



COMPARISON OF BUDGET & TAX PLANS

- 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** (Source: [Center on Budget & Policy Priorities \(CBPP\)](#)) **Also see Chart 1 at end.**
 - Cuts \$3 trillion by repealing the Affordable Care Act, which provides insurance to 16.4 million people, and by cutting Medicaid and the Children’s Health Insurance Program and converting them into a block grant. Medicaid cuts on top of ACA rollback total \$913 billion.
 - 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 (not counting Medicare and Medicaid):
 - Cuts \$125 billion from Supplemental Nutrition Assistance (food stamps)
 - Cuts \$89 billion in Pell Grants, which help low-income families afford college ([House Budget Committee \(HBC\) Democrats](#))
 - Other program cuts would be made to Pell grants, school lunch and child nutrition programs, Supplemental Security Income for the elderly and disabled, income supports for low-income working families through the Earned Income Tax Credit and the Child Tax Credit, and more.
2. **Raises no new revenue – so deficit reduction is paid for by average Americans rather than by corporations and the wealthy.** Does not specify closing any tax loopholes benefitting the wealthy or corporations.
3. **Lets expansions of the Earned Income Tax Credit and the Child Tax Credit expire after 2017.** (See **CBPP 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](#))

Revenues

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

2. **Specifies about \$1.3 trillion in tax cuts that mostly benefit wealthy Americans (pp. 12 and 17):**
 - Repeals the Affordable Care Act (ACA), including all of the tax increases ([HBC, p. 17](#)). Revenue loss: about \$1 trillion over 10 years. ([Congressional Budget Office \(CBO\), 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. ([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:
 - Reduce the top corporate income tax rate from 35% to 25%, which would cost \$1.3 trillion ([Joint Committee on Taxation \(JCT\)](#)).
 - 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 \$3.5 trillion, or, \$1.7 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](#))

4. **Transitions away from the U.S.'s worldwide tax system to a territorial tax system.** Corporations would pay the tax rate that applies in the country where the income is claimed to be earned, rather than pay at the U.S. income tax rate less any credits for foreign taxes paid. This will create big incentives to shift jobs and profits offshore to low-tax countries.

[SENATE BUDGET COMMITTEE BUDGET PLAN](#)

Toplines

1. **\$4.5 trillion in program and service cuts over 10 years** ([CBPP](#))
 - Repeals the Affordable Care Act, which provides insurance to 16.4 million people
 - Cuts about \$400 billion from Medicaid and converts it into a block grant
 - Cuts \$435 billion from Medicare
 - Cuts \$236 billion from non-defense discretionary programs – education, scientific and medical research, transportation/infrastructure, job training, Head Start and other programs.
 - Cuts an additional \$1.2 trillion from “mandatory spending,” including \$660 billion from income security programs such as food stamps, Pell grants, school lunch and child nutrition programs, Supplemental Security Income for the elderly and disabled, income supports for low-income working families through the Earned Income Tax Credit and the Child Tax Credit, and more.

2. **Raises no new revenue – so deficit reduction is paid for by average Americans rather than by corporations and the wealthy.** Does not specify closing any tax loopholes benefitting the wealthy or corporations.

- 3. Lets expansions of the Earned Income Tax Credit and the Child Tax Credit expire after 2017. (See CBPP 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](#))

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.

CONGRESSIONAL PROGRESSIVE CAUCUS – THE PEOPLE’S BUDGET

Toplines from [Economic Policy Institute](#)

- 1. Creates up to 9 million new job years by 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) and create new higher tax brackets for millionaires and billionaires (\$1.4 trillion)
 - 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)
 - Limit tax breaks for corporate executives’ bonuses and for stock options (\$77 billion)
 - Eliminate tax breaks for fossil fuel production (\$110 billion)
 - From a carbon tax (\$1.2 trillion) and a 15 cent increase in the gas tax (\$206 billion)
 - From immigration reform: \$237 billion

PRESIDENT OBAMA'S BUDGET

1. **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

- 28% cap on the value of itemized tax deductions (\$525 billion)
- Closes the capital gains tax loophole on inherited wealth (stepped-up basis) and raises the top capital gains tax rate to 28% (\$233 billion)
- Modifies estate and gift tax rules (\$153 billion)
- Increases tobacco taxes (\$85 billion)
- Implement the Buffett Rule – a 30% minimum tax on millionaires (\$45 billion)

Corporate Tax Increases

- Long-range, Obama's corporate tax reform is revenue neutral – revenue from closing loopholes goes to reducing corporate income tax rates
- Impose a 19% minimum corporate tax on foreign income (\$262 billion)
- Impose a one-time 14% tax on \$2 trillion in foreign income that has not been taxed in the U.S. (aka "deemed repatriation" not a tax holiday) – this revenue is dedicated to increased infrastructure spending over five years (\$217 billion)
- Impose a fee of 0.07% on the liabilities of the nation's 100 biggest financial institutions with assets of \$50 billion or more (\$110 billion)
- End tax breaks for oil, gas and coal production (\$48 billion)

2. **Makes Major New Investments**

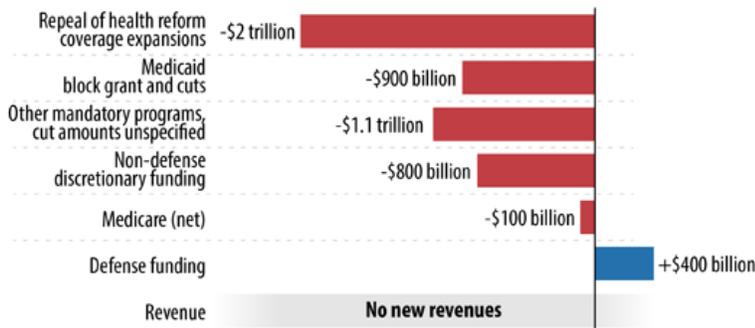
Not counting new spending above the budget sequester caps

- **\$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 estimates](#))**
 - 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**
 - New infrastructure investments on top of Highway Trust Fund revenues from a 14% mandatory deemed repatriation tax on \$2 trillion in untaxed offshore profits (\$217 billion)
 - Make community college free (\$60 billion)
 - \$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

House Republican Budget Chair's Priorities: What's Cut, What's Increased, and What's Missing

Fiscal years 2016-2025 (rounded to the nearest \$100 billion)*



*Reflects outlays for mandatory programs and budget authority for discretionary programs
Source: House Budget Committee estimates

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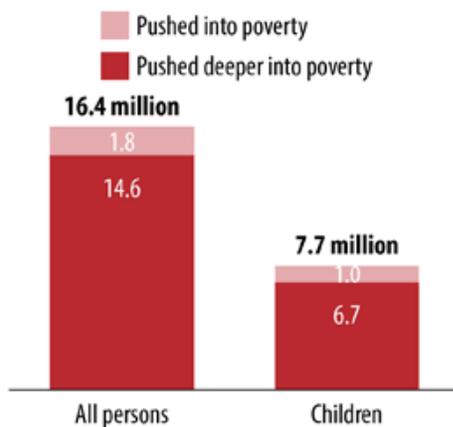
Chart 2. HOUSE & SENATE REPUBLICAN BUDGETS TAKE AWAY TAX BREAKS FOR

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.**

Letting Key Working-Family Tax Credit Provisions Expire Would Push Millions Into or Deeper Into Poverty

Poverty impact if Earned Income Tax Credit and Child Tax Credit provisions expire at end of 2017



Note: This analysis uses the Supplemental Poverty Measure. Unlike the official poverty measure, the SPM counts the effect of government benefit programs and tax credits. The expiring tax-credit provisions are a lower earnings threshold for receiving the refundable Child Tax Credit, marriage-penalty relief in the Earned Income Tax Credit, and an EITC boost for larger families.

Source: CBPP analysis of Census Bureau's March 2014 Current Population Survey and 2013 SPM public use file.

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