November 5, 2007

Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office and the Joint Committee on Taxation (JCT) have reviewed H.R. 3997, the Heroes Earnings Assistance and Relief Act of 2007, as ordered reported by the Committee on Ways and Means on November 1, 2007. The bill would provide tax relief to members of the military and volunteer firefighters, adjust the rules regarding the Supplemental Security Income (SSI) program, permanently extend the tax disclosure authority for the Department of Veterans Affairs, and adjust certain penalties that apply to tax reporting.

JCT estimates that enacting the legislation would increase revenues by $278 million over the 2008-2012 period and by $35 million over the 2008-2017 period. CBO and JCT estimate that, under the bill, direct spending would increase by $13 million over the 2008-2012 period and decrease by $58 million over the 2008-2017 period.

JCT has reviewed the tax provisions of the bill and determined that they contain no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO has reviewed the nontax provisions of the bill (title II) and determined that they contain no intergovernmental or private-sector mandates as defined in UMRA, but that those provisions would result in some spending increases by states for SSI supplemental payments and for Medicaid.

The estimated budgetary effects are summarized in the following table.
### By Fiscal Year, in Millions of Dollars

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<td><strong>CHANGES IN REVENUES</strong></td>
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<tr>
<td>Estimated Revenues</td>
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<td>75</td>
<td>63</td>
<td>59</td>
<td>32</td>
<td>7</td>
<td>-21</td>
<td>-47</td>
<td>-73</td>
<td>-102</td>
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<td><strong>CHANGES IN DIRECT SPENDING</strong></td>
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Sources: Congressional Budget Office and Joint Committee on Taxation.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts for this estimate are Zachary Epstein (for revenues), and David Rafferty (for Supplemental Security Income).

Sincerely,

Peter R. Orszag  
Director

cc: Honorable Jim McCrery  
Ranking Republican