

“(C) PRINCIPAL RESIDENCE EXCLUSION TAKES PRECEDENCE OVER INSOLVENCY EXCLUSION UNLESS ELECTED OTHERWISE.—Paragraph (1)(B) shall not apply to a discharge to which paragraph (1)(E) applies unless the taxpayer elects to apply paragraph (1)(B) in lieu of paragraph (1)(E).”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to discharges of indebtedness on or after January 1, 2007.

SEC. 3. EXTENSION OF TREATMENT OF MORTGAGE INSURANCE PREMIUMS AS INTEREST.

(a) IN GENERAL.—Subclause (I) of section 163(h)(3)(E)(iv) of the Internal Revenue Code of 1986 (relating to termination) is amended by striking “December 31, 2007” and inserting “December 31, 2010”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or accrued after December 31, 2007.

SEC. 4. ALTERNATIVE TESTS FOR QUALIFYING AS COOPERATIVE HOUSING CORPORATION.

(a) IN GENERAL.—Subparagraph (D) of section 216(b)(1) of the Internal Revenue Code of 1986 (defining cooperative housing corporation) is amended to read as follows:

“(D) meeting 1 or more of the following requirements for the taxable year in which the taxes and interest described in subsection (a) are paid or incurred:

“(i) 80 percent or more of the corporation’s gross income for such taxable year is derived from tenant-stockholders.

“(ii) At all times during such taxable year, 80 percent or more of the total square footage of the corporation’s property is used or available for use by the tenant-stockholders for residential purposes or purposes ancillary to such residential use.

“(iii) 90 percent or more of the expenditures of the corporation paid or incurred during such taxable year are paid or incurred for the acquisition, construction, management, maintenance, or care of the corporation’s property for the benefit of the tenant-stockholders.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 5. EXCLUSION FROM INCOME FOR BENEFITS PROVIDED TO VOLUNTEER FIRE FIGHTERS AND EMERGENCY MEDICAL RESPONDERS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by inserting after section 139A the following new section:

“SEC. 139B. BENEFITS PROVIDED TO VOLUNTEER FIREFIGHTERS AND EMERGENCY MEDICAL RESPONDERS.

“(a) IN GENERAL.—In the case of any member of a qualified volunteer emergency response organization, gross income shall not include—

“(1) any qualified State and local tax benefit, and

“(2) any qualified payment.

“(b) DENIAL OF DOUBLE BENEFITS.—In the case of any member of a qualified volunteer emergency response organization—

“(1) the deduction under 164 shall be determined with regard to any qualified State and local tax benefit, and

“(2) expenses paid or incurred by the taxpayer in connection with the performance of services as such a member shall be taken into account under section 170 only to the extent such expenses exceed the amount of any qualified payment excluded from gross income under subsection (a).

“(c) DEFINITIONS.—For purposes of this section—

“(1) **QUALIFIED STATE AND LOCAL TAX BENEFIT.**—The term ‘qualified state and local tax benefit’ means any reduction or rebate of a tax described in paragraph (1), (2), or (3) of section 164(a) provided by a State or political division

thereof on account of services performed as a member of a qualified volunteer emergency response organization.

“(2) QUALIFIED PAYMENT.—

“(A) IN GENERAL.—The term ‘qualified payment’ means any payment (whether reimbursement or otherwise) provided by a State or political division thereof on account of the performance of services as a member of a qualified volunteer emergency response organization.

“(B) APPLICABLE DOLLAR LIMITATION.—The amount determined under subparagraph (A) for any taxable year shall not exceed \$30 multiplied by the number of months during such year that the taxpayer performs such services.

“(3) QUALIFIED VOLUNTEER EMERGENCY RESPONSE ORGANIZATION.—The term ‘qualified volunteer emergency response organization’ means any volunteer organization—

“(A) which is organized and operated to provide firefighting or emergency medical services for persons in the State or political subdivision, as the case may be, and

“(B) which is required (by written agreement) by the State or political subdivision to furnish firefighting or emergency medical services in such State or political subdivision.

“(d) TERMINATION.—This section shall not apply with respect to taxable years beginning after December 31, 2010.”.

(b) CLERICAL AMENDMENT.—The table of sections for such part is amended by inserting after the item relating to section 139A the following new item:

“Sec. 139B. Benefits provided to volunteer firefighters and emergency medical responders.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 6. CLARIFICATION OF STUDENT HOUSING ELIGIBLE FOR LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Subclause (I) of section 42(i)(3)(D)(ii) of the Internal Revenue Code of 1986 (relating to certain students not to disqualify unit) is amended to read as follows:

“(I) single parents and their children and such parents are not dependents (as defined in section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof) of another individual and such children are not dependents (as so defined) of another individual other than a parent of such children, or.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to—

“(1) housing credit amounts allocated before, on, or after the date of the enactment of this Act, and

“(2) buildings placed in service before, on, or after such date to the extent paragraph (I) of section 42(h) of the Internal Revenue Code of 1986 does not apply to any building by reason of paragraph (4) thereof.

SEC. 7. APPLICATION OF JOINT RETURN LIMITATION FOR CAPITAL GAINS EXCLUSION TO CERTAIN POST-MARRIAGE SALES OF PRINCIPAL RESIDENCES BY SURVIVING SPOUSES.

(a) SALE WITHIN 2 YEARS OF SPOUSE’S DEATH.—Section 121(b) of the Internal Revenue Code of 1986 (relating to limitations) is amended by adding at the end the following new paragraph:

“(4) SPECIAL RULE FOR CERTAIN SALES BY SURVIVING SPOUSES.—In the case of a sale or exchange of property by an unmarried individual whose spouse is deceased on the date of such sale, paragraph (1) shall be applied by substituting ‘\$500,000’ for ‘\$250,000’ if such sale occurs not later than 2 years after the date of death of such spouse and the requirements of paragraph (2)(A) were met immediately before such date of death.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales or exchanges after December 31, 2007.

SEC. 8. MODIFICATION OF PENALTY FOR FAILURE TO FILE PARTNERSHIP RETURNS; LIMITATION ON DISCLOSURE.

(a) EXTENSION OF TIME LIMITATION.—Section 6698(a) of the Internal Revenue Code of 1986 (relating to failure to file partnership returns) is amended by striking “5 months” and inserting “12 months”.

(b) INCREASE IN PENALTY AMOUNT.—Paragraph (1) of section 6698(b) of such Code is amended by striking “\$50” and inserting “\$85”.

(c) LIMITATION ON DISCLOSURE OF TAXPAYER RETURNS TO PARTNERS, S CORPORATION SHAREHOLDERS, TRUST BENEFICIARIES, AND ESTATE BENEFICIARIES.—

(1) IN GENERAL.—Section 6103(e) of such Code (relating to disclosure to persons having material interest) is amended by adding at the end the following new paragraph:

“(10) LIMITATION ON CERTAIN DISCLOSURES UNDER THIS SUBSECTION.—In the case of an inspection or disclosure under this subsection relating to the return of a partnership, S corporation, trust, or an estate, the information inspected or disclosed shall not include any supporting schedule, attachment, or list which includes the taxpayer identity information of a person other than the entity making the return or the person conducting the inspection or to whom the disclosure is made.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on the date of the enactment of this Act.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to returns required to be filed after the date of the enactment of this Act.

SEC. 9. PENALTY FOR FAILURE TO FILE S CORPORATION RETURNS.

(a) IN GENERAL.—Part I of subchapter B of chapter 68 of the Internal Revenue Code of 1986 (relating to assessable penalties) is amended by adding at the end the following new section:

“SEC. 6699. FAILURE TO FILE S CORPORATION RETURN.

“(a) GENERAL RULE.—In addition to the penalty imposed by section 7203 (relating to willful failure to file return, supply information, or pay tax), if any S corporation required to file a return under section 6037 for any taxable year—

“(1) fails to file such return at the time prescribed therefor (determined with regard to any extension of time for filing), or

“(2) files a return which fails to show the information required under section 6037, such S corporation shall be liable for a penalty determined under subsection (b) for each month (or fraction thereof) during which such failure continues (but not to exceed 12 months), unless it is shown that such failure is due to reasonable cause.

“(b) AMOUNT PER MONTH.—For purposes of subsection (a), the amount determined under this subsection for any month is the product of—

“(1) \$85, multiplied by

“(2) the number of persons who were shareholders in the S corporation during any part of the taxable year.

“(c) ASSESSMENT OF PENALTY.—The penalty imposed by subsection (a) shall be assessed against the S corporation.

“(d) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).”.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 of such Code is amended by adding at the end the following new item:

“Sec. 6699. Failure to file S corporation return.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns required to be filed after the date of the enactment of this Act.

SEC. 10. MODIFICATION OF REQUIRED INSTALLMENT OF CORPORATE ESTIMATED TAXES WITH RESPECT TO CERTAIN DATES.

The percentage under subparagraph (B) of section 401(I) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 1.50 percentage points.

The SPEAKER pro tempore (Mr. SNYDER). Pursuant to the rule, the gentlewoman from Ohio (Mrs. JONES) and the gentleman from Kentucky (Mr. LEWIS) each will control 20 minutes.

The Chair recognizes the gentlewoman from Ohio.

□ 1600

Mrs. JONES of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I am happy that the Congress is doing its part today to alleviate the pressure Americans all over the country are feeling due to the subprime mortgage crisis. It is estimated that before this housing slump is over, almost 2 million homeowners will lose their homes due to skyrocketing interest rates on their mortgages.

In September of this year, the House passed the Mortgage Relief Debt Forgiveness Act of 2007 without controversy. The Members of the House agreed on a bipartisan basis that this relief is necessary to give homeowners peace of mind as they navigate the current difficulties in the housing market. The Senate amendment to this bill further demonstrates Congress's support for this relief.

Many Americans are getting hit by the double whammy of, one, losing their homes to foreclosure and, two, getting slapped with a tax bill when the debt on their home is discharged by the lender. In situations where a lender forgives outstanding debt, it is considered income and, thus, is taxable.

I believe that our Tax Code, above all, should promote fairness and equity. Under current law, if your House is under foreclosure and the bank discharges your debt, you receive a tax bill. I don't think that's fair or equitable. It doesn't seem right for individuals in this circumstance to face a tax bill when they really have no increase in their net worth. As I see it, their house went down in value, and the individuals couldn't meet their current requirements, resulting in foreclosure. The resolution we consider today rectifies that disconnect so that if a person's principal residence lost value, that loss won't give rise to a tax liability. The provision would sunset in 3 years.

In addition, H.R. 3648, as amended, would provide a 3-year extension of the deduction for private mortgage insurance. The deduction makes it easier for homebuyers to avoid having to take out a risky high-interest second loan in order to make a down payment.

Finally, the bill includes provisions to make it easier for taxpayers to form housing cooperation corporations.

I hope this whole House can join the Ways and Means Committee members

in strong support of this resolution. H.R. 3648 restores some fairness to the Tax Code by preventing the unexpected tax consequences of foreclosure from hurting homeowners already smarting from the loss of their homes. Passage today will direct this bill to the President's desk and clear the path for this important legislation to become law.

Mr. Speaker, I reserve the balance of my time.

Mr. LEWIS of Kentucky. Mr. Speaker, I yield myself as much time as I may consume.

I rise today in strong support of the Mortgage Forgiveness Debt Relief Act of 2007. I've heard concerns from many homeowners in my district about the serious situation in the mortgage market. These declining prices have led some families to sell their homes for less than they paid.

On August 31, President Bush spoke from the Rose Garden and called on Congress to address the crisis in the mortgage market. Included in the President's priorities was a bill that Congressman ROB ANDREWS and I introduced in April. Our legislation would relieve tax obligations on those who sell homes that have lost equity and had been forgiven a portion of outstanding mortgage debt. Our measure is the cornerstone of the larger bipartisan bill that we are considering here today.

Under current law, only two categories of individuals pay taxes when selling their principal residence: those who have been able to realize a capital gain of more than \$250,000, or \$500,000 on a joint return, and those who lose the equity in their home and are forced to pay taxes if the lender forgives some portion of the mortgage debt.

It is unfair to tax people on phantom income, particularly when they have suffered serious economic loss and have less ability to pay the tax. The Mortgage Forgiveness Debt Relief Act would relieve this tax burden. The Andrews-Lewis provision states that no tax will be collected when a lender forgives part of the mortgage on the sale or disposition of a principal residence. This proposal has earned the support of the National Association of Home Builders, the National Association of Realtors and the United States Department of the Treasury.

Addressing this Tax Code inequity and other long-term issues in the housing market goes to the core of our national economic stability. Today, we advance a bill to the President that seeks to calm financial markets, aid local communities, and support one of our most basic American aspirations: homeownership.

I would like to thank my colleague Congressman ANDREWS for his commitment to this issue. I also appreciate the time and effort of my chairman, Congressman RANGEL, Ranking Member MCCRERY and their staffs for moving this important measure to the House floor.

The bill before us is a good first step toward addressing the mortgage situa-

tion. But more importantly, this bill is an example of what happens when both parties work together to produce good policy that will benefit millions of Americans.

Mr. Speaker, I reserve the balance of my time.

Mrs. JONES of Ohio. Mr. Speaker, I want to thank our Chair, Mr. RANGEL, and our ranking member for the hard work that they've done on this legislation.

It gives me great pleasure to yield 2 minutes to the gentleman from Michigan (Mr. LEVIN).

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Thank you to my friend from Ohio for yielding.

Bills that come up on suspension are often thought to be of less importance. That surely is not true here today. Tax equity has been a major principle in our efforts this year. And this legislation is an important aspect of that, a response to the subprime mortgage crisis.

The data just released by Fannie Mae show that our State of Michigan leads the Nation in losses on bad mortgages. Other rankings have Michigan at second in the Nation in delinquencies and third in foreclosure inventory. Ohio is next in some respects, but many States, really, all States show immense numbers of people who are suffering.

And nothing would seem more unfair than when someone loses their home to a foreclosure, if the bank sells their house for less than they owe, the IRS says "pay taxes," and this remedies it. Also, as mentioned, this bill provides a 3-year extension of the deduction for mortgage insurance premiums, another vital part of this legislation.

By leveling the playing field among mortgage products, we will make homeownership more affordable, especially at a time when so-called "piggy back" loans are becoming more expensive, and in some cases difficult, to obtain at any price.

And I close with this remark, "we pay for it." We pay for it. That's also been an important principle, tax equity, but not deepening the hole of fiscal irresponsibility. And this bill lives up to both, equity and fiscal responsibility, and we're proud to support it.

Mr. LEWIS of Kentucky. Mr. Speaker, I yield 2 minutes to my good friend from Texas, SAM JOHNSON.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I rise in strong support of the Mortgage Forgiveness Debt Relief Act. I've said it before and I'm saying it again, the current problems with the mortgage and real estate markets are considerable, but they're not permanent. This bill finally gets it right and provides a 3-year window so that lenders can restructure and write down loans, allowing people to move on with their lives without being taxed on phantom income.

I have confidence in the American economy and in the fact that real estate markets will rebound. Our economy is sound. The Federal Reserve is

now addressing mortgage lending practices that were out of control. And it's appropriate to restructure loans without taxing phantom income from the forgiveness of these inappropriate loans.

I am also glad to see this bill does not impose a luxury tax on one in 20 American families who own a second home. That tax on second homes also would have been an economic disaster for communities that rely upon tourism and recreation as their development strategy.

This bill before us is an appropriate response to a painful but temporary problem. We should all vote "yes" on this issue.

Mrs. JONES of Ohio. Mr. Speaker, I want to thank our chairman, Mr. RANGEL, for allowing me to manage this bill because he knows that in Ohio, the foreclosure epidemic has gone from bad to worse, with new cases growing by nearly 24 percent from 2005.

Another colleague of mine on this great committee, in my same class, I yield 2 minutes to Mr. LARSON of Connecticut.

Mr. LARSON of Connecticut. I thank the gentlelady from Ohio. And I also join in commending and thanking Mr. RANGEL and Mr. NEAL for their efforts in making sure that this legislation came to the floor.

Let me further associate myself with the remarks of the distinguished gentlelady from Ohio. By the end of next year, 2 million foreclosures will occur in this country. That's 2 million people and families whose lives and finances will be uprooted, 2 million communities affected. That's why it was so important for this committee to act. We should not add to their burden. We have to make sure that we preserve the American Dream for them.

The Ways and Means Committee reacted swiftly and reasonably to this crisis and said what we could do was make it easier for those who get a raw deal or are having a hard time. We could start by not making them have to pay taxes on money they will never see. And that is the beauty of this bill.

Also contained in this bill is a provision that helps firefighters and first responders. It wasn't lost on Mr. RANGEL, or Mr. NEAL either, that it wasn't the FBI or the CIA or the armed services who responded at the World Trade Center, the Pentagon, or the fields of Pennsylvania. It was volunteer firefighters. But the IRS, in its wisdom, chooses to treat income that they receive from their county, their State or their communities in terms of rebates on property tax or other equipment as ordinary income. That is flat-out wrong. And again, I commend the leadership for making sure that we address these issues.

Mr. LEWIS of Kentucky. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BRADY).

Mr. BRADY of Texas. Mr. Speaker, I have voted against this bill twice in the Chamber. I rise today in support of it.

This bill will now, in the right way, provide relief to American families who, after losing their homes in the past, have gotten a bill from Uncle Sam, and it is wrong. At a time when people struggle to keep their homes and they may lose them or have to sell them at a loss, we shouldn't be kicking them when they are down. This bill will right that wrong, giving taxpayers temporary relief for at least 3 years, and will also allow taxpayers to continue to deduct the premiums that they pay for mortgage insurance, which will help a number of people afford homes.

But, Mr. Speaker, I am most pleased that the Senate stripped from this bill something we sent out of the House twice, which was wrong. What we attempted to do was to increase the taxes on people who own second homes. Now, the original thought would be, that must be the wealthy. It's not; it's the middle class. In fact, 40 percent of all the home sales last year in America were to second homebuyers. And they're not the wealthy. The average income of those buyers was \$82,000. So, we were punishing middle-class families for scrimping on their first mortgage so they could save up for a vacation home or resort home or retirement home or maybe even an investment. That would have punished families. It would have hurt, I think, many communities whose future relies upon retirees in resort and vacation homes, and would have deepened the housing problems here in America rather than aid them. A number of us fought against that provision. We're pleased that the Senate removed it. This makes this a very bipartisan bill that has strong support. I urge my colleagues to support this bill.

Let me point out, too, that I appreciate the leadership of Chairman RANGEL on this, and I appreciate that he recognized this problem and moved on it. I appreciate the leadership of Mr. LEWIS and Mr. ANDREWS, who have fought for this legislation for many years.

Mrs. JONES of Ohio. Mr. BRADY, we're happy you got a wake-up call. Maybe you could bring us a few other Members over here to our side.

It gives me great pleasure to recognize now my colleague and good friend from the committee, Mr. BLUMENAUER, for 2 minutes.

□ 1615

Mr. BLUMENAUER. I appreciate the gentlewoman's courtesy in permitting me to speak on this bill.

We are watching fiscal chickens come home to roost with this housing bubble that is slowly working its way through the system. As my good friend from Connecticut mentioned, we are looking at perhaps 2 million foreclosures looming. There is another 2 million figure to keep in mind, and that is the number of loans that are going to reset in the next 18 months. And many of these people were not par-

ticularly sophisticated. There are a number of folks that appear to have been lured into subprime loans that actually would have qualified for conventional, fixed-rate mortgages. And this is a ripple effect that can have a very profound consequence for people.

If we see a 15-percent drop in housing values, which is projected by Goldman Sachs, we are talking about millions of families who can be in this situation of having phantom income. If it is a 20-percent drop, it is 3.7 million. And some people feel that 30 percent correction is not beyond question, and that would put almost 20 million American homeowners in this negative territory.

It is important for us to make sure that people are not paying taxes on phantom income. Frankly, I am a little disappointed that the legislation that came back to us from the Senate is only 3 years because I fear that this is going to be a longer-term problem. And, frankly, I can't foresee any circumstance where this Congress would like to apply tax rates on phantom income when anybody is under water, getting a loan forgiveness. We have put careful provisions in this to make sure that it is not unlimited, it is not for wild speculation, but for typical, average everyday homeowners.

I hope we pass this bill, but I also hope that we look at a long-term adjustment so that no one who is in this unfortunate circumstance ends up making a tax payment on phantom income when they have lost their home.

Mr. LEWIS of Kentucky. I reserve my time.

Mrs. JONES of Ohio. I join with my colleague to say I hope that at some point we will be able to extend this so it has no sunsetting provisions.

I yield 2 minutes to my colleague from New Jersey (Mr. ANDREWS).

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. I would like to thank my friend from Ohio for yielding. I would like to thank my friend, Mr. LEWIS, for his hard work on this legislation throughout the process, the gentleman from Louisiana (Mr. McCRERY), and obviously our chairman, Mr. RANGEL, and other members of the Ways and Means Committee, Mrs. TUBBS JONES in particular.

When we started working on this project, it was a matter of simple fairness to Americans who sold a home under difficult circumstances. Now, unfortunately, the problem has grown into one of economic urgency because our economy is in trouble today in large part because of a drop in housing prices and housing values. And one of the reasons that we would have a glut on that market would be if people have to dump their properties on the market because they can't get a workout on the loans that they have because it would raise their taxes to come to a different arrangement with their lender.

Through the wisdom of the committee, we are fixing this law in such a

way that will encourage people to work out an arrangement with their mortgagee to work out a way they can pay their loans and stay in their homes. And if they stay in their home, we won't have that glut of supply in the housing market. If we don't have that glut of supply on the housing market, prices will stabilize and not drop, which will mean more Americans have more home equity, more Americans have economic confidence, and our economy can rebound.

So I want to thank all those both on the Democratic and Republican side of the aisle for making this project a reality, in particular the staff of the Ways and Means Committee, for their hard work in making this a reality and urge a "yes" vote on this bill.

Mr. LEWIS of Kentucky. I continue to reserve my time.

GENERAL LEAVE

Mrs. JONES of Ohio. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to submit remarks for the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mrs. JONES of Ohio. It gives me great pleasure at this time to yield 2 minutes to the gentlewoman from New York (Ms. CLARKE). She is a freshman in Congress and has been a leader in working on a lot of issues, particularly this one; and I yield to her particularly because this bill expands some of the coverages for cooperative housing corporations which I am confident is an issue for the gentlelady from Brooklyn.

Ms. CLARKE. Mr. Speaker, I want to commend and give praise to the gentlewoman from Ohio for her management of this very important legislation and, of course, to our distinguished chairman of the House Ways and Means Committee, the dean of our New York delegation, for his leadership on this issue and bringing this issue to the floor today.

I rise in support of H.R. 3648, the Mortgage Forgiveness Debt Relief Act of 2007, because Americans need relief. We need relief. And under this bill, the mortgage debt forgiven through foreclosure, sale, or loan restructuring would no longer count as taxable income.

Mr. Speaker, this bill is extremely vital to many New Yorkers, since a subprime tsunami is now sweeping across this Nation and many experts confirm that this wave will continue well into the next year with no end in sight. As a result, foreclosures are increasing at an alarming rate.

As we count the last days of 2007, many expect more than 14,000 foreclosures to be filed in New York City alone. Mr. Speaker, Congress must do all that it can to help Americans to keep their homes. So today I will cast an "aye" vote in support of the Mortgage Forgiveness Debt Relief Act of 2007, which helps struggling homeowners cope with the unanticipated penalty of foreclosure.

Mr. LEWIS of Kentucky. In closing, I want to, again, thank Chairman RANGEL and Ranking Member MCCREERY. JIM and the chairman have certainly done a good job in working together to bring about this piece of legislation. Also I would like to thank the majority and the minority staff for their hard work and effort on this. And, too, I would like to thank Kevin Modlin on my staff. He has worked hard to help move this legislation through the process. This is a good day for those homeowners that are in much need of some help. And of course, Congressman ANDREWS, thank you so much for your hard work on this and putting it forward.

I yield back the balance of my time and ask for a "yea" vote on this important piece of legislation.

Mrs. JONES of Ohio. Mr. Speaker, almost all of us dream of a day when we can have a place of our own. For most Americans, buying a home is the single best investment they will ever make. It is the first step to building wealth and can provide financial leverage for a family for a variety of things, including starting a business or funding an education. Therefore, we must put safeguards in place to ensure that people are able to keep their homes and not be thrown into further debt.

That is one reason why I am pleased to rise in support of this piece of legislation that will allow taxpayers to exclude from their income debt that which was forgiven by a financial institution or lender. We cannot sit by as Congress and add insult to injury to our most vulnerable taxpayers. That is why I am so pleased to stand with my colleagues on the other side of the aisle in support of this very strong legislation in support of the American people.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Ohio (Mrs. JONES) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 3648.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

PROVIDING FOR CONCURRENCE BY HOUSE WITH AMENDMENT IN SENATE AMENDMENTS TO H.R. 3997, HEROES EARNINGS ASSISTANCE AND RELIEF TAX ACT OF 2007

Mr. LARSON of Connecticut. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 884) providing for the concurrence by the House in the Senate amendments to H.R. 3997, with an amendment.

The Clerk read the title of the resolution.

The text of the resolution is as follows:

H. RES. 884

Resolved, That upon the adoption of this resolution the House shall be considered to

have taken from the Speaker's table the bill, H.R. 3997, with the Senate amendments thereto, and to have (1) concurred in the Senate amendment to the title of the bill, and (2) concurred in the Senate amendment to the text of the bill with the following amendment:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the text of the bill, insert the following:

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Heroes Earnings Assistance and Relief Tax Act of 2007".

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—BENEFITS FOR MILITARY AND VOLUNTEER FIREFIGHTERS

Sec. 101. Election to include combat pay as earned income for purposes of earned income tax credit.

Sec. 102. Modification of mortgage revenue bonds for veterans.

Sec. 103. Survivor and disability payments with respect to qualified military service.

Sec. 104. Treatment of differential military pay as wages.

Sec. 105. Extension of exclusion from income for benefits provided to volunteer firefighters and emergency medical responders.

Sec. 106. Special period of limitation when uniformed services retired pay is reduced as a result of award of disability compensation.

Sec. 107. Distributions from retirement plans to individuals called to active duty.

Sec. 108. Disclosure of return information relating to veterans programs made permanent.

Sec. 109. Contributions of military death gratuities to Roth IRAs and Education Savings Accounts.

Sec. 110. Suspension of 5-year period during service with the Peace Corps.

Sec. 111. Credit for employer differential wage payments to employees who are active duty members of the uniformed services.

Sec. 112. State payments to service members treated as qualified military benefits.

Sec. 113. Permanent exclusion of gain from sale of a principal residence by certain employees of the intelligence community.

Sec. 114. Special disposition rules for unused benefits in health flexible spending arrangements of individuals called to active duty.

TITLE II—IMPROVEMENTS IN SUPPLEMENTAL SECURITY INCOME

Sec. 201. Treatment of uniformed service cash remuneration as earned income.

Sec. 202. State annuities for certain veterans to be disregarded in determining supplemental security income benefits.

Sec. 203. Exclusion of AmeriCorps benefits for purposes of determining supplemental security income eligibility and benefit amounts.

Sec. 204. Effective date.

TITLE III—REVENUE PROVISIONS

Sec. 301. Increase in penalty for failure to file partnership returns.