

JOINT COMMITTEE ON TAXATION

October 31, 2007

JCX-105-07

ESTIMATED REVENUE EFFECTS OF THE CHAIRMAN'S AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 3996,  
THE "TEMPORARY TAX RELIEF ACT OF 2007,"  
SCHEDULED FOR MARKUP BY THE COMMITTEE ON WAYS AND MEANS ON NOVEMBER 1, 2007

Fiscal Years 2008 - 2017

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
<b>I. Individual AMT Relief - Set AMT Exemption</b>													
Amounts at \$44,350/\$66,250 for 2007 and													
Extend Application of Nonrefundable Credits..	tyba 12/31/06	-50,593	---	---	---	---	---	---	---	---	---	-50,593	-50,593
<b>II. Additional Individual Tax Relief</b>													
1. Additional standard deduction for real property taxes for nonitemizers equal to the lesser of actual property tax or \$350/\$700 in 2008.....	tyba 12/31/07	-185	-1,049	---	---	---	---	---	---	---	---	-1,234	-1,234
2. Set refundable threshold for the child tax credit at \$8,500 (sunset 12/31/08).....	tyba 12/31/07	---	-2,869	---	---	---	---	---	---	---	---	-2,869	-2,869
<b>Total of Additional Individuals Tax Relief .....</b>		<b>-185</b>	<b>-3,918</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>-4,103</b>	<b>-4,103</b>
<b>III. One-Year Extenders</b>													
A. Extenders Primarily Affecting Individuals													
1. Deduction for State and local general sales taxes (sunset 12/31/08).....	tyba 12/31/07	-286	-1,685	-363	---	---	---	---	---	---	---	-2,335	-2,335
2. Deduction for qualified tuition and related expenses (sunset 12/31/08).....	tyba 12/31/07	-495	-1,978	---	---	---	---	---	---	---	---	-2,473	-2,473
3. Treatment of certain dividends of regulated investment companies (sunset 12/31/08).....	[1]	-10	-57	---	---	---	---	---	---	---	---	-67	-67
4. Parity in the application of certain limits to mental health benefits (sunset 12/31/08) [2]...	1/1/08	-5	-15	-5	---	---	---	---	---	---	---	-25	-25

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
5. Encourage contributions of property interests made for conservation purposes (sunset 12/31/08).....	cmi tyba 12/31/07	-27	-25	---	---	---	---	---	---	---	---	-52	-52
6. Tax-free distributions from IRAs to certain public charities from age 70 1/2 or older, not to exceed \$100,000 per taxpayer per year (sunset 12/31/08).....	Da 1/1/08	-115	-124	-17	-22	-27	-27	-28	-29	-31	-32	-304	-452
7. Above-the-line deduction of up to \$250 for teacher classroom expenses (sunset 12/31/08).....	epoii tyba 12/31/07	-10	-194	---	---	---	---	---	---	---	---	-204	-204
8. Extend election to include combat pay in earned income for purposes of the earned income credit (sunset 12/31/08).....	tyba 12/31/07	---	-19	---	---	---	---	---	---	---	---	-19	-19
9. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement (sunset 12/31/08).....	bia 12/31/07	-3	-12	-18	-18	-18	-18	-18	-18	-18	-18	-69	-159
10. Penalty-free withdrawals from retirement plans for individuals called to active duty (sunset 12/31/08).....	tyba 12/31/07	[3]	[3]	[3]	[3]	---	---	---	---	---	---	-1	-1
11. Estate tax look-through for certain RIC stock held by nonresidents (sunset 12/31/08).....	dda 12/31/07	----- <i>Negligible Revenue Effect</i> -----											
12. Extend the treatment of RICs as "qualified investment entities" under section 897 (FIRPTA) (sunset 12/31/08).....	1/1/08	-5	-5	---	---	---	---	---	---	---	---	-10	-10
13. Treatment of State legislators travel expenses away from home (sunset 12/31/08).....	eio/a 1/1/08	-4	---	---	---	---	---	---	---	---	---	-4	-4
Total of Extenders Primarily Affecting Individuals .....		-960	-4,114	-403	-40	-45	-45	-46	-47	-49	-50	-5,563	-5,801
<b>B. Extenders Primarily Affecting Businesses</b>													
1. Tax credit for R&E expenses (sunset 12/31/08).....	apoa 12/31/07	-2,881	-2,211	-1,014	-1,014	-1,014	-685	-178	---	---	---	-8,134	-8,998
2. Indian employment tax credit (sunset 12/31/08).....	tyba 12/31/07	-21	-28	-9	-1	---	---	---	---	---	---	-59	-59
3. New markets tax credit (sunset 12/31/09).....	ima 12/31/08	---	-106	-168	-170	-192	-205	-202	-202	-77	[4]	-637	-1,322
4. 50% tax credit for certain expenditures for maintaining railroad tracks (sunset 12/31/08).....	epoid tyba 12/31/07	-74	-74	-17	---	---	---	---	---	---	---	-165	-165

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
5. 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property (sunset 12/31/08).....	ppisa 12/31/07	-100	-305	-416	-416	-405	-374	-357	-372	-365	-357	-1,642	-3,466
6. 7-year recovery period for certain motorsports racetrack property (sunset 12/31/08).....	ppisa 12/31/07	-7	-11	-7	-4	-2	-2	-2	1	4	4	-29	-27
7. Accelerated depreciation for business property on Indian reservations (sunset 12/31/08).....	ppisa 12/31/07	-133	-231	-86	19	63	99	81	43	5	-8	-367	-148
8. Expensing of "Brownfields" environmental remediation costs (sunset 12/31/08).....	epoia 12/31/07	-227	-140	21	25	29	26	23	20	17	15	-292	-192
9. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico (sunset 12/31/08).....	tyba 12/31/07	-58	-58	---	---	---	---	---	---	---	---	-116	-116
10. Modify tax treatment of certain payments under existing arrangements to controlling exempt organizations (sunset 12/31/08).....	proaa 12/31/07	-15	-8	---	---	---	---	---	---	---	---	-23	-23
11. Extension and modification of credit to holders of qualified zone academy bonds - allocations of bond authority (sunset 12/31/08).....	oia 12/31/07	-1	-6	-13	-19	-21	-21	-21	-21	-21	-21	-60	-165
12. Tax Incentives for Investment in the District of Columbia (sunset 12/31/08).....	tyba 12/31/07	-45	-23	-1	[3]	-2	-6	-15	-19	-23	-23	-71	-158
13. Extension of economic development credit for American Samoa (sunset 12/31/08).....	tyba 12/31/07	-6	-10	---	---	---	---	---	---	---	---	-16	-16
14. Enhanced charitable deduction for contributions of food inventory (sunset 12/31/08).....	cma 12/31/07	-39	-33	---	---	---	---	---	---	---	---	-72	-72
15. Enhanced charitable deduction for contributions of book inventories to public schools (sunset 12/31/08).....	cma 12/31/07	-17	-14	---	---	---	---	---	---	---	---	-31	-31
16. Enhanced deduction for qualified computer contributions (sunset 12/31/08).....	cmd tyba 12/31/07	-120	-98	---	---	---	---	---	---	---	---	-218	-218
17. Basis adjustment to stock of S corporations making charitable contributions of property (sunset 12/31/08).....	tyba 12/31/07	-14	-20	-4	-2	-2	-2	-2	-2	-2	-2	-42	-54

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
18. Extension of WOTC for Hurricane Katrina employees (sunset 08/28/08).....	8/28/07	-6	-8	-4	-2	-1	-1	---	---	---	---	-20	-21
Total of Extenders Primarily Affecting Businesses .....		-3,764	-3,384	-1,718	-1,584	-1,547	-1,171	-673	-552	-462	-392	-11,994	-15,251
C. Other Extenders													
1. Disclosure of tax return information to facilitate combined employment tax reporting (sunset 12/31/08).....	da 12/31/07	----- <i>No Revenue Effect</i> -----											
2. Disclosure of return information to inform officials of terrorist activities (sunset 12/31/08).....	da 12/31/07	----- <i>No Revenue Effect</i> -----											
3. Disclosure upon request of information relating to terrorist activities (sunset 12/31/08).....	da 12/31/07	----- <i>No Revenue Effect</i> -----											
4. Disclosure of tax return information to carry out administration of income contingent repayment of student loans (sunset 12/31/08) [2].....	rma 12/31/07	----- <i>No Revenue Effect</i> -----											
5. Authority for undercover operations (sunset 12/31/08).....	1/1/08	[5]	[5]	---	---	---	---	---	---	---	---	[5]	[5]
6. Increase in Limit on Cover Over of Rum Excise Tax Revenues (from \$10.50 to \$13.25 per proof gallon) to Puerto Rico and the Virgin Islands (sunset 12/31/08).....	abiUSa 12/31/07	-74	-19	---	---	---	---	---	---	---	---	-93	-93
7. Extension of disclosure authority to the Department of Veterans Affairs (sunset 12/31/08) [2].....	09/30/08	1	---	---	---	---	---	---	---	---	---	1	1
Total of Other Extenders .....		-73	-19	---	---	---	---	---	---	---	---	-92	-92
<b>Total of One-Year Extenders .....</b>		<b>-4,797</b>	<b>-7,517</b>	<b>-2,121</b>	<b>-1,624</b>	<b>-1,592</b>	<b>-1,216</b>	<b>-719</b>	<b>-599</b>	<b>-511</b>	<b>-442</b>	<b>-17,649</b>	<b>-21,144</b>
<b>IV. Mortgage Forgiveness Debt Relief Provisions</b>													
1. Exclude discharges of principal residence acquisition indebtedness from gross income [6].....	1/1/07	-173	-241	-216	-149	-79	-83	-88	-99	-103	-107	-858	-1,338
2. Extension of deduction for private mortgage insurance (sunset 12/31/14).....	apoawrtceia 12/31/06	-15	-109	-142	-134	-137	-97	-83	-52	85	114	-536	-570

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
3. Alternative tests for qualifying as cooperative housing corporation.....	tyea DOE	-1	-2	-2	-2	-2	-3	-3	-3	-3	-3	-9	-21
4. Exclusion of gain on sale of principal residence exclusion not to apply to nonqualified use.....	soea 12/31/07	---	43	121	148	171	207	249	297	349	407	483	1,991
<b>Total of Mortgage Forgiveness Debt Relief Provisions .....</b>		<b>-189</b>	<b>-309</b>	<b>-239</b>	<b>-137</b>	<b>-47</b>	<b>24</b>	<b>75</b>	<b>143</b>	<b>328</b>	<b>411</b>	<b>-920</b>	<b>62</b>
<b>V. Administrative Provisions</b>													
1. Repeal of private debt collection contract authority.....	[7]	-35	-101	-106	-116	-116	-116	-116	-116	-116	-116	-474	-1,054
2. Delayed implementation of government withholding.....	DOE	---	---	---	-6,079	6,057	-11	-6	-3	-1	---	-23	-44
3. Application of statute of limitations rules to persons claiming U.S. Virgin Islands residency.....	tyba 1986	[8]	-1	-3	-5	-10	-10	-5	-3	-1	[8]	-19	-38
4. Revision of tax rules on expatriation of individuals - impose mark-to-market and 10-year income inclusion rule on individuals who expatriate.....	generally eo/a DOE	40	78	74	75	75	76	77	78	78	79	342	730
5. Repeal suspension of certain interest and penalties where IRS fails to contact taxpayer.....	[9]	9	13	13	13	13	13	13	13	13	14	61	128
6. Unused merchandise drawback.....	DOE	----- <i>Estimate to Be Provided By Congressional Budget Office</i> -----											
<b>Total of Administrative Provisions .....</b>		<b>15</b>	<b>-11</b>	<b>-22</b>	<b>-6,112</b>	<b>6,019</b>	<b>-48</b>	<b>-37</b>	<b>-31</b>	<b>-27</b>	<b>-23</b>	<b>-113</b>	<b>-278</b>
<b>VI. Revenue Raising Provisions</b>													
1. Nonqualified deferred compensation for services performed by foreign firms in non-treaty jurisdictions [10].....	spa 12/31/07 [11]	2,086	2,803	2,521	2,447	2,141	1,557	950	466	6,360	2,522	11,998	23,852
2. Income of partners for performing investment management services treated as ordinary income received for performance of services [12].....	[13]	2,661	3,232	3,159	2,951	2,687	2,360	2,169	2,028	2,097	2,281	14,689	25,624

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
3. Indebtedness incurred by a partnership in acquiring securities and commodities not treated as acquisition indebtedness for purposes of the unrelated debt-financed income rules.....	tyba DOE	-42	-92	-107	-119	-132	-147	-158	-168	-182	-194	-492	-1,341
4. Application of section 1239 to partnership interests and tax sharing agreements of rule treating certain gain on sales between related persons as ordinary income.....	generally saea DOE	5	10	15	15	15	15	15	15	15	15	60	135
5. Delay implementation of worldwide allocation of interest expense until 2017.....	DOE	---	999	2,736	2,845	2,958	3,077	3,200	3,328	3,461	2,300	9,538	24,904
6. Broker reporting of customer's basis in securities transactions.....	1/1/09	---	---	34	71	126	328	526	688	759	833	230	3,365
7. Increase by 63 percentage points the required corporate estimated tax payments factor for corporations with assets of at least \$1 billion for payments due in July, August, and September 2012.....	DOE	---	---	---	---	37,800	-37,800	---	---	---	---	37,800	---
<b>Total of Revenue Raising Provisions .....</b>		<b>4,710</b>	<b>6,952</b>	<b>8,358</b>	<b>8,210</b>	<b>45,595</b>	<b>-30,610</b>	<b>6,702</b>	<b>6,357</b>	<b>12,510</b>	<b>7,757</b>	<b>73,823</b>	<b>76,539</b>
<b>NET TOTAL .....</b>		<b>-51,040</b>	<b>-4,803</b>	<b>5,976</b>	<b>337</b>	<b>49,975</b>	<b>-31,850</b>	<b>6,021</b>	<b>5,870</b>	<b>12,300</b>	<b>7,703</b>	<b>446</b>	<b>484</b>

Joint Committee on Taxation  
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NOTE: Details may not add to totals due to rounding. Date of enactment is assumed to be December 1, 2007.

**Legend and Footnotes for JCX-105-07:**

Legend for "Effective" column:

abiUSa = articles brought into the United States after  
apoawrtceia = amounts paid or accrued with respect to  
contracts entered into after  
apoia = amounts paid or incurred after  
bia = bonds issued after  
cma = contributions made after  
cmd = contributions made during  
cmi = contributions made in  
da = disclosures after  
Da = distributions after

dda = decedents dying after  
DOE = date of enactment  
eio/a = expenses incurred on or after  
eo/a = expatriations on or after  
epoia = expenditures paid or incurred after  
epoid = expenses paid or incurred during  
epoii = expenses paid or incurred in  
frap = Federal regulations are prescribed  
ima = investments made after  
oia = obligations issued after

pa = payments after  
ppisa = property placed in service after  
proaa = payments received or accrued after  
rma = requests made after  
saea = sales and exchanges after  
soea = sales or exchanges after  
spa = services performed after  
tyba = taxable years beginning after  
tyea = taxable years ending after

- [1] Effective for dividends with respect to taxable years of regulated investment companies beginning after December 31, 2007.
- [2] Estimate provided by the Congressional Budget Office.
- [3] Loss of less than \$500,000.
- [4] Gain of less than \$500,000.
- [5] Gain of less than \$1 million.
- [6] Acquisition indebtedness otherwise eligible for the exclusion is limited to \$2 million.
- [7] The provision is generally effective on the date of enactment, except for any contract which was entered into before July 18, 2007, and is not renewed or extended after such date. The provision also provides that any private debt collection contract which is entered into on or after July 18, 2007, and any extension or renewal on or after such date of any private debt collection contract shall be void.
- [8] Loss of less than \$500,000.
- [9] Effective for IRS notices issued to taxpayers after November 25, 2007.
- [10] Estimate includes interaction with item V.3.
- [11] In the case of compensation attributable to services performed on or before December 31, 2007, effective for last tax year beginning before 2017.
- [12] Estimate includes interaction with item V.1.
- [13] The provision is generally effective for taxable years ending after the date of first committee action (assumed to be November 1, 2007), for dispositions of partnership interests and partnership distributions after the date of first committee action, and in the case of other income and gain in connection with investment management services by a person holding a disqualified interest in an entity, the date of first committee action. The provision as it relates to publicly traded partnerships is effective for taxable years beginning after December 31, 2008.