	1,476
Federal unemployment receipts ¹ ...	8,686	6,405	6,528	6,657	6,792	6,931	7,078	7,222	7,374	7,536	7,708	7,708
Legislative proposal, subject to PAYGO .....	.....	.....	.....	.....	414	848	1,302	1,839	2,558	506	863	1,326
Railroad unemployment receipts ¹ ...	134	134	124	127	142	142	129	129	146	156	156	154
Total, Unemployment insurance	45,042	44,389	46,154	46,465	46,924	47,803	49,123	51,652	54,007	53,575	55,841	58,396
Other retirement:												
Federal employees retirement - employee share	4,473	4,955	5,211	5,524	5,897	6,291	6,701	7,127	7,567	8,024	8,472	8,960
Legislative proposal, subject to PAYGO .....	.....	.....	–33	2,031	4,308	6,594	8,532	10,093	11,405	11,597	11,658	11,713
Non-Federal employees retirement ² ...	31	31	31	30	30	30	29	29	29	28	28	28
Total, Other retirement	4,504	4,986	5,209	7,585	10,235	12,915	15,262	17,249	19,001	19,649	20,158	20,701
Total, Social insurance and retirement receipts (trust funds).....	1,170,701	1,242,405	1,295,484	1,369,961	1,446,926	1,523,183	1,606,951	1,692,647	1,788,402	1,876,855	1,989,555	2,092,556
On-budget.....	(315,954)	(331,291)	(346,204)	(366,627)	(388,187)	(409,839)	(433,068)	(457,329)	(483,626)	(505,572)	(535,027)	(562,963)
Off-budget.....	(854,747)	(911,114)	(949,280)	(1,003,334)	(1,058,739)	(1,113,344)	(1,173,883)	(1,235,318)	(1,304,776)	(1,371,283)	(1,454,528)	(1,529,593)

Table 14-4. RECEIPTS BY SOURCE—Continued
(In millions of dollars)

Source	2018 Actual	Estimate										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Excise taxes:												
Federal funds:												
Alcohol.....	10,057	10,204	10,305	10,363	10,353	10,460	10,524	10,581	10,755	10,967	11,213	11,488
Tobacco	12,861	13,210	13,150	12,898	12,908	12,806	12,690	12,619	12,522	12,426	12,337	12,241
Transportation fuels	-1,459	-3,710	-1,018	-1,022	-1,016	-1,007	-1,004	-1,001	-992	-990	-985	-984
Telephone and teletype services	512	464	414	363	310	257	203	148	98	47	44	33
High-cost health insurance coverage .....	.....	.....	.....	.....	1,608	5,584	6,377	7,329	8,455	9,726	11,191	12,885
Health insurance providers	4,681	9,590	15,397	16,221	16,897	5,878	30,024	19,200	20,075	20,952	7,322	22,188
Indoor tanning services	69	67	65	62	60	58	55	53	51	48	46	43
Medical devices	-176	.....	1,755	2,624	2,794	2,969	3,152	3,332	3,526	3,735	3,957	4,193
Other Federal fund excise taxes	3,522	3,063	3,188	3,260	3,339	3,356	3,426	3,528	3,635	3,742	3,858	3,977
Total, Federal funds	30,067	32,888	43,256	44,769	47,253	40,361	65,447	55,789	58,125	60,653	48,983	66,064
Trust funds:												
Transportation.....	42,613	42,772	43,348	43,411	43,471	43,467	43,469	43,467	43,575	43,755	44,002	44,427
Airport and airway	15,793	16,309	17,176	18,066	19,004	19,945	20,879	21,943	23,130	24,311	25,555	26,960
Sport fish restoration and boating safety	562	568	573	577	583	589	595	601	608	614	621	628
Tobacco assessments	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Black lung disability insurance	384	238	194	192	188	188	195	199	203	204	205	207
Inland waterway	115	108	106	104	101	100	98	96	95	93	93	92
Oil spill liability	503	146	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Legislative proposal, subject to PAYGO .....	.....	.....	511	675	681	688	698	699	696	699	709	712
Vaccine injury compensation	309	305	310	307	310	314	317	318	321	327	331	337
Leaking underground storage tank	223	215	216	214	213	210	208	206	205	203	202	201
Supplementary medical insurance ...	4,095	4,709	2,800	2,800	2,800	1,492	4,108	2,800	2,800	2,800	1,492	2,800
Patient-centered outcomes research	319	411	345	360	376	395	414	434	454	476	499	523
Total, Trust funds.....	64,919	65,781	65,579	66,706	67,727	67,388	70,981	70,763	72,087	73,482	73,709	76,887
Total, Excise taxes	94,986	98,669	108,835	111,475	114,980	107,749	136,428	126,552	130,212	134,135	122,692	142,951
Estate and gift taxes:												
Federal funds.....	22,983	19,295	19,304	20,405	21,803	23,313	24,874	26,504	27,958	29,424	30,712	31,887
Total, Estate and gift taxes	22,983	19,295	19,304	20,405	21,803	23,313	24,874	26,504	27,958	29,424	30,712	31,887
Customs duties and fees:												
Federal funds.....	39,692	67,737	46,534	43,265	46,153	48,808	51,502	54,224	56,984	59,799	62,646	65,580
Legislative proposal, subject to PAYGO .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Trust funds	1,607	1,732	1,849	1,953	2,064	2,195	2,323	2,451	2,582	2,718	2,857	3,007
Total, Customs duties and fees	41,299	69,469	48,383	45,218	48,217	51,003	53,825	56,675	59,566	62,517	65,503	68,587
Miscellaneous receipts:												
Federal funds:												
Miscellaneous taxes	666	676	639	630	631	631	629	630	629	630	630	622
Deposit of earnings, Federal Reserve System	70,750	48,741	49,446	52,262	56,277	61,533	68,039	73,327	78,733	84,419	90,393	96,674
Legislative proposal, subject to PAYGO .....	.....	42	28	519	445	901	607	547	583	817	611	622
Transfers from the Federal Reserve ...	381	533	504	516	528	541	553	566	580	594	608	622
Legislative proposal, subject to PAYGO .....	.....	.....	-23	-516	-528	-541	-553	-566	-580	-594	-608	-622
Fees for permits and regulatory and judicial services	18,930	19,114	19,193	20,491	22,666	25,043	28,092	31,306	34,177	35,774	37,458	38,931
Legislative proposal, subject to PAYGO .....	.....	.....	500	441	453	465	478	497	519	541	774	806
Fines, penalties, and forfeitures.....	19,193	22,690	22,438	23,558	22,231	22,427	22,615	22,806	23,044	23,163	23,423	23,676
Legislative proposal, subject to PAYGO .....	.....	.....	13	14	15	15	15	15	15	15	15	15
Refunds and recoveries	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26	-26

Table 14–4. RECEIPTS BY SOURCE—Continued
(In millions of dollars)

Source	2018 Actual	Estimate										
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Total, Federal funds	109,894	91,770	92,712	97,889	102,692	110,989	120,449	129,102	137,674	145,333	153,278	161,320
Trust funds:												
United Mine Workers of America, combined benefit fund	19	17	16	14	13	12	11	9	9	8	7	7
Defense cooperation	656	333	361	734	504	223	154	157	160	163	166	169
Inland waterways (Legislative proposal, subject to PAYGO) .....	.....	.....	178	178	178	178	178	178	178	178	178	178
Fines, penalties, and forfeitures	1,095	1,151	1,112	1,121	1,081	1,099	1,111	1,102	1,102	1,097	1,102	1,100
Total, Trust funds	1,770	1,501	1,667	2,047	1,776	1,512	1,454	1,446	1,449	1,446	1,453	1,454
Total, Miscellaneous receipts	111,664	93,271	94,379	99,936	104,468	112,501	121,903	130,548	139,123	146,779	154,731	162,774
Allowance for empowering States and consumers to reform healthcare .....	.....	.....	-959	24	-3,489	-4,014	-4,355	-4,081	-3,688	-3,415	-3,737	-3,901
Total, budget receipts	3,329,904	3,437,656	3,644,772	3,876,864	4,128,632	4,421,452	4,752,521	5,040,055	5,322,627	5,608,467	5,938,919	6,292,450
On-budget	(2,475,157)	(2,526,542)	(2,695,492)	(2,873,530)	(3,069,893)	(3,308,108)	(3,578,638)	(3,804,737)	(4,017,851)	(4,237,184)	(4,484,391)	(4,762,857)
Off-budget	(854,747)	(911,114)	(949,280)	(1,003,334)	(1,058,739)	(1,113,344)	(1,173,883)	(1,235,318)	(1,304,776)	(1,371,283)	(1,454,528)	(1,529,593)

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.