

HR 3997

Defenders of Freedom Tax Relief Act of 2007

Congress: 110 (2007–2009, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Oct 30, 2007

Current Status: Motion to reconsider laid on the table Agreed to without objection.

Latest Action: Motion to reconsider laid on the table Agreed to without objection. (Sep 29, 2008)

Official Text: <https://www.congress.gov/bill/110th-congress/house-bill/3997>

Sponsor

Name: Rep. Rangel, Charles B. [D-NY-15]

Party: Democratic • State: NY • Chamber: House

Cosponsors

No cosponsors are listed for this bill.

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Reported By	Nov 6, 2007

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
110 HRES 1517	Procedurally related	Sep 29, 2008: Motion to reconsider laid on the table Agreed to without objection.
110 HRES 884	Related bill	Dec 18, 2007: Motion to reconsider laid on the table Agreed to without objection.

Defenders of Freedom Tax Relief Act of 2007 - Amends the Internal Revenue Code to provide tax relief and earnings assistance to members of the uniformed services, increase penalties for noncompliance with tax requirements, and make technical amendments and clerical corrections.

**Title I: Benefits for Military** - (Sec. 101) Makes permanent the taxpayer election to include combat zone compensation as earned income for purposes of computing the earned income tax credit.

(Sec. 102) Makes permanent the eligibility of veterans for mortgage bond financing of residences without regard to first-time homebuyer requirements.

Increases to \$100 million the veterans' mortgage bond limitation in Alaska, Oregon, and Wisconsin. Revises the definition of "qualified veteran" for mortgage bond financing eligibility purposes to make such definition applicable to veterans in all states.

(Sec. 103) Requires tax-qualified pension plans to entitle survivors of plan participants who die while on active military duty to additional benefits and benefit accruals provided under such plans for participants who resume and then terminate employment due to death.

(Sec. 104) Treats differential wage payments to an employee as a payment of wages for income tax purposes. Defines "differential wage payment" as any employer payment to an individual serving on active duty in the uniformed services for more than 30 days that represents wages such individual would have received if such individual were performing services for the employer.

Treats an individual receiving differential wage payments as an employee and treats such payments as compensation for retirement plan purposes.

(Sec. 105) Allows members of the uniformed services whose retired pay in any taxable year is reduced due to an award of disability compensation by the Department of Veterans Affairs an extension of the three-year limitation period for filing tax refund claims until one year after the date of a disability determination. Limits the period for which such refund claims may be filed to taxable years beginning more than five years before the date of a disability determination.

(Sec. 106) Makes permanent the tax exemption for distributions from retirement plans for individuals ordered or called to active duty after December 31, 2007.

(Sec. 107) Makes permanent the authority of the Internal Revenue Service (IRS) to disclose tax information to the Department of Veterans Affairs for veteran benefit payment purposes.

(Sec. 108) Allows a tax-free rollover of any military death gratuity and any group life insurance payment to a survivor's Roth individual retirement account (Roth IRA) or to an education savings account.

(Sec. 109) Allows a Peace Corps volunteer an election to suspend for five years while serving as a volunteer the ownership and use requirements for the exclusion of gain on the sale of a principal residence.

(Sec. 110) Allows certain small business employers a tax credit for up to 20% of the differential wage payments made for the benefit of active duty members of the Armed Forces.

(Sec. 111) Allows an exclusion from gross income for bonus payments made by a state or its political subdivision to current or former members of the uniformed services (or dependents) for service in a combat zone.

(Sec. 112) Makes permanent the exclusion from the gross income of certain employees of the intelligence community of gain from the sale of their principal residences without regard to otherwise applicable five-year residential use and holding requirements.

(Sec. 113) Allows a tax-free distribution of unused benefits in a health flexible spending arrangement to any member of an Armed Forces reserve component who is ordered or called to active duty.

(Sec. 114) Excludes basic military housing allowances as an item of income for determining eligibility for tax-subsidized residential rental housing.

**Title II: Revenue Provisions** - (Sec. 201) Increases the penalties for failure to file partnership tax returns, S corporation tax returns, and individual tax returns.

(Sec. 204) Sets forth additional rules for the tax treatment of high-income individuals who relinquish U.S. citizenship or residency to avoid U.S. taxation (expatriates). Treats all property of expatriates as sold for its fair market value on the day before the expatriation date and includes gain (over \$600,000) or loss from such sale in the gross income of such expatriates. Allows expatriates to elect to defer payment of any tax resulting from expatriation if adequate security for payment of such tax is given.

Requires 30% withholding of tax for certain items of deferred compensation payable to expatriates.

Imposes a separate tax on gifts and bequests from expatriates, payable by the recipient of such gift or bequest.

(Sec. 205) Amends the Internal Revenue Code, the Employee Retirement Security Act of 1974 (ERISA) and the Public Health Service Act to require group health plans to permit former members of the uniformed services who were covered under a federal health benefit plan by reason of military service to enroll in such group plans upon meeting certain requirements.

**Title III: Tax Technical Corrections** - Tax Technical Corrections Act of 2007 - Makes technical amendments and clerical corrections to the Internal Revenue Code, including corrections to provisions enacted by: (1) the Tax Relief and Health Care Act of 2006; (2) the Pension Protection Act of 2006; (3) the Tax Increase Prevention and Reconciliation Act of 2005; (4) the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users; (5) the Energy Policy Act of 2005; (6) the American Jobs Creation Act of 2004; (7) the Economic Growth and Tax Relief Reconciliation Act of 2001; (8) the Tax Relief Extension Act of 1999; and (9) the Internal Revenue Service Restructuring and Reform Act of 1998. Makes the amendments made by this Act effective as of the effective date of the Acts to which they relate.

(Sec. 302) Revises the formula for calculating the alternative minimum tax (AMT) refundable credit amount.

(Sec. 303) Revises and expands the exclusion from gross income for distributions from individual retirement accounts (IRAs) made for charitable purposes.

Revises the basis rule for contributions of appreciated property by an S corporation.

Modifies criteria for charitable contributions of property to tax-exempt organizations to require officers of such organizations to certify that the organization's use of such property was substantial.

Eliminates special valuation rules for estate and gift tax purposes.

Applies certain tax penalties for substantial and gross valuation misstatements to estates and gifts.

Provides for the inclusion of capital gains from appreciation in the tax base of private foundation net investment income.

Requires the Internal Revenue Service (IRS) to make public certain tax information relating to the unrelated business income of tax-exempt organizations.

(Sec. 304) Revises the tax treatment of dividends, interest, rents, and royalties received by a controlled foreign corporation from a related entity that creates or increases a deficit in subpart F income.

Modifies rules for the foreign tax credit relating to the definition of active business income and the tentative minimum tax on nonexcluded income.

(Sec. 305) Modifies rules for filing excise tax refund claims for alternative fuel mixtures and the definition of alternative fuels relating to hydrogen and carbon resources.

(Sec. 306) Modifies provisions relating to the authority of the Secretary of the Treasury to allocate amounts under the tax credit for production of electricity from nuclear power facilities.

Revises definitions relating to qualified alternative fuel refueling property for purposes of the tax credit for investment in such property.

Limits the type of energy research eligible for the tax credit for increasing research activities.

Permits a refund in the amount of the Leaking Underground Storage Tank Trust Fund financing rate of additional taxes imposed from the use of dyed fuel. Makes such financing rate applicable to off-highway business use of gasoline.

(Sec. 307) Removes certain restrictions relating to basis reduction and deductibility for the tax credit for production of low sulfur diesel fuel.

Eliminates the requirement that open-loop biomass be segregated from other waste material in order to be eligible for the tax credit for producing electricity from renewable resources.

Eliminates certain restrictions on tax-exempt use property.

Provides additional rules for the treatment of losses on positions in identified straddles (i.e., offsetting positions in actively traded personal property).

(Sec. 308) Applies certain tax rules relating to deferral limits and social security taxes for Roth IRA contributions.

(Sec. 309) Qualifies certain wind energy facilities placed in service prior to June 30, 1999, for the tax credit for producing electricity from renewable resources.

Revises the definition of "lodging facility" for purposes of tax rules relating to real estate investment trusts (REITs).

(Sec. 310) Authorizes redactions to background documents (to the extent permitted by law) used by the Office of the IRS Chief Counsel to provide tax advice or information.

(Sec. 311) Makes clerical corrections to provisions of the Internal Revenue Code of 1986.

**Title IV: Parity in Application of Certain Limits to Mental Health Benefits** - Amends the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 (ERISA), and the Public Health Service Act to extend through 2008 parity rules for the application of mental health benefits in group health benefit plans.

## Actions Timeline

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- **Sep 29, 2008:** Rules Committee Resolution H. Res. 1517 Reported to House. Previous question shall be considered as ordered without intervening motions. Provides for consideration of the Senate amendment to the House amendment to the Senate amendment to H.R. 3997. The resolution makes in order a motion by the Chairman of the Committee on Financial Services to concur in the Senate amendment to the House amendment to the Senate amendment with the text of the House amendment printed in this report.
- **Sep 29, 2008:** Rule H. Res. 1517 passed House.
- **Sep 29, 2008:** Pursuant to the provisions of H. Res. 1517, the House moved to agree to the Senate amendment to the House amendment to the Senate amendment with an amendment. (consideration: CR H10337-10411; text of Senate amendment to the House amendment to the Senate amendment: CR H10337-10348; text of House amendment to the Senate amendment to the House amendment to the Senate amendment: CR H10348-10359)
- **Sep 29, 2008:** DEBATE - The House proceeded with three hours of debate on the motion to agree to the Senate amendment to the House amendment to the Senate amendment with an amendment to H.R. 3997.
- **Sep 29, 2008:** The previous question was ordered pursuant to the rule. (consideration: CR H10410)
- **Sep 29, 2008:** Resolving differences -- House actions: On motion that the House agree to the Senate amendment to the House amendment to the Senate amendment Failed by recorded vote: 205 - 228 (Roll No. 674).
- **Sep 29, 2008:** On motion that the House agree to the Senate amendment to the House amendment to the Senate amendment Failed by recorded vote: 205 - 228 (Roll No. 674).
- **Sep 29, 2008:** Motion to reconsider laid on the table Agreed to without objection.
- **Dec 20, 2007:** Message on Senate action sent to the House.
- **Dec 19, 2007:** Resolving differences -- Senate actions: Senate concurred in the House amendment to the Senate amendment with an amendment (SA 3890) by Unanimous Consent.(consideration: CR S16048)
- **Dec 19, 2007:** Senate concurred in the House amendment to the Senate amendment with an amendment (SA 3890) by Unanimous Consent. (consideration: CR S16048)
- **Dec 18, 2007:** Resolving differences -- House actions: House agreed to Senate amendment to the title. House agreed to Senate amendment to the text with an amendment pursuant to H. Res. 884.
- **Dec 18, 2007:** House agreed to Senate amendment to the title. House agreed to Senate amendment to the text with an amendment pursuant to H. Res. 884.
- **Dec 18, 2007:** Message on House action received in Senate and at desk: House amendment to Senate amendment.
- **Dec 13, 2007:** Message on Senate action sent to the House.
- **Dec 12, 2007:** Measure laid before Senate by unanimous consent. (consideration: CR S15377-15378)
- **Dec 12, 2007:** Passed/agreed to in Senate: Passed Senate with an amendment and an amendment to the Title by Unanimous Consent.
- **Dec 12, 2007:** Passed Senate with an amendment and an amendment to the Title by Unanimous Consent.
- **Dec 3, 2007:** Read the second time. Placed on Senate Legislative Calendar under General Orders. Calendar No. 516.
- **Nov 16, 2007:** Read the first time. Placed on Senate Legislative Calendar under Read the First Time.
- **Nov 8, 2007:** Received in the Senate.
- **Nov 6, 2007:** Mr. McDermott moved to suspend the rules and pass the bill, as amended.
- **Nov 6, 2007:** Considered under suspension of the rules. (consideration: CR H12752-12764)
- **Nov 6, 2007:** DEBATE - The House proceeded with forty minutes of debate on H.R. 3997.
- **Nov 6, 2007:** At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.
- **Nov 6, 2007:** Considered as unfinished business. (consideration: CR H12799)
- **Nov 6, 2007:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 410 - 0 (Roll no. 1042).(text: CR H12753-12756)
- **Nov 6, 2007:** Motion to reconsider laid on the table Agreed to without objection.
- **Nov 6, 2007:** On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 410 - 0 (Roll no. 1042). (text: CR H12753-12756)
- **Nov 5, 2007:** Reported (Amended) by the Committee on Ways and Means. H. Rept. 110-426.
- **Nov 5, 2007:** Placed on the Union Calendar, Calendar No. 268.
- **Nov 2, 2007:** Committee Consideration and Mark-up Session Held.
- **Nov 2, 2007:** Ordered to be Reported (Amended) by Voice Vote.

**Nov 1, 2007:** Ordered to be Reported (Amended) by Voice Vote.

- **Nov 1, 2007:** Committee Consideration and Mark-up Session Held.
- **Oct 30, 2007:** Introduced in House
- **Oct 30, 2007:** Referred to the House Committee on Ways and Means.