



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 19, 2012

H.R. 4365

A bill to amend title 5, United States Code, to make clear that accounts in the Thrift Savings Fund are subject to certain federal tax levies

*As ordered reported by the House Committee on Oversight and Government Reform
on April 18, 2012*

H.R. 4365 would eliminate an apparent conflict that exists in current law between the Federal Employees' Retirement System Act of 1986 (FERSA) and the Internal Revenue Code. The Internal Revenue Code provides broad authority to the Internal Revenue Service to collect unpaid federal taxes by levy, a legal process that includes ordering a third party to turn over property in its possession that belongs to the taxpayer who has unpaid tax liabilities. FERSA includes a provision (as contained in U.S. Code, title 5, section 8437) that broadly protects assets in Thrift Savings Plan accounts from levy, with certain exceptions. Currently, those exceptions do not include federal tax levies, and the Federal Retirement Thrift Investment Board has refused to honor notices of such levies. H.R. 4365 would include federal tax levies in the list of exceptions.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 4365 would increase revenues by \$24 million over the 2012-2022 period. The entire revenue increase would result from an increase in on-budget revenues, and thus pay-as-you-go procedures apply. Enacting the bill would not affect direct spending.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting H.R. 4365 would result in revenue gains in each year from 2013 to 2022. The net reduction in the deficit is shown in the following table.

CBO Estimate of Pay-As-You-Go Effects of H.R. 4365, as ordered reported by the House Committee on Oversight and Government Reform on April 18, 2012

	By Fiscal Year, in Millions of Dollars												2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	-1	-2	-2	-2	-2	-3	-3	-3	-3	-3	-10	-24	

Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to totals because of rounding.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Barbara Edwards. The estimate was approved by Frank Sammartino, Assistant Director for Tax Analysis.