

JOINT COMMITTEE ON TAXATION
December 12, 2008
JCX-86-08

**ESTIMATED BUDGET EFFECTS OF H.R. 7327 [1],
THE "WORKER, RETIREE, AND EMPLOYER RECOVERY ACT OF 2008,"
AS PASSED BY THE HOUSE OF REPRESENTATIVES ON DECEMBER 10, 2008, AND THE SENATE ON DECEMBER 11, 2008**

Fiscal Years 2009 - 2018

[Millions of Dollars]

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-13	2009-18
I. Technical Corrections Related to the Pension Protection Act of 2006													
A. Technical Corrections Related to the Pension Protection Act of 2006..... [2] ----- <i>No Revenue Effect</i> -----													
B. Other Provisions													
1. Determination of value of single employer pension plan assets under averaging method.....	[2]	10	9	8	7	6	6	6	6	6	6	40	70
2. Modification of interest rate assumption required with respect to certain small employer plans.....	yba 12/31/08	---	[3]	-2	-5	-8	-9	-9	-9	-9	-9	-14	-59
3. Determination of market rate of return for governmental plans.....	[2]	----- <i>Negligible Revenue Effect</i> -----											
4. Treatment of certain reimbursements from governmental plans for medical care.....	pbo/a DOE	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	1	1	1	3
5. Rollover of amounts received in airline carrier bankruptcy to Roth IRAs.....	tma DOE	-1	-5	-8	-9	-9	-9	-10	-10	-10	-10	-32	-82
6. Determination of asset value for special airline funding rules.....	pyba 12/31/07	----- <i>Negligible Revenue Effect</i> -----											
7. Increase penalties for failure to file partnership returns by \$4 per partner.....	rfa 12/31/08	[3]	4	4	4	4	5	5	5	5	5	17	42
8. Increase penalties for failure to file S corporation returns by \$4 per shareholder.....	rfa 12/31/08	[3]	4	4	4	4	4	4	5	5	5	16	38
Total of Title I		9	12	6	1	-3	-3	-4	-3	-2	-2	28	12

Provision	Effective	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-13	2009-18
II. Pension Provisions Relating to Economic Crisis													
1. Temporary waiver of required minimum distribution rules for certain retirement plans and accounts (sunset 12/31/09).....	cyba 12/31/08	-37	-3,753	-28	-9	[3]	10	20	31	43	56	-3,826	-3,666
2. Phase-in of funding target.....	[2]	516	614	443	-5	-242	-355	-396	-190	-148	-194	1,326	43
3. Temporary waiver of restriction on benefit accruals for single employer plans.....	[4]	----- <i>Negligible Revenue Effect</i> -----											
4. Temporary delay of designation of multiemployer plans as in endangered or critical status.....	[4]	115	136	98	-1	-54	-79	-88	-42	-33	-43	294	10
5. Temporary extension of the funding improvement and rehabilitation periods for multiemployer pension plans in critical and endangered status for 2008 or 2009.....	pyba 12/31/07	2	4	7	9	10	10	10	10	10	-19	32	52
Total of Title II		596	-2,999	520	-6	-286	-414	-454	-191	-128	-200	-2,174	-3,561
NET TOTAL		605	-2,987	526	-5	-289	-417	-458	-194	-130	-202	-2,146	-3,549

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

DOE = date of enactment

cyba = calendar years beginning after

pbo/a = payments before, on, or after

pyba = plan years beginning after

rfa = returns filed after

tma = transfers made after

yba = years beginning after

[1] Estimated outlay effects provided by the Congressional Budget Office ("CBO") and are preliminary and subject to change. The CBO estimates that enacting H.R. 7327 would increase PBGC premium receipts by \$2.5 billion over the 2009 through 2018 period as follows

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-13	2009-18
.....	110	110	330	450	340	230	220	220	240	250	1,340	2,500

To the extent that firms affected by the bill may terminate their plans in the next 10 years, PBGC would assume those plans' assets and pay pension benefits to the retirees. Under H.R. 7327, the terminated plans would have fewer assets to fund retiree pension payments and would add to PBGC's existing expected deficit. (The PBGC program had liabilities that exceed its assets by about \$11 billion at the end of fiscal year 2008.) Those effects would not be recognized on the federal budget until benefits are paid. Those payments would largely occur after 2018.

[2] In general, effective as if included in the provisions of the Pension Protection Act of 2006 to which the amendments relate.

[3] Gain of less than \$500,000.

[4] Effective for the first plan year beginning after September 30, 2008, and before October 1, 2009.