JOINT COMMITTEE ON TAXATION December 20, 2007 JCX-121-07

ESTIMATED BUDGET EFFECTS OF H.R. 3997, THE "DEFENDERS OF FREEDOM TAX RELIEF ACT OF 2007" AS AMENDED AND PASSED BY THE SENATE ON DECEMBER 19, 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													
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	rpa 12/31/07 &												
wages	yba 12/31/07	1	-2	-2	-1	-1	-1	-1	-1	-1	-1	-4	-8
5. Special period of limitation when uniformed													
services retired pay is reduced as a result of													
award of disability compensation	cfcorfa DOE	-2	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
6. 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
7. Permanent extension of disclosure authority													
to the Department of Veterans Affairs [2]	10/01/08 -					,	No Revei	nue Effec	ct				
8. Contributions of military death gratuities to													
Roth IRAs or educational savings accounts	[3]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1	-4

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9. 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]	
10. Employer wage credit for activated military reservists (20% of differential pay up to	tyba 12/31/07	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	_
\$20,000; employers with less than 50 employees)	apa DOE & before 1/1/10		-1	-2	-1	-1	-1	[1]	[1]	[1]	[1]	-6	_
11. Exclusion of certain State payments to military													
personnel	pmbo/a DOE -					Neg	ligible R	evenue E	ffect				
residence by certain employees of the	/ 505	513	543	F4.3	543	517	513	513	543	517	543		
intelligence community	soproo/a DOE	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	[1]	-1	-
individuals called to active duty	dma DOE -					Neg	ligible R	evenue E	Effect				
14. Option to exclude military basic housing allowance for purposes of determining income									33				
eligibility under low-income housing credits and	ida DOE												
bond-financed residential rental projects	& before 1/1/15	-3	-8	-13	-17	-19	-19	-19	-19	-19	-19	-60	-15
Total of Benefits for Military	•••••	-8	-52	-75	-102	-127	-153	-179	-206	-232	-260	-364	-1,40
Provisions that Raise Revenue													
1. Increase in penalty for failure to file			4.0	4.0	4.0	• •				••		0.5	
partnership returns to \$100 per partner [4]	[5]	9	18	19	19	20	21	21	22	23	24	85	19
corporation returns to \$100 per shareholder [4] 3. Increase in penalty for failure to file	[5]	5	13	14	14	15	15	16	17	17	18	62	14
from \$100 to \$225	rrtbfa 12/31/07	8	30	31	31	32	32	32	33	33	34	132	29
4. Impose mark-to-market and 10-year income	[6]	21		62	67	7.1	7.4	77	70	70	70	200	
inclusion rule on individuals who expatriate5. Require employer health plans to offer special enrollment option to reservists who lose Tricare	[6]	31	66	63	67	71	74	77	78	78	79	298	68
coverage [2]	90da DOE	5	10	10	10	15	15	15	15	15	15	50	12
5		58	137	137	141	153	157	161	165	166	170	627	1,4

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
IV. Parity in the Application of Certain Limits to Mental Health Benefits (sunset 12/31/08) [2]	1/1/08	-5	-15	-5								-25	-25
NET TOTAL		45	70	57	39	26	4	-18	-41	-66	-90	238	18

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 cfcorfa = claims for credit or refund filed after dma = distributions made after dodoo/a = deaths or disabilities occurring on or after DOE = date of enactment ida = income determinations after pmbo/a = payments made before, on or after rpa = remuneration paid after rrtbfa = returns required to be filed after soproo/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 provided by the Congressional Budget Office.
- [3] 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.
- [4] 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.
- [5] The provision is assumed effective as if included in the amendments made by H.R. 3648.
- [6] 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.