



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Keith Hall, Director

November 8, 2017

Honorable Richard Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Congressman:

This letter responds to your request for information about the estimated deficits and debt under the Chairman's amendment in the nature of a substitute to H.R. 1, the Tax Cuts and Jobs Act.

The staff of the Joint Committee on Taxation determined that provisions in the Chairman's amendment would increase deficits over the 2018-2027 period by \$1.4 trillion (not including the macroeconomic effects of enacting the legislation). By CBO's estimate, additional debt service would boost the 10-year increase in deficits to \$1.7 trillion. CBO's June 2017 baseline projects that debt held by the public in 2027 will be 91.2 percent of gross domestic product. As a result of those higher deficits, debt held by the public in that year, under H.R. 1, would be about 6 percent greater, reaching 97.1 percent of gross domestic product.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Hall'.

Keith Hall

Enclosure

cc: Honorable Kevin Brady
Chairman

**Estimated Deficits and Debt Under the Chairman's Amendment in the Nature of a Substitute to H.R. 1
The "Tax Cuts and Jobs" Act**

11/8/2017

By Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2027
In Billions of Dollars											
Deficit											
CBO's June 2017 Baseline	-563	-689	-775	-879	-1,027	-1,057	-1,083	-1,225	-1,352	-1,463	-10,112
Estimated effects on the deficit from H.R. 1 ^a	-114	-219	-207	-188	-172	-95	-50	-89	-122	-156	-1,414
Estimated debt service ^b	<u>-1</u>	<u>-5</u>	<u>-11</u>	<u>-18</u>	<u>-25</u>	<u>-31</u>	<u>-35</u>	<u>-39</u>	<u>-44</u>	<u>-50</u>	<u>-259</u>
Total	-115	-224	-219	-206	-198	-126	-85	-128	-165	-205	-1,672
Deficit including H.R. 1	-677	-913	-993	-1,086	-1,225	-1,184	-1,168	-1,352	-1,517	-1,668	-11,784
Debt Held by the Public (End of Year)											
CBO's June 2017 Baseline	15,537	16,282	17,108	18,037	19,109	20,212	21,342	22,613	24,014	25,524	n.a.
Cumulative Adjustment	<u>115</u>	<u>339</u>	<u>557</u>	<u>764</u>	<u>962</u>	<u>1,088</u>	<u>1,173</u>	<u>1,300</u>	<u>1,466</u>	<u>1,671</u>	n.a.
Debt Held by the Public including H.R. 1	15,652	16,621	17,666	18,801	20,071	21,300	22,514	23,914	25,479	27,195	n.a.
Memorandum:											
Gross Domestic Product in CBO's June 2017 baseline	19,924	20,671	21,380	22,165	23,037	23,951	24,905	25,896	26,927	27,999	236,856
As a Percentage of Gross Domestic Product											
Deficit											
CBO's June 2017 Baseline	-2.8	-3.3	-3.6	-4.0	-4.5	-4.4	-4.3	-4.7	-5.0	-5.2	-4.3
Estimated effects on the deficit from H.R. 1 ^a	-0.6	-1.1	-1.0	-0.8	-0.7	-0.4	-0.2	-0.3	-0.5	-0.6	-0.6
Estimated debt service ^b	<u>*</u>	<u>*</u>	<u>-0.1</u>	<u>-0.1</u>	<u>-0.1</u>	<u>-0.1</u>	<u>-0.1</u>	<u>-0.1</u>	<u>-0.2</u>	<u>-0.2</u>	<u>-0.1</u>
Total	-0.6	-1.1	-1.0	-0.9	-0.9	-0.5	-0.3	-0.5	-0.6	-0.7	-0.7
Deficit including H.R. 1	-3.4	-4.4	-4.6	-4.9	-5.3	-4.9	-4.7	-5.2	-5.6	-6.0	-5.0
Debt Held by the Public (End of Year)											
CBO's June 2017 Baseline	78.0	78.8	80.0	81.4	82.9	84.4	85.7	87.3	89.2	91.2	n.a.
Cumulative Adjustment	<u>0.6</u>	<u>1.6</u>	<u>2.6</u>	<u>3.4</u>	<u>4.2</u>	<u>4.5</u>	<u>4.7</u>	<u>5.0</u>	<u>5.4</u>	<u>6.0</u>	n.a.
Debt Held by the Public including H.R. 1	78.6	80.4	82.6	84.8	87.1	88.9	90.4	92.3	94.6	97.1	n.a.

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation

NOTES

Numbers may not sum to totals because of rounding.

Does not incorporate any macroeconomic effects of enacting the legislation.

n.a. = not applicable; * = between -0.05 percent and zero.

a. Estimate provided by the staff of the Joint Committee on Taxation November 3, 2017, JCX-47-17, <https://go.usa.gov/xnbwR>.

b. Debt service refers to a change in interest payments resulting from a change in the estimate of the deficit.