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JUN 17 2003

Honorable Carolyn Maloney
U.S. House of Representatives
2331 Rayburn House Office Building
Washington, DC 20515

Dear Ms. Maloney:

This letter is in response to your request of June 9, 2003, for a revenue estimate of a proposal to exclude from gross income certain Federal funds granted as a result of the terrorist events of September 11, 2001.

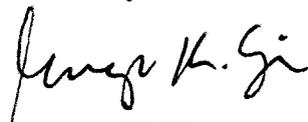
In general, under present law, unless income is received for "general welfare" or for compensation for losses that are not otherwise compensated, grants from the Federal government are included in income. To the extent not already excluded under present law by the general welfare doctrine or otherwise, your proposal would exclude from gross income payments of certain Federal funds made as assistance on account of property or business damaged by, and for economic revitalization directly related to, the terrorist attacks on the United States that occurred on September 11, 2001.

Assuming that your proposal would be enacted on July 1, 2003, and effective for taxable years ending after September 11, 2001, we estimate that your proposal would have the following effects on Federal fiscal year budget receipts:

Fiscal Years [Millions of Dollars]												
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2003-08</u>	<u>2003-13</u>
-24	-135	-61	-30	-11	-5	-2	---	---	---	---	-266	-268

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



George K. Yin