



July 28, 2010

Honorable John M. Spratt Jr.
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

Based on a review of an amendment in the nature of a substitute to H.R. 847, the James Zadroga 9/11 Health and Compensation Act of 2010, as transmitted to the Congressional Budget Office on July 27, 2010, CBO estimates that enacting this legislation would increase both direct spending and revenues by \$7.4 billion over the 2011-2020 period, resulting in no net impact on the deficit over that period (see Table 1).

Because enacting the legislation would affect direct spending and revenues, pay-as-you-go procedures apply (see Table 2). CBO has not completed an estimate of the legislation's impact on discretionary spending.

Title I would establish a program for health care benefits for eligible emergency personnel who responded to the September 11, 2001, terrorist attacks and eligible residents and others present in the area of New York City near the World Trade Center. Funding for that program would be capped at \$3.5 billion through 2020. CBO expects that the cap will be reached in 2019 and estimates that no additional health program spending would occur in 2020.

Title II would provide compensation payments to certain individuals for death and physical injury claims resulting from the attacks. Funding for the compensation program would be capped at \$8.2 billion through 2032 when the program would sunset; however, only \$4.2 billion would be available to pay claims over the 2011-2020 period. CBO estimates that additional outlays of \$2.4 billion would occur after fiscal year 2020, mostly in 2021 and 2022.

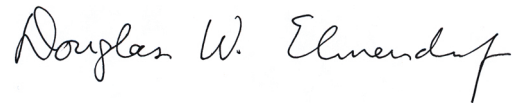
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Title III would change tax provisions that in some cases allow a U.S. subsidiary of a foreign corporation to avoid U.S. withholding tax on payments to a related subsidiary in a country that has a tax treaty with the United States. Staff of the Joint Committee on Taxation estimate that the change would increase revenues by about \$7.4 billion over the 2011-2020 period. In addition, the legislation would shift about \$1.8 billion in revenues from 2016 to 2015 by temporarily changing the required amounts of quarterly estimated tax payments of large corporations.

If you wish further details on this estimate, we would be pleased to provide them. The CBO staff contacts are Stephanie Cameron, Leigh Angres, and Grant Driessen.

Sincerely,



Douglas W. Elmendorf
Director

Enclosure

cc: Honorable Paul Ryan
Ranking Member

Honorable Henry A. Waxman
Chairman
Committee on Energy and Commerce

Honorable Joe Barton
Ranking Member

Honorable John Conyers Jr.
Chairman
Committee on the Judiciary

Honorable Lamar S. Smith
Ranking Member

Honorable Sander M. Levin
Chairman
Committee on Ways and Means

Honorable Dave Camp
Ranking Member

Table 1. Estimated Budgetary Effects on Revenues and Direct Spending for an Amendment in the Nature of a Substitute to H.R. 847, the James Zadroga 9/11 Health and Compensation Act of 2010, as transmitted on July 27, 2010
(version f:\p11\h11\9-11health\h847_sus.xml)

July 28, 2010

	By Fiscal Year, in Millions of Dollars												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2010 - 2015	2010 - 2020
CHANGES IN REVENUES													
TOTAL CHANGES IN REVENUES ¹	0	636	668	702	719	2,568	-1,075	775	794	814	832	5,293	7,433
CHANGES IN DIRECT SPENDING (OUTLAYS)													
Title I—World Trade Center Health Program	0	63	301	335	366	408	444	495	541	280	0	1,473	3,233
Title II—September 11th Victim Compensation Fund of 2001 ²	0	400	600	2,100	500	100	100	100	100	100	100	3,700	4,200
TOTAL CHANGES IN OUTLAYS	0	463	901	2,435	866	508	544	595	641	380	100	5,173	7,433
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM REVENUES AND DIRECT SPENDING													
NET CHANGES IN DEFICIT ^{3,4}	0	-173	233	1,733	147	-2,060	1,619	-180	-153	-434	-732	-120	0

Sources: Congressional Budget Office and Joint Committee on Taxation.

Notes:

Components may not sum to totals because of rounding.

1. Negative numbers denote a DECREASE in federal revenues; positive numbers denote an increase in revenues.
2. Under title II, compensation payments would be capped at \$8.2 billion through 2032 when the program sunsets; however, only \$4.2 billion would be available to pay claims over the 2011-2020 period. CBO estimates that additional outlays of \$2.4 billion would occur after fiscal year 2020, mostly in 2021 and 2022.
3. Positive numbers denote an INCREASE in the budget deficit; negative numbers denote a decrease in the deficit.
4. All effects of the legislation would be "on-budget".

Table 2. CBO Estimate of the Statutory Pay-As-You-Go Effects for an Amendment in the Nature of a Substitute to H.R. 847, the James Zadroga 9/11 Health and Compensation Act of 2010, as transmitted on July 27, 2010 (version f:\p11\h11\9-11health\h847_sus.xml)

July 28, 2010

	By Fiscal Year, in Millions of Dollars												2010 -	2010 -
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2015	2020	
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	-173	233	1,733	147	-2,060	1,619	-180	-153	-434	-732	-120	0	

Sources: Congressional Budget Office and Joint Committee on Taxation.

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

H.R. 847 would provide compensation and health care benefits to certain individuals who worked or lived near the sites of the September 11, 2001, terrorist attacks. The bill would also change tax provision that in some cases allow a U.S. subsidiary of a foreign corporation to avoid U.S. withholding tax on payments related to a subsidiary in a country that has a tax treaty with the United States and the legislation would shift about \$1.8 billion in revenues from 2016 to 2015 by temporarily changing the required amounts of quarterly estimated tax payments of large corporations to offset those costs.