JOINT COMMITTEE ON TAXATION
January 14, 2008
JCX-3-08

ESTIMATED BUDGET EFFECTS OF TITLE XII. OF H.R. 2419,
THE "HEARTLAND, HABITAT, HARVEST AND HORTICULTURE ACT OF 2007,"
AS PASSED BY THE SENATE

Fiscal Years 2008 - 2017

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
XII. Trade and Tax Provisions													
A. Supplemental Agricultural Disaster Assistance from the Agricultural Disaster Relief Trust Fund (the authority provided by the provision expires at the same time as the 2007 Farm Bill) [1] [2] [3] ……	**DOE**	**-693**	**-998**	**-1,074**	**-1,137**	**-1,198**	**---**	**---**	**---**	**---**	**---**	**-5,100**	**-5,100**
B. Conservation Provisions													
1. Provide tax credit for eligible farmland enrolled in Conservation Reserve Program [4] [5] [6] [7].....	tyba DOE	---	-935	-937	-949	-950	---	---	---	---	---	-3,771	-3,771
2. Exclusion of Conservation Reserve Program Payments from SECA tax for individuals receiving Social Security retirement or disability benefits [7].....	pma 12/31/07	[8]	-21	-22	-22	-22	-23	-24	-24	-24	-24	-87	-206
3. Make permanent the special rule for contributions of qualified conservation contributions.....	cmi tyba 12/31/07	-36	-46	-57	-69	-83	-86	-90	-94	-98	-102	-291	-761
4. Provide a tax credit for recovery and restoration of endangered species.....	tyba 12/31/07	-13	-79	-122	-201	-250	-262	-202	-135	-67	-33	-665	-1,364
5. Deduction for endangered species recovery expenditures.....	epoia DOE	-14	-21	-24	-29	-35	-40	-47	-54	-63	-73	-122	-399

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
6. Provide an exclusion for certain payments and programs relating to fish, wildlife, forest protection and pest management	pra DOE	-4	-7	-7	-7	-7	-7	-7	-7	-7	-7	-32	-69
7. Provide an option to elect tax credits in lieu of payments under conservation programs:													
a. Wetlands Reserve Program	[9]	*Negligible Revenue Effect*											
b. Working Grasslands Program	[9]	-15	-15	-15	-15	-15	---	---	---	---	---	-75	-75
8. Exempt facility bonds for forest conservation activities	[10]	-3	-10	-19	-27	-32	-33	-33	-33	-33	-33	-92	-257
9. Deduction for qualified timber gain and timber REIT provisions (sunset one year after the date of enactment)	tyba DOE	-84	-140	-64	-60	-57	-22	-2	-2	-2	-2	-405	-435
Total of Conservation Provisions		**-169**	**-1,274**	**-1,267**	**-1,379**	**-1,451**	**-473**	**-405**	**-349**	**-294**	**-274**	**-5,540**	**-7,337**
C. Energy Provisions													
1. Credit for wind property - provide 30% credit, capped at $4,000, for residential and commercial applications of small wind (sunset 12/31/08)	ea 12/31/07	-2	-3	[8]	[8]	[8]	[11]	[11]	---	---	---	-5	-5
2. Landowner incentive to encourage electric transmission build-out of section 45 facilities (exclusion applies only to payments received related to transmission lines and equipment used to transmit electricity at 230 or more kilovolts)	pra DOE	-6	-8	-8	-9	-9	-9	-10	-10	-11	-11	-39	-91
3. Modify treatment of certain USDA energy grants/loans used for renewable power facilities	fpisa DOE	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-6	-14
4. Expansion of special depreciation allowance for cellulosic biofuel plant property	[12]	---	-1	-1	-1	-2	---	1	1	1	1	-4	-1
5. Credit for production of cellulosic biofuel (maximum credit to $1.25 per gallon) (sunset 3/31/15)	fpa 12/31/07	[8]	-2	-23	-91	-159	-241	-338	-208	-6	[11]	-275	-1,070
6. Extend for two years the small ethanol producer credit (sunset 12/31/12)	DOE	---	---	---	-15	-43	-41	-28	-30	-15	---	-57	-172

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
7. 10 cent small producer credit for fossil-free producers of alcohol (sunset 12/31/11)	apa 12/31/07	-9	-25	-51	-94	-32	---	---	---	---	---	-211	-211
8. Modification of the incentives relating to alcohol fuels (VEETC).....	DOE	---	294	438	121	---	---	---	---	---	---	854	854
9. Calculation of volume of alcohol for fuel credits (denaturants limited to 2%).....	fsoua 12/31/07	35	55	61	19	-1	-3	-7	-5	[8]	---	171	156
10. Extension of temporary duty on ethyl alcohol through 12/31/10 [1] [13].....	DOE	---	9	13	3	---	---	---	---	---	---	25	25
11. Limitations on, and reductions of, duty drawback on certain imported ethanol [1].....	[14]	6	1	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	8	10
12. Extend for two years the $1.00 and 50 cent production credits for biodiesel (sunset 12/31/10) and extend for four years the 10 cent credit for small agri-biodiesel producers (sunset 12/31/12), add camelina to the nonexclusive list of sources for agri-biodiesel.....	DOE	---	-84	-128	-42	-10	-3	---	---	---	---	-264	-267
13. Extension and modification of renewable diesel incentives and qualify biomass jet fuel as renewable diesel (sunset 12/31/10).....	DOE & fsoua DOE	25	-59	-147	-50	---	---	---	---	---	---	-232	-232
14. Treatment of qualified fuel mixtures as taxable fuel with additional reporting requirements.....	freosa 12/31/07	4	1	1	1	1	-6	---	---	---	---	8	2
15. Extension and modification of alternative fuels excise tax credits, credit allowed for aviation use of fuel, alternative fuel to include compressed or liquefied biomass gas, and additional carbon dioxide sequestration requirements for coal-to-liquids (sunset 12/31/10 for non-hydrogen fuels)	DOE & fsoua DOE	[8]	[8]	-267	-65	---	---	---	---	---	---	-332	-332
16. Extension of credit for installation of alternative fuel refueling property (sunset 2010 for non-hydrogen refueling property).....	DOE	---	---	-49	-42	-15	-11	-7	[8]	2	2	-107	-119
Total of Energy Provisions ……		**52**	**177**	**-162**	**-266**	**-271**	**-315**	**-390**	**-253**	**-30**	**-9**	**-466**	**-1,467**

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
D. Agricultural Provisions													
1. Qualified small issue bonds for farming - increase loan limit from $250,000 to $450,000 and index; and eliminate the dollar limitation in definition of substantial farmland	bia DOE	[8]	[8]	-1	-1	-2	-2	-3	-3	-4	-4	-4	-19
2. Modification of installment sale rules for certain farm property	sa DOE	-8	-31	-30	-29	-28	-27	-25	-24	-23	-22	-125	-246
3. Allowance of section 1031 treatment for exchanges involving certain mutual ditch, reservoir, or irrigation company stock	eca DOE	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	-1	-2
4. Rural renaissance tax credit bonds	bia DOE & bio/b 12/31/08	-6	-18	-23	-22	-20	-19	-17	-16	-14	-13	-89	-168
5. Agricultural business security tax credit	DOE	-2	-3	-3	-3	-3	-1	[11]	[11]	[11]	[11]	-14	-14
6. Credit for drug safety and effectiveness testing for minor species	eia DOE	-1	-5	-9	-12	-13	-15	-15	-16	-16	-17	-41	-121
7. Reduce the recovery period for certain farming business machinery or equipment from seven to five years (sunset 12/31/09)	ppisa DOE	-160	-327	-383	-320	-287	-62	415	652	390	82	-1,477	[15]
8. Expensing of broadband internet access expenditures (sunset 12/31/10)	eia DOE	-117	-175	-234	28	98	76	67	62	64	58	-399	-72
9. Provide a tax credit for purchase of qualified energy efficient motors that meet or exceed energy standards (sunset 36 months after date of enactment)	eempisa DOE	-17	-33	-44	-27	-11	-6	-1	4	4	2	-132	-129
Total of Agricultural Provisions		**-311**	**-592**	**-727**	**-386**	**-266**	**-56**	**421**	**659**	**401**	**86**	**-2,282**	**-771**
E. Revenue Provisions													
1. Limitation on farming losses of certain taxpayers	tyba 12/31/07	40	64	60	59	56	51	44	35	27	19	279	456
2. Increase and index dollar threshold for farm optional method and nonfarm optional method for computing net earnings from self-employment [7]	tyba 12/31/07	5	10	10	11	11	11	12	13	13	14	46	110

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
3. Information reporting for Commodity Credit Corporation transactions	lro/a 1/1/07	*No Revenue Effect*											
4. Modification of section 1031 treatment for certain real estate	eca DOE	22	29	24	22	22	25	31	34	35	37	119	281
5. Modify the effective date for the application of the AJCA 2004 leasing (SILO) provision - apply loss limitation to leases with foreign entities regardless of when the lease was entered into	tyba 12/31/06	2,680	896	407	290	288	260	135	-239	-629	-854	4,561	3,235
6. Increase by 7.00 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	---	---	---	---	4,200	-4,200	---	---	---	---	4,200	---
7. Denial of deduction for certain fines, penalties, and other amounts	generally apoio/a DOE	62	31	15	15	15	15	15	15	15	15	137	210
8. Increase information return penalties	irrtbfo/a 1/1/08	---	---	35	85	83	82	81	81	79	78	202	603
9. Change the depreciation classification for race horses from seven-year property to three-year property and reduce the required holding period for horses from 24 months to 12 months for purposes of the definition of property used in a trade or business	tyba 12/31/07	-22	-61	-77	-78	-72	-57	-41	-29	-26	-27	-309	-489
10. Modification of penalty for failure to file partnership returns:													
a. Penalty to $100 per partner [16]	rrtbfa DOE	9	18	19	19	20	21	21	22	23	24	84	196
b. Limitation on disclosure of partnership, S corporation, and trust returns [17]	DOE	*No Revenue Effect*											
11. Permit governmental 457(b) plans to adopt accounts that accept elective deferrals that receive Roth treatment	tyba 12/31/07	3	16	37	68	121	151	158	160	161	161	245	1,035
12. Clarification of economic substance doctrine and related penalties	teia DOE	397	645	755	870	1,017	1,189	1,231	1,260	1,300	1,348	3,684	10,012

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
13. Denial of deduction for interest paid on certain tax motivated transactions	teia DOE	---	---	1	3	4	5	6	7	8	9	8	43
Total of Revenue Provisions		**3,196**	**1,648**	**1,286**	**1,364**	**5,765**	**-2,447**	**1,693**	**1,359**	**1,006**	**824**	**13,256**	**15,692**
F. Protection of Social Security	---	*Estimate to be Provided by the Congressional Budget Office*											
G. Kansas Disaster Tax Relief Assistance													
1. Suspension of certain limitations on personal casualty losses	laa 5/4/07	-8	---	---	---	---	---	---	---	---	---	-8	-8
2. Extension of replacement period for nonrecognition of gain	grooa 5/4/07	-1	-1	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	-2	-2
3. Employee retention credit for employers affected by May 4 storms and tornados	wpoia 5/4/07 & before 1/1/08	-8	-2	-1	[8]	---	---	---	---	---	---	-11	-11
4. Special allowance for certain property acquired on or after May 5, 2007 (sunset equipment 12/31/08 and sunset structures 12/31/09)	ppisa 5/5/07	-35	-17	-2	3	3	3	2	2	2	2	-48	-37
5. Increase in expensing under section 179	DOE	[8]	[8]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[11]	[8]	[8]
6. Expensing for certain demolition and clean-up costs (sunset 12/31/09)	apoia 5/4/07	[8]	[8]	---	---	---	---	---	---	---	---	[8]	[8]
7. Treatment of public utility property disaster losses	DOE	[8]	---	---	---	---	---	---	---	---	---	[8]	[8]
8. Treatment of net operating losses attributable to storm losses	DOE	-5	-2	---	1	1	1	1	---	---	---	-5	-2
9. Treatment of representations regarding income eligibility for purposes of qualified rental project requirements	DOE	*Negligible Revenue Effect*											
10. Special rules for use of retirement funds (generally sunsets 12/31/08)	DOE	-5	-1	1	1	[8]	[8]	[8]	[8]	[8]	[8]	-5	-5
Total of Kansas Disaster Tax Relief Assistance Provisions		**-62**	**-23**	**-2**	**5**	**4**	**4**	**3**	**2**	**2**	**2**	**-79**	**-65**
H. Other Provisions													
1. Tax treatment of certain income received in connection with the Exxon Valdez litigation (income averaging with maximum retirement plan contribution of $100,000)	DOE	---	-133	-31	-7	-7	-7	-7	-8	-8	-8	-178	-215

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
2. Two-year extension of special rule relating to charitable contributions of food inventory, and expansion of rule to allow certain taxpayers a deemed basis of 25% of contributed food	cma 12/31/07 & before 1/1/10	-50	-95	-52	---	---	---	---	---	---	---	-197	-197
3. Mileage reimbursements to charitable volunteers excluded from gross income up to business mileage rate	tyba DOE	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	[8]	-2	-4
4. Technical correction to treatment of stock basis in S corporations making charitable contributions of property [18]	[19]	*No Revenue Effect*											
5. Application of rehabilitation credit and depreciation schedules to certain low-income housing for the elderly	---	[8]	-1	[8]	---	---	---	---	---	---	---	-2	-2
6. Competitive clarification awards modification authority	DOE	*No Revenue Effect*											
7. Qualified forestry conservation bonds ($500 million allocation) [20]	bia DOE	-1	-5	-12	-18	-20	-21	-21	-21	-21	-21	-56	-161
Total of Other Provisions		**-51**	**-234**	**-95**	**-25**	**-27**	**-28**	**-28**	**-29**	**-29**	**-29**	**-435**	**-579**
NET TOTAL		**1,962**	**-1,296**	**-2,041**	**-1,824**	**2,556**	**-3,315**	**1,294**	**1,389**	**1,056**	**600**	**-646**	**373**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. These estimates, prepared at the time of Senate consideration of the legislation, assumed a date of enactment of December 20, 2007. These estimates will be revised in the future to reflect the new Congressional Budget Office baseline of economic activity for fiscal years 2008 through 2018 and a new prospective date of enactment.

[Legend and Footnotes for JCX-3-08 appear on the following page]

Legend and Footnotes for JCX-3-08:

Legend for "Effective" column:

apa = alcohol produced after
apoia = amounts paid or incurred after
apoio/a = amounts paid or incurred on or after
bia = bonds issued after
bio/b = bonds issued on or before
cma = contributions made after
cmi = contributions made in
DOE = date of enactment
ea = expenditures after
eca = exchanges completed after
eempisa = energy efficient motors placed in service after
eia = expenses incurred after
Eia = expenditures incurred after
epoia = expenditures paid or incurred after
fpa = fuel produced after
fpisa = facilities placed in service after
freosa= fuels removed, entered, or sold after
fsoua = fuel sold or used after
grooa = gains realized on or after
irrtbfo/a = information returns required to be
laa = losses arising after
lro/a = loans repaid on or after
pma = payments made after
ppisa = property placed in service after
pra = payments received after
rrtbfa = returns required to be filed after
sa = sales after
spa = services performed after
teia = transactions entered into after
tyba = taxable years beginning after
wpoia = wages paid or incurred after

[1] Estimate provided by the Congressional Budget Office and is preliminary and subject to change.

[2] Reduction in funds available to the general fund of the U.S. Government. The proposal will also result in an increase in outlays of the following amounts……

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
	867	987	1,030	1,042	1,054	81	---	---	---	---	4,980	5,061

[3] Estimate provided by the Congressional Budget Office and includes clarification of the definition of farm-raised fish to include the propagation and rearing of aquatic species in controlled or selected environments and the expansion of the definition of livestock to include horses. The Congressional Budget Office also estimates that the provision will have a negligible effect on outlays.

[4] Tax credits would be excludable from income for income and SECA tax purposes.

[5] The proposal will also result in a decrease in outlays of the following amounts. ……

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
	---	750	750	750	750	---	---	---	---	---	3,000	3,000

[6] Estimate includes a reduction in SECA taxes of $425 million over the fiscal years 2008 through 2012.

[7] Revenue estimate does not include any resulting effects on Social Security and Medicare outlays. These will be estimated by the Congressional Budget Office.

[8] Loss of less than $500,000.

[9] Effective for easements granted after September 30, 2007, in taxable years ending after such date.

[10] Effective for obligations issued on or after the date which is 180 days after the enactment of this Act.

[11] Gain of less than $500,000.

[12] Effective for property placed in service after the date of enactment in taxable years ending after the date of enactment.

[13] The estimate contains interaction with the provision to eliminate certain refunds of duty imposed on ethanol.

[14] Effective for articles exported on or after the date that is 15 days after the date of enactment.

Footnotes for JCX-3-08 (continued):

[15] Negligible revenue effect.

[16] Section 8 of Public Law 110-142, the "Mortgage Forgiveness and Debt Relief Act of 2007", increased the penalty for failure to file partnership returns to $85 per partner. Section 2 of Public Law 110-141 increased the penalty for failure to file partnership returns by $1 per partner for returns required to be filed for a taxable years beginning in 2008. The estimate represents the revenue effect of increasing the penalty from the amounts provided in Public Law 110-141 and Public Law 110-142 to $100.

[17] This provision was enacted by section 8(c) of Public Law 110-142, the "Mortgage Forgiveness and Debt Relief Act of 2007".

[18] This provision was enacted by section 3(b) of Public Law 110-172, the "Tax Technical Corrections Act of 2007".

[19] Effective as if the provision were included in the provision of the "Pension Protection Act of 2006" to which it relates.

[20] Credit rate set at 70 percent of the credit rate that would allow bonds to be issued without discount or premium.