



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 30, 2016

**H.R. 3590
Halt Tax Increases on the Middle Class and Seniors Act**

As ordered reported by the House Committee on Ways and Means on June 15, 2016

Under current law, individuals may generally claim an itemized deduction for unreimbursed medical expenses to the extent that such expenses exceed a threshold of 10 percent of adjusted gross income (AGI). For taxpayers 65 years of age or older, the threshold is generally 7.5 percent in 2016, but it rises to 10 percent thereafter. Regardless of the age of the taxpayer, the threshold is 10 percent for the purposes of the alternative minimum tax (AMT). H.R. 3590 would amend the Internal Revenue Code to permanently lower the threshold from 10 percent to 7.5 percent of AGI under the regular income tax, regardless of the age of the taxpayer, effective for tax years beginning after December 31, 2015. H.R. 3590 maintains the threshold at its current-law level of 10 percent for AMT purposes.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 3590 would reduce revenues by \$32.7 billion over the 2016-2026 period.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting revenues or direct spending. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO and JCT estimate that enacting the bill would increase net direct spending or on-budget deficits by more than \$5 billion in at least one of the four 10-year periods beginning in 2027.

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 Peter Huether. The estimate was approved by Mark Booth, Unit Chief, Revenue Estimating.

CBO Estimate Of Pay-As-You-Go Effects for H.R. 3590, as ordered reported by the House Committee on Ways and Means on June 15, 2016.

By Fiscal Year, in Millions of Dollars

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016- 2021	2016- 2026
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NET INCREASE IN THE DEFICIT

Statutory Pay-As-You-Go Effects	0	1,570	2,494	2,756	2,972	3,205	3,436	3,687	3,948	4,216	4,413	12,998	32,697
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Source: Staff of the Joint Committee on Taxation.

Note: Components may not sum to total because of rounding.
