110TH CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT 110–

MORTGAGE FORGIVENESS DEBT RELIEF ACT OF 2007

SEPTEMBER , 2007.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. RANGEL, from the Committee on Ways and Means, submitted the following

R E P O R T

together with

_____ VIEWS

[To accompany H.R. 3648]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3648) to amend the Internal Revenue Code of 1986 to exclude discharges of indebtedness on principal residences from gross income, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Mortgage Forgiveness Debt Relief Act of 2007".

SEC. 2. DISCHARGES OF INDEBTEDNESS ON PRINCIPAL RESIDENCE EXCLUDED FROM GROSS INCOME.

(a) IN GENERAL.—Paragraph (1) of section 108(a) of the Internal Revenue Code of 1986 is amended by striking "or" at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting ", or", and by inserting after subparagraph (D) the following new subparagraph:

"(E) the indebtedness discharged is qualified principal residence indebtedness.".

(b) SPECIAL RULES RELATING TO QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.—Section 108 of such Code is amended by adding at the end the following new subsection:

"(h) SPECIAL RULES RELATING TO QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.—

"(1) BASIS REDUCTION.—The amount excluded from gross income by reason of subsection (a)(1)(E) shall be applied to reduce (but not below zero) the basis of the principal residence of the taxpayer.

"(2) QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.—For purposes of this section, the term 'qualified principal residence indebtedness' means acquisition indebtedness (within the meaning of section 163(h)(3)(B), without regard to clause (ii) thereof) with respect to the principal residence of the taxpayer.

"(3) EXCEPTION FOR DISCHARGES ON ACCOUNT OF SERVICES PERFORMED FOR THE LENDER.—Subsection (a)(1)(E) shall not apply to the discharge of a loan if the discharge is on account of services performed for the lender.

"(4) ORDERING RULE.—If any loan is discharged, in whole or in part, and only a portion of such loan is qualified principal residence indebtedness, subsection (a)(1)(E) shall apply only to so much of the amount discharged as exceeds the amount of the loan (as determined immediately before such discharge) which is not qualified principal residence indebtedness.

"(5) PRINCIPAL RESIDENCE.—For purposes of this subsection, the term 'principal residence' has the same meaning as when used in section 121.".

(c) COORDINATION.—

(1) Subparagraph (A) of section 108(a)(2) of such Code is amended by striking "and (D)" and inserting "(D), and (E)".

(2) Paragraph (2) of section 108(a) of such Code is amended by adding at the end the following new subparagraph:

"(C) PRINCIPAL RESIDENCE EXCLUSION TAKES PRECEDENCE OVER INSOLVENCY EXCLUSION UNLESS ELECTED OTHERWISE.—Paragraph (1)(B) shall not apply to a discharge to which paragraph (1)(E) applies unless the taxpayer elects to apply paragraph (1)(B) in lieu of paragraph (1)(E).".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges of indebtedness on or after January 1, 2007.

SEC. 3. LONG-TERM EXTENSION OF DEDUCTION FOR MORTGAGE INSURANCE PREMIUMS.

(a) IN GENERAL.—Subparagraph (E) of section 163(h)(3) of the Internal Revenue Code of 1986 (relating to mortgage insurance premiums treated as interest) is amended by striking clauses (iii) and (iv) and inserting the following new clause:

"(iii) APPLICATION.—Clause (i) shall not apply with respect to any mortgage insurance contract issued before January 1, 2007, or after December 31, 2014.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contracts issued after December 31, 2006.

SEC. 4. ALTERNATIVE TESTS FOR QUALIFYING AS COOPERATIVE HOUSING CORPORATION.

(a) IN GENERAL.—Subparagraph (D) of section 216(b)(1) of the Internal Revenue Code of 1986 (defining cooperative housing corporation) is amended to read as follows:

"(D) meeting 1 or more of the following requirements for the taxable year in which the taxes and interest described in subsection (a) are paid or incurred:

"(i) 80 percent or more of the corporation's gross income for such taxable year is derived from tenant-stockholders.

"(ii) At all times during such taxable year, 80 percent or more of the total square footage of the corporation's property is used or available for use by the tenant-stockholders for residential purposes or purposes ancillary to such residential use.

"(iii) 90 percent or more of the expenditures of the corporation paid or incurred during such taxable year are paid or incurred for the acquisition, construction, management, maintenance, or care of the corporation's property for the benefit of the tenant-stockholders.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 5. GAIN FROM SALE OF PRINCIPAL RESIDENCE ALLOCATED TO NONQUALIFIED USE NOT EXCLUDED FROM INCOME.

(a) IN GENERAL.—Subsection (b) of section 121 of the Internal Revenue Code of 1986 (relating to limitations) is amended by adding at the end the following new paragraph:

"(4) EXCLUSION OF GAIN ALLOCATED TO NONQUALIFIED USE.—

"(A) IN GENERAL.—Subsection (a) shall not apply to so much of the gain from the sale or exchange of property as is allocated to periods of nonqualified use.

"(B) GAIN ALLOCATED TO PERIODS OF NONQUALIFIED USE.—For purposes of subparagraph (A), gain shall be allocated to periods of nonqualified use based on the ratio which—

"(i) the aggregate periods of nonqualified use during the period such property was owned by the taxpayer, bears to

"(ii) the period such property was owned by the taxpayer.

"(C) PERIOD OF NONQUALIFIED USE.—For purposes of this paragraph—

"(i) IN GENERAL.—The term 'period of nonqualified use' means any period (other than the portion of any period preceding January 1, 2008) during which the property is not used as the principal residence of the taxpayer or the taxpayer's spouse or former spouse.

"(ii) EXCEPTIONS.—The term 'period of nonqualified use' does not include—

"(I) any portion of the 5-year period described in subsection (a) which is after the last date that such property is used as the principal residence of the taxpayer or the taxpayer's spouse,

"(II) any period (not to exceed an aggregate period of 10 years) during which the taxpayer or the taxpayer's spouse is serving on qualified official extended duty (as defined in subsection (d)(9)(C)) described in clause (i), (ii), or (iii) of subsection (d)(9)(A), and

"(III) any other period of temporary absence (not to exceed an aggregate period of 2 years) due to change of employment, health conditions, or such other unforeseen circumstances as may be specified by the Secretary.

"(D) COORDINATION WITH RECOGNITION OF GAIN ATTRIBUTABLE TO DEPRECIATION.—For purposes of this paragraph—

"(i) subparagraph (A) shall be applied after the application of subsection (d)(6), and

"(ii) subparagraph (B) shall be applied without regard to any gain to which subsection (d)(6) applies.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales and exchanges after December 31, 2007.

SEC. 6. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

Subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking the percentage contained therein and inserting "116.75 percent".

I. SUMMARY AND BACKGROUND

A. Purpose and Summary

Purpose

The bill, H.R. 3648, as amended, includes provisions for housing-related tax relief.

Summary

Effective for discharges of indebtedness on or after January 1, 2007, the bill provides an exclusion from the gross income of a taxpayer for any discharge of indebtedness income from principal residence indebtedness. The bill extends the present-law deduction for private mortgage insurance to amounts paid or accrued after December 31, 2007, with respect to contracts entered into after December 31, 2006, and prior to January 1, 2015. Effective for taxable years ending after the date of enactment, the bill provides alternative qualification tests for cooperative housing corporations. Effective for sales or exchanges after December 31, 2007, the bill denies the present-law exclusion of gain on the sale of a principal residence related to certain periods of use other than as a taxpayer's principal residence. Finally, the bill modifies the taxable year 2012 estimated tax payments requirements for corporations with assets of at least $1 billion.

B. Background and Need for Legislation

The recent unrest in the housing market has prompted concern over the tax consequences associated with discharges of indebtedness in connection with restructuring acquisition indebtedness and home foreclosures. The bill addresses this concern and improves upon housing-related tax provisions.

C. Legislative History

Background

H.R. 3648 was introduced in the House of Representatives on September 25, 2007, and was referred to the Committee on Ways and Means.

Committee action

The Committee on Ways and Means marked up the bill on September 26, 2007, and ordered the bill, as amended, favorably reported.

II. EXPLANATION OF THE BILL

A. Exclude Discharges of Acquisition Indebtedness on Principal Residences from Gross Income (sec. 2 of the bill and sec. 108 of the Code)

Present Law

Gross income includes income that is realized by a debtor from the discharge of indebtedness, subject to certain exceptions for debtors in Title 11 bankruptcy cases, insolvent debtors, certain student loans, certain farm indebtedness, and certain real property business indebtedness (secs. 61(a)(12) and 108).[1] In cases involving discharges of indebtedness that are excluded from gross income under the exceptions to the general rule, taxpayers generally reduce certain tax attributes, including basis in property, by the amount of the discharge of indebtedness.

The amount of discharge of indebtedness excluded from income by an insolvent debtor not in a Title 11 bankruptcy case cannot exceed the amount by which the debtor is insolvent. In the case of a discharge in bankruptcy or where the debtor is insolvent, any reduction in basis may not exceed the excess of the aggregate bases of properties held by the taxpayer immediately after the discharge over the aggregate of the liabilities immediately after the discharge (sec. 1017).

For all taxpayers, the amount of discharge of indebtedness generally is equal to the difference between the adjusted issue price of the debt being cancelled and the amount used to satisfy the debt. These rules generally apply to the exchange of an old obligation for a new obligation, including a modification of indebtedness that is treated as an exchange (a debt-for-debt exchange).

For example, assume a taxpayer who is not in bankruptcy and is not insolvent owns a principal residence subject to a $200,000 mortgage debt. If the creditor forecloses and the home is sold for $180,000 in satisfaction of the debt, the debtor has $20,000 income from the discharge of indebtedness which is includible in gross income. Likewise, if the creditor restructures the loan and reduces the principal amount to $180,000, the debtor has $20,000 includible in gross income.

Reasons for Change

The Committee believes that where taxpayers restructure their acquisition debt on a principal residence or lose their principal residence in a foreclosure, that it is inappropriate to treat discharges of acquisition indebtedness as income.

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[1] A debt cancellation which constitutes a gift or bequest is not treated as income to the donee debtor (sec. 102).

Explanation of Provision

The bill excludes from the gross income of a taxpayer any discharge of indebtedness income by reason of a discharge (in whole or in part) of qualified principal residence indebtedness. Qualified principal residence indebtedness means acquisition indebtedness (within the meaning of section 163(h)(3)(B) without regard to any dollar limitation) with respect to the taxpayer's principal residence. Acquisition indebtedness with respect to a principal residence generally means indebtedness which is incurred in the acquisition, construction, or substantial improvement of the principal residence of the individual and is secured by the residence. It also includes refinancing of such indebtedness to the extent the amount of the refinancing does not exceed the amount of the refinanced indebtedness. For these purposes the term "principal residence" has the same meaning as under section 121 of the Code.

If, immediately before the discharge, only a portion of a discharged indebtedness is qualified principal residence indebtedness, the exclusion applies only to so much of the amount discharged as exceeds the portion of the debt which is not qualified principal residence indebtedness. Thus, assume that a principal residence is secured by an indebtedness of $1 million, of which $800,000 is qualified principal residence indebtedness. If the residence is sold for $700,000 and $300,000 debt is discharged, then only $100,000 of the amount discharged may be excluded from gross income under this provision.

The basis of the individual's principal residence is reduced by the amount excluded from income under the bill.

Under the bill, the exclusion does not apply to a taxpayer in a Title 11 case; instead the present-law exclusion applies. In the case of an insolvent taxpayer not in a Title 11 case, the exclusion under the bill applies unless the taxpayer elects to have the present-law exclusion apply instead.

Under the bill, the exclusion does not apply to the discharge of a loan if the discharge is on account of services performed for the lender.

Effective Date

The provision is effective for discharges of indebtedness on or after January 1, 2007.

B. Extend the Deduction for Private Mortgage Insurance (sec. 3 of the bill and sec. 163 of the Code)

Present Law

In general

Present law provides that qualified residence interest is deductible notwithstanding the general rule that personal interest is nondeductible (sec. 163(h)).

Acquisition indebtedness and home equity indebtedness

Qualified residence interest is interest on acquisition indebtedness and home equity indebtedness with respect to a principal and a second residence of the taxpayer. The maximum amount of home equity indebtedness is $100,000. The maximum amount of acquisition indebtedness is $1 million. Acquisition indebtedness means debt that is incurred in acquiring constructing, or substantially improving a qualified residence of the taxpayer, and that is secured by the residence. Home equity indebtedness is debt (other than acquisition indebtedness) that is secured by the taxpayer's principal or second residence, to the extent the aggregate amount of such debt does not exceed the difference between the total acquisition indebtedness with respect to the residence, and the fair market value of the residence.

Private mortgage insurance

Certain premiums paid or accrued for qualified mortgage insurance by a taxpayer during the taxable year in connection with acquisition indebtedness on a qualified residence of the taxpayer are treated as interest that is qualified residence interest and thus deductible. The amount allowable as a deduction is phased out ratably by 10 percent for each $1,000 by which the taxpayer's adjusted gross income exceeds $100,000 ($500 and $50,000, respectively, in the case of a married individual filing a separate return). Thus, the deduction is not allowed if the taxpayer's adjusted gross income exceeds $110,000 ($55,000 in the case of married individual filing a separate return).

For this purpose, qualified mortgage insurance means mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and private mortgage insurance (defined in section 2 of the Homeowners Protection Act of 1998 as in effect on the date of enactment of the provision).

Amounts paid for qualified mortgage insurance that are properly allocable to periods after the close of the taxable year are treated as paid in the period to which they are allocated. No deduction is allowed for the unamortized balance if the mortgage is paid before its term (except in the case of qualified mortgage insurance provided by the Department of Veterans Affairs or Rural Housing Administration).

The provision does not apply with respect to any mortgage insurance contract issued before January 1, 2007. The provision terminates for any amount paid or accrued after December 31, 2007, or properly allocable to any period after that date.

Reporting rules apply under the provision.

Reasons for Change

The Committee believes it is appropriate to extend the present-law temporary provision. The Committee understands that the purpose of the provisions permitting deduction of home mortgage interest is to encourage home ownership while limiting significant disincentives to saving. The Committee believes that it would be consistent with the purpose of the provisions permitting deduction of home mortgage interest to permit the deduction of mortgage insurance premiums. While these premiums are not in the nature of interest, the Committee notes that purchase of such insurance is often demanded by lenders in order for home buyers to obtain financing (depending on the size of the buyer's down payment). The Committee believes that permitting deductibility of premiums for this type of insurance connected with home purchases will foster home ownership. In the case of higher income taxpayers who may not purchase mortgage insurance, however, the Committee believes the incentive of deductibility becomes unnecessary, and a phase-out is appropriate. It is not intended that prepayments be currently deductible, but rather, that they be deductible only in the period to which they relate. Reporting of payments is generally necessary to administer the provision.

Explanation of Provision

The provision extends the deduction for private mortgage insurance to amounts paid or accrued after December 31, 2007, but only with respect to contracts entered into after December 31, 2006, and prior to January 1, 2015.

Effective Date

The provision applies to contracts entered into after December 31, 2006, and before January 1, 2015, with respect to amounts paid or accrued after December 31, 2007.

C. Alternative Tests for Qualifying as Cooperative Housing Corporation (sec. 4 of the bill and sec. 216 of the Code)

Present Law

A tenant-stockholder in a cooperative housing corporation is entitled to deduct amounts paid or accrued to the cooperative to the extent those amounts represent the tenant-stockholder's proportionate share of (1) real estate taxes allowable as a deduction to the cooperative which are paid or incurred by the cooperative on the cooperative's land or buildings and (2) interest allowable as a deduction to the cooperative that is paid or incurred by the cooperative on its indebtedness contracted in the acquisition of the cooperative's land or in the acquisition, construction, alteration, rehabilitation, or maintenance of the cooperative's buildings.

A cooperative housing corporation generally is a corporation (1) that has one class of stock, (2) each of the stockholders of which is entitled, solely by reason of ownership of stock in the corporation, to occupy a dwelling owned or leased by the cooperative, (3) no stockholder of which is entitled to receive any distribution not out of earnings and profits of the cooperative, except on complete or partial liquidation of the cooperative, and (4) 80 percent or more of the gross income of which for the taxable year in which the taxes and interest are paid or incurred is derived from tenant-stockholders.

Reasons for Change

Under present law, tenant-stockholders of a cooperative housing corporation are allowed to deduct their proportionate shares of the cooperative's deductible real estate taxes and mortgage interest only if the cooperative's nonmember income is no more than 20 percent of its total gross income. To satisfy this rule, some cooperative housing corporations have made rentals to commercial tenants at below-market rates. The Committee believes that the tax rules should not create an incentive to charge below-market-rate rents. Accordingly, the Committee's bill provides two non-income-based alternatives to the 80-percent requirement of present law.

Explanation of Provision

The provision amends the fourth requirement listed above to provide that the requirement is satisfied if, for the taxable year in which the taxes and interest are paid or incurred, the corporation meets one of the following three requirements: (1) 80 percent or more of the corporation's gross income for that taxable year is derived from tenant-stockholders (the present law requirement); (2) at all times during that table year 80 percent or more of the total square footage of the corporation's property is used or available for use by the tenant-stockholders for residential purposes or purposes ancillary to such residential use; or (3) 90 percent or more of the expenditures of the corporation paid or incurred during that taxable year are paid or incurred for the acquisition, construction, management, maintenance, or care of the corporation's property for the benefit of tenant-stockholders.

Effective Date

The provision is effective for taxable years ending after the date of enactment.

D. Exclusion of Gain on Sale of a Principal Residence Not to Apply to Nonqualified Use (sec. 5 of the bill and sec. 121 of the Code)

Present Law

In general

Under present law, an individual taxpayer may exclude up to $250,000 ($500,000 if married filing a joint return) of gain realized on the sale or exchange of a principal residence. To be eligible for the exclusion, the taxpayer must have owned and used the residence as a principal residence for at least two of the five years ending on the sale or exchange. A taxpayer who fails to meet these requirements by reason of a change of place of employment, health, or, to the extent provided under regulations, unforeseen circumstances is able to exclude an amount equal to the fraction of the $250,000 ($500,000 if married filing a joint return) that is equal to the fraction of the two years that the ownership and use requirements are met.

Present law also contains an election relating to members of the uniformed services, the Foreign Service, and certain employees of the intelligence community.[2] If the election is made, the five-year period ending on the date of the sale or exchange of a principal residence does not include any period up to 10 years during which the taxpayer or the taxpayer's spouse is on qualified official extended duty. For these purposes, qualified official extended duty is any period of extended duty while serving at a place of duty at least 50 miles away from the taxpayer's principal residence or under orders compelling residence in government furnished quarters. The election may be made with respect to only one property for a suspension period.

The exclusion does not apply to gain to the extent the gain is attributable to depreciation allowable with respect to the rental or business use of a principal residence for periods after May 6, 1997.

Reasons for Change

The present-law exclusion of gain on principal residences has many beneficial effects by encouraging home ownership. The Committee believes that the application of present-law to exclude gain attributable to periods of use prior to a home's use as a principal residence is not consistent with the purpose of the present-law exclusion and inappropriate. The Committee believes that the provision limits the application of the exclusion to use as a principal residence without imposing undue computational and record-keeping burdens on the taxpayer or the Internal Revenue Service.

Explanation of Provision

[2] The provision relating to employees of the intelligence community is effective for sales and exchanges before January 1, 2011.

Under the bill, gain from the sale or exchange of a principal residence allocated to periods of nonqualified use is not excluded from gross income. The amount of gain allocated to periods of nonqualified use is the amount of gain multiplied by a fraction the numerator of which is the aggregate periods of nonqualified use during the period the property was owned by the taxpayer and the denominator of which is the period the taxpayer owned the property.

A period of nonqualified use means any period (not including any period before January 1, 2008) during which the property is not used by the taxpayer or the taxpayer's spouse or former spouse as a principal residence. For purposes of determining periods of nonqualified use, (i) any period after the last date the property is used as the principal residence of the taxpayer or spouse (regardless of use during that period), and (ii) any period (not to exceed two years) that the taxpayer is temporarily absent by reason of a change in place of employment, health, or, to the extent provided in regulations, unforeseen circumstances, are not taken into account. The present-law election for the uniformed services, Foreign Service and employees of the intelligence community is unchanged.

If any gain is attributable to post-May 6, 1997, depreciation, the exclusion does not apply to that amount of gain, as under present law, and that gain is not taken into account in determining the amount of gain allocated to nonqualified use.

These provision may be illustrated by the following examples:

Example 1.–Assume that an individual buys a property on January 1, 2008, for $400,000, and uses it as rental property for two years claiming $20,000 of depreciation deductions. On January 1, 2010, the taxpayer converts the property to his principal residence. On January 1, 2012, the taxpayer moves out, and the taxpayer sells the property for $700,000 on January 1, 2013. As under present law, $20,000 gain attributable to the depreciation deductions is included in income. Of the remaining $300,000 gain, 40% of the gain (2 years divided by 5 years), or $120,000, is allocated to nonqualified use and is not eligible for the exclusion. Since the remaining gain of $180,000 is less than the maximum gain of $250,000 that may be excluded, gain of $180,000 is excluded from gross income.

Example 2.–Assume that an individual buys a principal residence on January 1, 2008, for $400,000, moves out on January 1, 2018, and on December 1, 2020 (more that two years after it was last used as the principal residence) sells the property for $600,000. The entire $200,000 gain is excluded from gross income, as under present law.

Effective Date

The provision is effective for sales and exchanges after December 31, 2007.

E. Modifications to Corporate Estimated Tax Payments (sec. 6 of the bill)

Present Law

In general, corporations are required to make quarterly estimated tax payments of their income tax liability. For a corporation whose taxable year is a calendar year, these estimated tax payments must be made by April 15, June 15, September 15, and December 15.

Under present law, in the case of a corporation with assets of at least $1 billion, the payments due in July, August, and September, 2012, shall be increased to 114.75 percent of the payment otherwise due and the next required payment shall be reduced accordingly.

Reasons for Change

The Committee believes it is appropriate to adjust the corporate estimated tax payments.

Explanation of Provision

The bill increases the percentage from 114.75 percent to 116.75 percent.

Effective Date

The provision is effective on the date of enactment.

III. VOTES OF THE COMMITTEE

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the votes of the Committee on Ways and Means in its consideration of the bill, H.R. 3648, the "Mortgage Forgiveness Debt Relief Act of 2007."

The bill, H.R. 3648, as amended, was ordered favorably reported by voice vote (with a quorum being present). The Committee accepted an amendment in the nature of a substitute by Chairman Rangel.

IV. BUDGET EFFECTS OF THE BILL

A. Committee Estimate of Budgetary Effects

In compliance with clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the revenue provisions of the bill, H.R. 3648 as reported.

The bill is estimated to have the following effects on Federal budget receipts for fiscal years 2007-2017:

[Insert revenue table]

B. Statement Regarding New Budget Authority and Tax Expenditures Budget Authority

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that the bill involves no new or increased budget authority. The Committee further states that the revenue-reducing tax provisions involve increased tax expenditures. (See amounts in table in Part IV.A., above.)

C. Cost Estimate Prepared by the Congressional Budget Office

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following statement by CBO is provided.

[Insert CBO letter]

D. Macroeconomic Impact Analysis

In compliance with clause 3(h)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made by the Joint Committee on Taxation with respect to the provisions of the bill amending the Internal Revenue Code of 1986: the effects of the bill on economic activity are so small as to be incalculable within the context of a model of the aggregate economy.

E. PAY-GO Rule

In compliance with clause 10 of the rule XXI of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of the revenue provisions of the bill, H.R. 3648, as reported: the provisions of the bill affecting revenues have the net effect of not increasing the deficit or reducing the surplus for either: (1) the period comprising the current fiscal year and the five fiscal years beginning with the fiscal year that ends in the following calendar year; and (2) the period comprising the current fiscal year and the ten fiscal years beginning with the fiscal year that ends in the following calendar year.

ESTIMATED REVENUE EFFECTS OF H.R. 3648,
THE "MORTGAGE FORGIVENESS DEBT RELIEF ACT OF 2007,"
AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS

Fiscal Years 2008 - 2017

[Millions of Dollars]

Provision	Effective	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-12	2008-17
1. Exclude discharges of principal residence acquisition indebtedness from gross income	1/1/2007	-179	-248	-223	-154	-81	-85	-90	-102	-106	-111	-885	-1,379
2. Extension of deduction for private mortgage insurance (sunset 12/31/14)	apoawrtceia 12/31/06 & before 1/1/15	-15	-109	-142	-134	-137	-97	-83	-52	85	114	-536	-570
3. Alternative tests for qualifying as cooperative housing corporation	tyea DOE	-1	-2	-2	-2	-2	-3	-3	-3	-3	-3	-9	-22
4. Exclusion of gain on sale of principal residence exclusion not to apply to nonqualified use	soea 12/31/07	16	41	121	148	171	207	249	297	349	407	497	2,005
5. Increase the required corporate estimated tax payments due in July, August, and September 2012 from 114.75 to 116.75 percent of the payment otherwise due for corporations with assets of at least $1 billion	DOE	---	---	---	---	1,239	-1,239	---	---	---	---	1,239	---
NET TOTAL		**-179**	**-318**	**-246**	**-142**	**1,190**	**-1,217**	**73**	**140**	**325**	**407**	**306**	**34**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding. The date of enactment is assumed to be October 1, 2007.

Legend for "Effective" column:

apoawrtceia = amounts paid or accrued with respect to contracts entered into after

DOE = date of enactment

soea = sales or exchanges after

tyea = taxable years ending after

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

CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Peter R. Orszag, Director

September 28, 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 has prepared the enclosed cost estimate for H.R. 3648, the Mortgage Forgiveness Debt Relief Act of 2007.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Barbara Edwards, who may be reached at 226-2680.

Sincerely,

Robert A. Sunshine
for Peter R. Orszag

Enclosure

cc: Honorable Jim McCrery
Ranking Republican

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 28, 2007

H.R. 3648
Mortgage Forgiveness Debt Relief Act of 2007

As ordered reported by the House Committee on Ways and Means on September 26, 2007

SUMMARY

H.R. 3648 would make several changes to tax law regarding principal residential property. The legislation would reduce revenues by excluding from taxation the gains on certain mortgage debt forgiven on principal residences, by extending the deduction for private mortgage insurance, and by providing a broader basis for an entity to qualify as a cooperative housing corporation. H.R. 3648 would raise revenues by reducing the exclusion from capital gains on sales of some principal residences. H.R. 3648 would also shift some corporate receipts from 2013 to 2012.

The Joint Committee on Taxation (JCT) estimates that enacting H.R. 3648 would decrease revenues by $179 million in 2008 and increase revenues by $151 million over the 2008-2012 period and by $34 million over the 2008-2017 period. The Congressional Budget Office estimates that enacting the bill would not affect federal spending.

JCT has determined that the bill contains one private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA)—the reduction in the exclusion for capital gains on principal residences for nonqualified use. JCT also has determined that the bill contains no intergovernmental mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3648 is shown in the following table.

	By Fiscal Year, in Millions of Dollars											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-2012	2008-2017
CHANGES IN REVENUES												
Exclusion of discharge of principal residence indebtedness	-179	-248	-223	-154	-81	-85	-90	-102	-106	-111	-885	-1,379
Extension of deduction for private mortgage insurance	-15	-109	-142	-134	-137	-97	-83	-52	85	114	-536	-570
Change in tests to qualify as cooperative housing corporation	-1	-2	-2	-2	-2	-3	-3	-3	-3	-3	-9	-22
Principal residence exclusion not to apply for unqualified uses	16	41	121	148	171	207	249	297	349	407	497	2,005
Increase in certain corporate estimated tax payments	0	0	0	0	1,084	-1,084	0	0	0	0	1,084	0
Total Changes	-179	-318	-246	-142	1,035	-1,062	73	140	325	407	151	34

SOURCE: Joint Committee on Taxation.

BASIS OF THE ESTIMATE

For this estimate, JCT assumes that H.R. 3648 will be enacted on October 1, 2007.

Forgiveness of Mortgage Debt

H.R. 3648 would exclude from the gross income of a taxpayer any income by reason of discharge, either in whole or in part, of debt on the taxpayers' principal residence. Such debt may include the initial loans to acquire, construct, or substantially improve the residence as well as any refinancing of debt to the extent the refinancing does not exceed the amount of the refinanced indebtedness. The exclusion from gross income would apply to discharges of indebtedness on or after January 1, 2007. JCT estimates that this provision would decrease revenues by $179 million in 2008, by $885 million over the 2008-2012 period, and by about $1.4 billion over the 2008-2017 period.

Extension of Deduction for Private Mortgage Insurance

Current law allows certain premiums paid or accrued for qualified mortgage insurance by a taxpayer in connection with financing of the taxpayer's residence to be treated as interest; they are therefore deductible. This tax treatment terminates for any amount paid or accrued after December 31, 2007. H.R. 3648 would extend the deduction through December 31, 2014. JCT estimates that this provision would decrease revenues by $15 million in 2008, by $536 million over the 2008-2012 period, and by $570 million over the 2008-2017 period.

Cooperative Housing Corporations

Current law allows tenant-stockholders in cooperative housing corporations to deduct from taxable income certain amounts paid to the corporation that represent real estate taxes and interest on indebtedness related to the property. H.R. 3648 would expand the criteria that an entity can satisfy in order to qualify as a cooperative housing corporation. JCT estimates that this provision would decrease revenues by $1 million in 2008, by $9 million over the 2008-2012 period, and by $22 million over the 2008-2017 period.

Gains on Sales of Principal Residences

Taxpayers are currently allowed to exclude up to $250,000 ($500,000 for married couples filing jointly) of the gain realized on the sale of a principal residence, generally as long as the property was used as a principal residence for at least two of the five years prior to sale. The legislation would reduce the exclusion for some residences that were not the principal residence for all of the prior five years. Such time when the property was not a principal residence would not include temporary absences due to change in place of employment, health, or other unforeseen circumstances, but would include rental of the property. H.R. 3648 would be effective for sales and exchanges after December 31, 2007. JCT estimates that this provision would increase revenues by $16 million in 2008, by $497 million over the 2008-2012 period, and by about $2.0 billion over the 2008-2017 period.

Shifts in Corporate Estimated Payments

H.R. 3648 would shift revenues between 2012 and 2013. For corporations with at least $1 billion in assets, the bill would increase the portion of corporate estimated tax payments due from July through September of 2012. JCT estimates that this change would increase

revenues by $1,084 million in 2012 and decrease revenues by $1,084 million in 2013. The estimate assumes enactment of H.R. 3375, which was cleared by the Congress on September 25, and also raised the portion of estimated payments due in July through September of 2012.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

JCT has determined that the bill contains one private-sector mandate as defined in the UMRA—the reduction in the exclusion for capital gains on principal residences for nonqualified use. JCT also has determined that the bill contains no intergovernmental mandates as defined in UMRA.

ESTIMATE PREPARED BY: Barbara Edwards (226-2680)

ESTIMATE APPROVED BY:

G. Thomas Woodward
Assistant Director for Tax Analysis

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. Committee Oversight Findings and Recommendations

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that it is appropriate and timely to enact the revenue provisions included in the bill as reported.

B. Statement of General Performance Goals and Objectives

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the bill contains no measure that authorizes funding, so no statement of general performance goals and objectives for which any measure authorizes funding is required.

C. Constitutional Authority Statement

With respect to clause 3(d)(1) of the rule XIII of the Rules of the House of Representatives (relating to Constitutional Authority), the Committee states that the Committee's action in reporting this bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises. . . "), and from the 16th Amendment to the Constitution.

D. Information Relating to Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandates Act of 1995 (Pub. L. No. 104-4).

The Committee has determined that the revenue provisions of the bill contain one Federal mandate on the private sector. That provision is the denial of the exclusion of gain on the sale of a principal residence related to nonqualified use. The Committee has determined that the revenue provisions of the bill do not impose a Federal intergovernmental mandate on State, local, or tribal governments.

E. Applicability of House Rule XXI 5(b)

Clause 5 of rule XXI of the Rules of the House of Representatives provides, in part, that "A bill or joint resolution, amendment, or conference report carrying a Federal income tax rate increase may not be considered as passed or agreed to unless so determined by a vote of not less than three-fifths of the Members voting, a quorum being present." The Committee has carefully reviewed the provisions of the bill, and states that the provisions of the bill do not involve any Federal income tax rate increases within the meaning of the rule.

F. Tax Complexity Analysis

Section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998 (the "IRS Reform Act") requires the Joint Committee on Taxation (in consultation with the Internal Revenue Service and the Department of the Treasury) to provide a tax complexity analysis. The complexity analysis is required for all legislation reported by the Senate Committee on Finance, the House Committee on Ways and Means, or any committee of conference if the legislation includes a provision that directly or indirectly amends the Internal Revenue Code and has widespread applicability to individuals or small businesses.

The staff of the Joint Committee on Taxation has determined that a complexity analysis is not required under section 4022(b) of the IRS Reform Act because the bill contains no provisions that amend the Code and that have "widespread applicability" to individuals or small businesses.

G. Limited Tax Benefits

Pursuant to clause 9 of rule XXI of the Rules of the House of Representatives, the Ways and Means Committee has determined that the bill as reported contains no congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of that Rule.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rule of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

[TO BE SUPPLIED BY LEGISLATIVE COUNSEL'S OFFICE]

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1986

* * * * * * *

Subtitle A—Income Taxes

* * * * * * *

CHAPTER 1—NORMAL TAXES AND SURTAXES

* * * * * * *

Subchapter B—Computation of Taxable Income

* * * * * * *

PART III—ITEMS SPECIFICALLY EXCLUDED FROM GROSS INCOME

* * * * * * *

SEC. 108. INCOME FROM DISCHARGE OF INDEBTEDNESS.

(a) EXCLUSION FROM GROSS INCOME.—

(1) IN GENERAL.—Gross income does not include any amount which (but for this subsection) would be includible in gross income by reason of the discharge (in whole or in part) of indebtedness of the taxpayer if—

(A) * * *

* * * * * * *

(C) the indebtedness discharged is qualified farm indebtedness, [or]

(D) in the case of a taxpayer other than a C corporation, the indebtedness discharged is qualified real property business indebtedness[.], *or*

(E) the indebtedness discharged is qualified principal residence indebtedness.

(2) COORDINATION OF EXCLUSIONS.—

(A) TITLE 11 EXCLUSION TAKES PRECEDENCE.—Subparagraphs (B), (C), [and (D)] *(D), and (E)* of paragraph (1) shall not apply to a discharge which occurs in a title 11 case.

* * * * * * *

(C) PRINCIPAL RESIDENCE EXCLUSION TAKES PRECEDENCE OVER INSOLVENCY EXCLUSION UNLESS ELECTED OTH-

ERWISE.—Paragraph (1)(B) shall not apply to a discharge to which paragraph (1)(E) applies unless the taxpayer elects to apply paragraph (1)(B) in lieu of paragraph (1)(E).

* * * * * * *

(h) SPECIAL RULES RELATING TO QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.—

(1) BASIS REDUCTION.—The amount excluded from gross income by reason of subsection (a)(1)(E) shall be applied to reduce (but not below zero) the basis of the principal residence of the taxpayer.

(2) QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.—For purposes of this section, the term "qualified principal residence indebtedness" means acquisition indebtedness (within the meaning of section 163(h)(3)(B), without regard to clause (ii) thereof) with respect to the principal residence of the taxpayer.

(3) EXCEPTION FOR DISCHARGES ON ACCOUNT OF SERVICES PERFORMED FOR THE LENDER.—Subsection (a)(1)(E) shall not apply to the discharge of a loan if the discharge is on account of services performed for the lender.

(4) ORDERING RULE.—If any loan is discharged, in whole or in part, and only a portion of such loan is qualified principal residence indebtedness, subsection (a)(1)(E) shall apply only to so much of the amount discharged as exceeds the amount of the loan (as determined immediately before such discharge) which is not qualified principal residence indebtedness.

(5) PRINCIPAL RESIDENCE.—For purposes of this subsection, the term "principal residence" has the same meaning as when used in section 121.

* * * * * * *

SEC. 121. EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) * * *

(b) LIMITATIONS.—

(1) * * *

* * * * * * *

(4) EXCLUSION OF GAIN ALLOCATED TO NONQUALIFIED USE.—

(A) IN GENERAL.—Subsection (a) shall not apply to so much of the gain from the sale or exchange of property as is allocated to periods of nonqualified use.

(B) GAIN ALLOCATED TO PERIODS OF NONQUALIFIED USE.—For purposes of subparagraph (A), gain shall be allocated to periods of nonqualified use based on the ratio which—

(i) the aggregate periods of nonqualified use during the period such property was owned by the taxpayer, bears to

(ii) the period such property was owned by the taxpayer.

(C) PERIOD OF NONQUALIFIED USE.—For purposes of this paragraph—

(i) IN GENERAL.—The term "period of nonqualified use" means any period (other than the portion of any

period preceding January 1, 2008) during which the property is not used as the principal residence of the taxpayer or the taxpayer's spouse or former spouse.

(ii) EXCEPTIONS.—The term "period of nonqualified use" does not include—

(I) any portion of the 5-year period described in subsection (a) which is after the last date that such property is used as the principal residence of the taxpayer or the taxpayer's spouse,

(II) any period (not to exceed an aggregate period of 10 years) during which the taxpayer or the taxpayer's spouse is serving on qualified official extended duty (as defined in subsection (d)(9)(C)) described in clause (i), (ii), or (iii) of subsection (d)(9)(A), and

(III) any other period of temporary absence (not to exceed an aggregate period of 2 years) due to change of employment, health conditions, or such other unforeseen circumstances as may be specified by the Secretary.

(D) COORDINATION WITH RECOGNITION OF GAIN ATTRIBUTABLE TO DEPRECIATION.—For purposes of this paragraph—

(i) subparagraph (A) shall be applied after the application of subsection (d)(6), and

(ii) subparagraph (B) shall be applied without regard to any gain to which subsection (d)(6) applies.

* * * * * * *

PART VI—ITEMIZED DEDUCTIONS FOR INDIVIDUALS AND CORPORATIONS

* * * * * * *

SEC. 163. INTEREST.

(a) * * *

* * * * * * *

(h) DISALLOWANCE OF DEDUCTION FOR PERSONAL INTEREST.—

(1) * * *

* * * * * * *

(3) QUALIFIED RESIDENCE INTEREST.—

For purposes of this subsection—

(A) * * *

* * * * * * *

(E) MORTGAGE INSURANCE PREMIUMS TREATED AS INTEREST.—

(i) * * *

* * * * * * *

[(iii) LIMITATION.—Clause (i) shall not apply with respect to any mortgage insurance contracts issued before January 1, 2007.

[(iv) TERMINATION.—Clause (i) shall not apply to amounts—

[(I) paid or accrued after December 31, 2007, or

[(II) properly allocable to any period after such date.]

(iii) APPLICATION.—Clause (i) shall not apply with respect to any mortgage insurance contract issued before January 1, 2007, or after December 31, 2014.

* * * * * * *

PART VII—ADDITIONAL ITEMIZED DEDUCTIONS FOR INDIVIDUALS

* * * * * * *

SEC 216. DEDUCTION OF TAXES, INTEREST, AND BUSINESS DEPRECIATION BY COOPERATIVE HOUSING CORPORATION TENANT-STOCKHOLDER.

(a) * * *

(b) DEFINITIONS.—For purposes of this section—

(1) COOPERATIVE HOUSING CORPORATION.—The term "cooperative housing corporation" means a corporation—

(A) * * *

* * * * * * *

[(D) 80 percent or more of the gross income of which for the taxable year in which the taxes and interest described in subsection (a) are paid or incurred is derived from tenant-stockholders.]

(D) meeting 1 or more of the following requirements for the taxable year in which the taxes and interest described in subsection (a) are paid or incurred:

(i) 80 percent or more of the corporation's gross income for such taxable year is derived from tenant-stockholders.

(ii) At all times during such taxable year, 80 percent or more of the total square footage of the corporation's property is used or available for use by the tenant-stockholders for residential purposes or purposes ancillary to such residential use.

(iii) 90 percent or more of the expenditures of the corporation paid or incurred during such taxable year are paid or incurred for the acquisition, construction, management, maintenance, or care of the corporation's property for the benefit of the tenant-stockholders.

* * * * * * *

SECTION 401 OF THE TAX INCREASE PREVENTION AND RECONCILIATION ACT OF 2005

SEC. 401. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

Notwithstanding section 6655 of the Internal Revenue Code of 1986—

(1) in the case of a corporation with assets of not less than $1,000,000,000 (determined as of the end of the preceding taxable year)—

(A) * * *

(B) the amount of any required installment of corporate estimated tax which is otherwise due in July, August, or September of 2012 shall be [114.75 percent] *116.75 percent* of such amount,

* * * * * * *

VII. ADDITIONAL VIEWS

Congress of the United States
House of Representatives
Washington, DC 20515

Additional Views on
H.R.3648, the Mortgage Forgiveness Debt Relief Act of 2007
September 28, 2007

The primary goal of the Mortgage Forgiveness Debt Relief Act is a necessary and compassionate step to helping individuals and families get out of a financial trap when they are being given phantom income. At a time when the housing market is faltering and some families are finding that the mortgage on their home is more than its current market value, mortgage companies are restructuring and writing down loans so that people can move on with their lives. When a mortgage company forgives all or part of a loan, they are required to send a Form 1099 to the IRS and to the homeowner stating the amount of debt forgiven. The debt forgiveness on this "phantom income" is currently taxable to the homeowner. It is often a huge shock and tremendous burden to the homeowner to be relieved of debt but then face a hefty tax bill from the IRS for that relief.

We have confidence that the real estate market for American homes is fundamentally strong and that this temporary slump in home prices is short term. To address this short term problem President Bush proposed a three-year provision to allow for tax-free cancellation of indebtedness. We support actions taken by the Federal Reserve to lower the borrowing costs for banks. These actions have provided banks with the confidence to continue to lend money. Expanding the ability of the Federal Housing Administration to issue home loans is another option we think will help affected homeowners.

We also believe that this short term problem is worthy of being given the "emergency" budget designation. This would allow this phantom income to remain untaxed and to make it unnecessary for this tax relief to be offset with permanent tax increases on other Americans.

With no hearings on the concept of a permanent provision for tax-free cancellation of mortgage indebtedness, we do not know what long-term behaviors will develop in mortgage markets by the same brokers that have been offering 0% down mortgages, teaser rates, interest-only mortgages and other risky schemes to sub-prime borrowers. We have concerns that this permanent tax provision may create an environment where the American tax system is complicit in promoting "risk free" mortgages.

Yet the majority believes that this is a permanent problem affecting real estate markets and that permanent tax increases are required to offset this permanent relief.

The tax increase the majority has chosen to offset the debt-forgiveness provision is a permanent luxury tax on second homes. This Committee has a track record on luxury taxes, and it isn't good. When the Democrats were last in the majority they imposed a luxury tax on "yachts" and claimed that only rich people would pay this tax. The luxury tax on "yachts" really ended up being a tax on boats. It was a disaster tax on the American boat building industry and on marinas all over America. The luxury tax on yachts killed thousands of American jobs, devastated an industry and then was finally repealed with sincere regret.

The Census Bureau estimates that one in 20 households in America owns a second home. This tax increase is a real problem impacting real communities all across America that rely upon cabins, lake houses, mountain get-aways or retirement homes as a development strategy. Prior to recreation and retirement development strategies, some of these areas are down-right poor because there is no other industry to create jobs. These communities attract residents by planning good health care services for the elderly and with retirement and recreation minded activities as infrastructure. With this development strategy, there are good jobs to be had in these communities.

However, the luxury tax on second homes that the majority imposes with this bill will actively discourage people from buying homes prior to their actual retirement. Rather than invest early in a retirement home and start building equity in that home, this bill will instead give people one more reason to spend their hard-earned disposable dollars on other pursuits. Luxury taxes have that effect – they push behavior away from the "luxury" and toward other substitutes. The appreciation in these homes will no longer be "qualified" for purposes of the exclusion from gain on a residence so instead people will choose to do other things with their money.

Again the Ways and Means Committee is acting on legislation with no hearings. None of the negative consequences of imposing a luxury tax on cabins, and lake houses and retirement homes was ever discussed at any hearings. We believe that this tax increase will drive down demand and prices for homes in retirement communities, sending into a further downward spiral the housing prices in these communities. The majority simply points to rich people and claims this is who will bear the burden of this tax increase. We respectfully disagree.

Because there were no hearings to discuss and fine-tune this proposal we know that the manner of imposing this tax increase is disproportionately more harsh on those who have a very modest cabin rather than a chic second home in the Hamptons. Because a gain on a $10 million home in the Hamptons could very well exceed the $500,000 cap on the exclusion from gain during the two year residency period, Manhattan millionaires won't be paying for this tax increase while the lake house owner with a $50,000 gain over 10 years prior to retirement in that home won't be able to take that gain into account after his period of residency upon retirement.

If the majority really wants to pursue this tax hike then they should schedule hearings and learn the real impact on one in 20 households.

SAM JOHNSON
Member of Congress

DAVE CAMP
Member of Congress

KEVIN BRADY
Member of Congress

Member of Congress