

JOINT COMMITTEE ON TAXATION
December 20, 2007
JCX-120-07

**ESTIMATED BUDGET EFFECTS OF H.R. 3997,
THE "HEROES EARNINGS ASSISTANCE AND RELIEF TAX ACT OF 2007"
AS PASSED BY THE HOUSE OF REPRESENTATIVES ON DECEMBER 18, 2007**

Fiscal Years 2008 - 2017

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
I. Benefits for Military and Volunteer Firefighters													
1. Permanently extend the election to include combat pay as earned income	tyba 12/31/07	---	-19	-11	-9	-7	-8	-7	-8	-6	-6	-47	-83
2. Special mortgage bonds rules for veterans:													
a. Permanently extend the qualified mortgage bond first-time homebuyer exception for veterans	bia 12/31/07	-3	-15	-32	-51	-70	-89	-110	-130	-152	-174	-171	-826
b. Increase the veterans mortgage bond volume limitation for certain states and modify the definition of a qualified veteran.....	bia 12/31/07	-1	-6	-14	-21	-27	-33	-40	-46	-52	-58	-69	-297
3. Survivor and disability payments with respect to qualified military service.....	dodoo/a 1/1/07	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1	-2
4. Treatment of differential military pay as wages.....	rpa 12/31/07 & yba 12/31/07	1	-2	-2	-1	-1	-1	-1	-1	-1	-1	-4	-8
5. Exclusion from income for benefits provided to volunteer fire fighters and emergency medical responders (sunset after 12/31/15) [2]....	tyba 12/31/10	---	---	---	-21	-101	-108	-115	-123	-97	---	-122	-565
6. Special period of limitation when uniformed services retired pay is reduced as a result of award of disability compensation.....	cforfa DOE	-2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
7. Permanently extend treatment of distributions to guardsmen called to active duty.....	12/31/07	[1]	[1]	[1]	-1	-1	-1	-1	-1	-1	-1	1	-6
8. Permanent extension of disclosure authority to the Department of Veterans Affairs [3].....	10/01/08	----- <i>No Revenue Effect</i> -----											

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9. Contributions of military death gratuities to Roth IRAs or educational savings accounts.....	[4]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1	-4
10. Suspension of 5-year period during service with the Peace Corps.....	tyba 12/31/07	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1
11. Employer wage credit for activated military reservists (20% of differential pay up to \$20,000; employers with less than 50 employees)	apa DOE & before 1/1/10	---	-1	-2	-1	-1	-1	[1]	[1]	[1]	[1]	-6	-7
12. Exclusion of certain State payments to military personnel.....	pmbo/a DOE	----- <i>Negligible Revenue Effect</i> -----											
13. Exclusion of gain on sale of a principal residence by certain employees of the intelligence community.....	soproo/a DOE & soproo/a 12/31/10	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1	-3
14. Special distribution rules for unused benefits in health flexible spending arrangements of individuals called to active duty.....	dma DOE	----- <i>Negligible Revenue Effect</i> -----											
Total of Benefits for Military and Volunteer Firefighters.....		-5	-44	-62	-106	-209	-242	-275	-310	-310	-241	-426	-1,812
II. Improvements in Supplemental Security Income													
1. Treatment of uniformed service cash remuneration as earned income [5].....	DOE	-2	-2	-2	-3	-2	-3	-3	-3	-3	-3	-11	-24
2. State annuities for blind veterans to be disregarded in determining supplemental security income benefits [5].....	DOE	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1
3. Exclusion of Americorps benefits for purposes of determining supplemental security income eligibility and benefit amounts volunteers under SSI [5].....	---	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
Total of Improvements in Supplemental Security Income		-2	-3	-3	-3	-3	-4	-4	-4	-4	-4	-15	-34
III. Provisions that Raise Revenue													
1. Increase in penalty for failure to file partnership returns to \$100 per partner [2].....	[6]	9	18	19	19	20	21	21	22	23	24	85	196
2. Increase in penalty for failure to file S corporation returns to \$100 per shareholder [2]...	[6]	5	13	14	14	15	15	16	17	17	18	62	144
3. Increase in penalty for failure to file from \$100 to \$225.....	rtrbfa 12/31/07	8	30	31	31	32	32	32	33	33	34	132	296

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4. Increase in information return penalties.....	rrtbfa 12/31/07	---	---	31	77	77	78	80	81	81	82	186	587
5. Impose mark-to-market and 10-year income inclusion rule on individuals who expatriate.....	[7]	31	66	63	67	71	74	77	78	78	79	298	684
Total of Provisions that Raise Revenue		53	127	158	208	215	220	226	231	232	237	763	1,907
IV. Tax Technical Corrections	---	----- <i>No Revenue Effect</i> -----											
V. Parity in the Application of Certain Limits to Mental Health Benefits (sunset 12/31/08) [3]	1/1/08	-5	-15	-5	---	---	---	---	---	---	---	-25	-25
NET TOTAL		41	65	88	99	3	-26	-53	-83	-82	---	297	36

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. Date of enactment assumed to be December 20, 2007.

Legend for "Effective" column:

bia = bonds issued after
 cfcforfa = claims for credit or refund filed after
 dma = distributions made after
 dodoo/a = deaths or disabilities occurring on or after

DOE = date of enactment
 pmbo/a = payments made before, on or after
 rpa = remuneration paid after
 rrtbfa = returns required to be filed after

sopro/a = sales of personal residences occurring on or after
 tyba = taxable years beginning after
 yba = years beginning after

[1] Loss of less than \$500,000.

[2] Estimate assumes enactment of H.R. 3648, the "Mortgage Forgiveness Debt Relief Act of 2007". In the absence of enactment of H.R. 3648 the provision may have no effect.

[3] Estimate provided by the Congressional Budget Office.

[4] Generally effective with respect to deaths from injuries occurring on or after the date of enactment and deaths from injuries occurring on or after October 7, 2001, and before the date of enactment if such contribution is made not later than one year after the date of enactment.

[5] Outlay effects provided by the Congressional Budget Office. Negative numbers indicate an increase in outlays.

[6] The provision is effective as if included in the amendments made by H.R. 3648.

[7] Generally effective for expatriations on or after the date of enactment. The tax on covered gifts and bequests is effective for gifts and bequests received on or after the date of enactment from expatriates whose expatriation date is on or after the date of enactment.