COMPARISON OF BUDGET TOPLINES & TAX PLANS

BUDGETS ANALYZED

- House Budget Committee Plan
- Senate Budget Committee Plan
- Congressional Progressive Caucus – The People's Budget
- President Obama's Budget

HOUSE BUDGET COMMITTEE (HBC) PLAN

Toplines

1. $5 trillion in program and service cuts over 10 years (from CBPP) See Chart 1 below
   - Cuts $3 trillion by repealing the Affordable Care Act, which provides insurance to 16.4 million people, and by converting Medicaid and the Children's Health Insurance Program into a block grant.
   - Cuts $759 billion from non-defense discretionary programs – education, scientific and medical research, transportation/infrastructure , job training, Head Start and other early interventions for children.
   - Cuts $1.1 trillion from "mandatory" or entitlement programs:
     - Cuts $125 billion from Supplemental Nutrition Assistance (food stamps)
     - Cuts $89 billion in Pell Grants, which help low-income families afford college (HBC Democrats)
2. Raises no new revenue
3. Lets expansions of the Earned Income Tax Credit and the Child Tax Credit expire after 2017
4. Does not specify closing any tax loopholes benefitting the wealthy or corporations

Revenues

1. **Raises no new revenues for deficit reduction or for investments.**

2. **Specifies about $1.3 trillion in tax cuts, which mostly benefit the wealthiest Americans:**
   - Repeals the Affordable Care Act (ACA), including all of the tax increases (HBC, p. 17). Revenue loss: about $1 trillion over 10 years. (CBO, Table 2) This includes repealing a 3.8% Medicare surtax on unearned income of the wealthy and the 0.9% Medicare surtax on high wage and salary income. (Center on Budget and Policy Priorities (CBPP))
   - Repeals the Alternative Minimum Tax (HBC, p. 12): ensures that higher income people pay at least some base level of tax. Revenue loss: $330 billion (Tax Policy Center (TPC)). 90% of the benefits go to the top 5% of households. (TPC)
   - Repealing the AMT and the ACA's health reform's high-income provisions would cut taxes by roughly $50,000 on average for people with incomes exceeding $1 million a year, but by less

than $10 on average for those making $50,000 to $75,000, and by essentially nothing on average for those earning less than $50,000. (CBPP)

3. **Budget calls for comprehensive tax reform that would include lower rates for individuals and families as well as large corporations and small businesses who often file their tax returns through the individual side of the tax code.** (HBC, p. 12) In previous years under Rep. Paul Ryan's leadership, approved House budgets identified these major tax cuts but did not specify how to pay for them:
   - Reduced individual income tax rates to two brackets – 10% and 25%. Revenue loss: $3.5 trillion over 10 years. (CBPP) The top marginal tax rate would be reduced from 39.6% to 25%. 48% of that amount, $2.75 trillion, would go to households with income exceeding $1 million. (TPC) They would get an average *net* tax decrease of over $200,000 a year even if they had to give up *all* of their tax loopholes and tax breaks. (Citizens for Tax Justice)
   - Reduced the top corporate income tax rate from 35% to 25%, which would cost $1.3 trillion (Joint Committee on Taxation).

4. Transitions away from a worldwide tax system to a more competitive international tax system.

5. **Lets expansions of the Earned Income Tax Credit and the Child Tax Credit expire after 2017. (See Chart 2 at end)** More than 13 million families, including almost 25 million children, would see an average benefit cut of $1,073 per family. (Citizens for Tax Justice)

SENATE BUDGET COMMITTEE BUDGET PLAN

Toplines

1. $4.5 trillion in program and service cuts over 10 years (from CBPP)
   - Repeals the Affordable Care Act, which provides insurance to 16.4 million people
   - Cuts about $400 billion from Medicaid by converting it to a block grant
   - Cuts $435 billion from Medicare
   - Cuts an additional $1.2 trillion from entitlements, including $660 billion from income security programs
2. Raises no new revenue
3. Lets expansions of the Earned Income Tax Credit and the Child Tax Credit expire after 2017
4. Does not specify closing any tax loopholes benefitting the wealthy or corporations

Revenues

1. **Raises no new revenues for deficit reduction or for investments.**

2. **Senate Budget Resolution avoids any specifics about tax cuts.** It simply states that Congress is allowed to:
   - Reform the Internal Revenue Code – presumably to make changes to individual income tax rates and to corporate income tax rates.
   - Amend the Internal Revenue Code to extend certain expiring tax relief provisions for innovation and high quality manufacturing jobs, also known as Tax Extender legislation.
   - Repeal the 2.3% excise tax on medical device manufacturers, which costs $29 billion over 10 years.

3. **Senate budget appears to let expansions of the Earned Income Tax Credit and the Child Tax Credit expire after 2017. (See Chart 2 at end)**] More than 13 million families, including almost 25 million children, would see an average benefit cut of $1,073 per family. (Citizens for Tax Justice)

CONGRESSIONAL PROGRESSIVE CAUCUS – THE PEOPLE'S BUDGET

Toplines (Economic Policy Institute)

1. Creates 8.4 million new jobs in 2018

2. Highlights of spending on investments and safety net:
   - Finances $1.6 trillion in direct job creation measures over 10 years, including $820 billion for infrastructure
   - Finances a $1.9 trillion increase in non-defense discretionary spending over current law
   - Repeals $700 billion in spending cuts mandated by the Budget Control Act
   - Spends $300 billion on making college affordable

3. Raises $6.9 trillion in additional revenue over 10 years

   - From the wealthy:
     - End the Bush tax cuts on the top 2% (AGI above $200,000/single and $250,000 couples)
     - Create new higher tax brackets for millionaires and billionaires
     - Cap the value of itemized tax deductions at 28% ($566 billion)
     - End the step-up basis for capital gains at death ($352 billion)
     - Make the estate tax more progressive ($178 billion)

   - From corporations:
     - End deferral so that offshore profits are taxed at the U.S. tax rate ($595 billion)
     - Establish a Financial Transaction Tax ($921 billion)
     - Impose a small tax on big financial institutions ($112 billion)
     - Limits tax breaks for corporate executives' bonuses and for stock options ($77 billion)
     - Eliminates tax breaks for fossil fuel production ($110 billion)

   - Enact a carbon tax ($1.2 trillion)

OBAMA'S BUDGET

Raises: $1.7 trillion in new revenue over 10 years (net $1.2 trillion)

Highlights of increases below are estimated by the Joint Committee on Taxation (JCT)

Individual Tax Increases

- $525 billion from a 28% cap on the value of itemized tax deductions
- $233 billion from closing capital gains tax loophole on inherited wealth (stepped-up basis) and by raising the top capital gains tax rate to 28%
- $153 billion from modifying estate and gift taxes
- $85 billion by increasing tobacco taxes
- $45 billion from the Buffett Rule – a 30% minimum tax on millionaires

Corporate Tax Increases

- Long-range, Obama's corporate tax reform is revenue neutral – revenue from closing loopholes goes to reducing corporate income tax rates
- $262 billion by imposing a 19% minimum corporate tax on foreign income
- $217 billion from a one-time 14% tax on previously untaxed foreign income (aka "deemed repatriation" not a tax holiday) – this revenue is dedicated to increased infrastructure spending over five years
- $110 billion by imposing a fee of 0.07% on the liabilities of the nation's 100 biggest financial institutions with assets of $50 billion or more
- $48 billion by ending tax breaks for oil, gas and coal production

New Investments

Not counting new spending above sequester caps

- **$245 billion in tax breaks for low and middle-income Americans (New Initiative)**
  - Streamline child care tax incentives to give middle-class families with young children a tax cut of up to $3,000 per child ($50 billion)
  - Simplify, consolidate, and expand education tax benefits to improve college affordability ($46 billion)
  - Expand EITC for childless workers ($60 billion)
  - $500 in a new, simple tax credit to two-earner families ($89 billion)

- **$198 billion to permanently extend ARRA tax credits that expire in 2017 (JCT est.)**
  - Permanently extend Child Tax Credit improvements ($87 billion)
  - Permanently extend EITC improvements ($30 billion)
  - Permanently extend American Opportunity Tax Credit (AOTC) ($80 billion) for college

- **$360 billion in new investments**
  - $218 billion from deemed repatriation for infrastructure spending on top of Highway Trust Fund revenues
  - $60 billion for the President's plan to make community college free
  - $82 billion for child care subsidies to low- and middle-income families with children ages 4 and under, nearly doubling the aid and offering it to more than 1 million additional children a year over the next decade. (National Women's Law Center)

Chart 1. HOUSE REPUBLICAN BUDGET CUTS $5 TRILLION FROM DOMESTIC SPENDING PROGRAMS

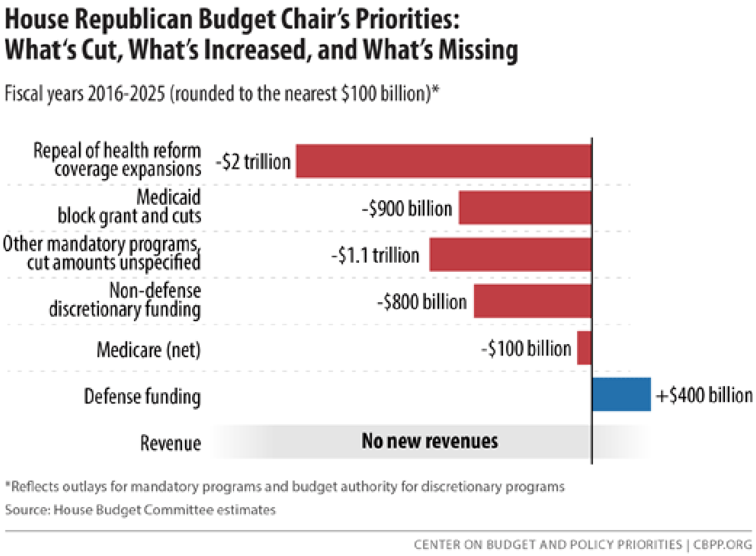

Chart 2. HOUSE & SENATE REPUBLICAN BUDGETS TAKE AWAY TAX BREAKS FOR

LOW-INCOME WORKING FAMILIES

One way the budget plans from Budget Committee Chairmen Tom Price and Mike Enzi would worsen poverty is by allowing crucial provisions of the Earned Income Tax Credit and the Child Tax Credit for low- and modest-income working people to expire at the end of 2017. **That would push more than 16 million people, including almost 8 million children, into or deeper into poverty**.