CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 5, 2015

H.R. 637
Permanent IRA Charitable Contribution Act of 2015

As ordered reported by the House Committee on Ways and Means on February 4, 2015

H.R. 637 would amend the Internal Revenue Code to reinstate and make permanent a rule that had allowed eligible taxpayers to exclude from taxable income certain distributions from their individual retirement accounts (IRAs) that were directly donated to qualifying charities. Under current law, the rule expired for distributions made after December 31, 2014. The tax treatment under H.R. 637 would apply to taxpayers over the age of 70 years and six months, and would be limited to $100,000 per taxpayer for any year. Qualified donations would include those to most public charities that would be deductible for taxpayers who itemize their income tax deductions. Taxpayers who excluded amounts from taxable income as a result of the bill would not be allowed to also claim an itemized deduction for such amounts. Amounts donated from IRAs would count for purposes of required minimum distributions.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 637 would reduce revenues, thus increasing federal budget deficits, by about $8.8 billion over the 2015-2025 period. The estimated budgetary effects of H.R. 637 are shown in the following table.

	By Fiscal Year, in Millions of Dollars												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2015-2020	2015-2025
CHANGES IN REVENUES													
Estimated Revenues	-196	-659	-702	-775	-813	-855	-895	-933	-967	-1,001	-1,030	-4,000	-8,826

Source: Staff of the Joint Committee on Taxation.

Although enacting H.R. 637 would affect revenues, the provisions of the Statutory Pay-As-You-Go Act of 2010 do not apply to the legislation because it includes a provision that would direct the Office of Management and Budget to exclude the estimated changes in revenues from the scorecards used to enforce the pay-as-you-go rules.

JCT has determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Nathaniel Frentz. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.