CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

December 28, 2001

H.R. 2884
Victims of Terrorism Tax Relief Act of 2001

As cleared by the Congress on December 20, 2001

H.R. 2884 would provide specialized income tax treatment to individuals who die as a result of injuries or illness from the terrorist attacks of September 11, 2001, and April 19, 1995, or attacks involving anthrax between September 11, 2001, and December 31, 2001. All individuals who qualify for such treatment would receive a $10,000 minimum benefit regardless of tax liability. In addition, H.R. 2884 would reduce estate taxes for those individuals who die as a result of injuries or illnesses from such attacks. This treatment would be similar to that provided to members of the armed forces who die as the result of terrorist or military activity outside of the United States. The act would also change the taxation of certain benefits related to death or injury.

The Joint Committee on Taxation (JCT) and the Congressional Budget Office (CBO) estimate that H.R. 2884 would reduce revenues by $188 million in 2002, by $311 million over the 2002-2006 period, and by $358 million over the 2002-2011 period. The act also would increase direct spending by $2 million in 2002 as a result of the provision providing a minimum $10,000 benefit regardless of income tax liability for an affected individual.

The net changes in governmental receipts and outlays that are subject to pay-as-you-go procedures are shown in the following table. Estimates of all revenue provisions were provided by JCT. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in receipts	-188	-96	-14	-6	-6	-7	-8	-9	-9	-10
Changes in outlays	2	0	0	0	0	0	0	0	0	0

The CBO staff contact for this estimate is Erin Whitaker. This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis, and by Robert A. Sunshine, Assistant Director for Budget Analysis.