

H.R. 1432, VETT Act

As reported by the House Committee on Ways and Means on January 18, 2024

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	0	0	0
Revenues	*	-1	-1
Increase or Decrease (-) in the Deficit	*	1	1
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between -\$500,000 and \$500,000.			

H.R. 1432 would allow contributions to certain federally chartered veterans’ organizations to be deducted from individual or corporate income taxes as charitable contributions. Under current law, contributions to some veterans’ organizations are deductible only as long as at least 90 percent of the recipient’s members are people who have served in the U.S. Armed Forces during a period of war. The bill also would allow individual tax filers who contribute to a qualifying organization to deduct donations of up to 60 percent of their adjusted gross income—a limit that applies generally to contributions to public charities.

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) will be the official estimates for all tax legislation considered by the Congress. As such, CBO incorporates those estimates into its cost estimates of the effects of legislation. All of the estimates for the revenue provisions of H.R. 1432 were provided by JCT.¹

1. See Joint Committee on Taxation, *Description of the Chairman’s Amendment in the Nature of a Substitute to H.R. 1432*, JCX-57-23 (November 29, 2023), www.jct.gov/publications/2023/jcx-57-23, and *Description of H.R. 1432, the “VSO Equal Tax Treatment Act,”* JCX-54-23 (November 28, 2023), www.jct.gov/publications/2023/jcx-54-23.



For this estimate, CBO and JCT assume that the bill will be enacted in fiscal year 2024. JCT estimates that enacting the bill would decrease revenues by \$1 million over the 2024-2033 period. That reduction would stem from the increased use of the itemized deduction for charitable contributions for donations to qualifying veterans' organizations.

CBO estimates that implementing the bill would increase federal costs by less than \$500,000 over the 2024-2028 period for the Internal Revenue Service to implement that change; any spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Kathleen Burke. The estimate was reviewed by John McClelland, Director of Tax Analysis.

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel', with a long, sweeping flourish extending to the right.

Phillip L. Swagel
Director, Congressional Budget Office