

At a Glance
H.R. 3301, Taxpayer Certainty and Disaster Tax Relief Act of 2019

As ordered reported by the House Committee on Ways and Means on June 20, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	88	145	145
Revenues	-16,482	-27,629	-4,636
Deficit Effect	16,570	27,774	4,781
Spending Subject to Appropriation (Outlays)	0	0	0
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Over Threshold
[n.e. = not estimated]			

The bill would

- Extend certain expiring tax provisions, including provisions related to tax relief and support for families and individuals; incentives for employment, economic growth, and community development; and incentives for energy production, efficiency, and green economy jobs
- Reduce the unified credit against the estate tax beginning after December 31, 2022
- Provide tax relief for areas affected by certain natural disasters in 2018 and 2019

Estimated budgetary effects would primarily stem from

- The extension of biodiesel and renewable diesel incentives, an employer credit for paid family and medical leave, and the exclusion from gross income of discharge of qualified personal residence indebtedness
- Accelerating the reduction in the unified credit against the estate tax by three years
- New rules related to the deduction for qualified disaster-related personal casualty losses

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) are the official estimates for all tax legislation considered by the Congress. CBO therefore incorporates such estimates into its cost estimates of the effects of legislation. All of the estimates for the provisions of H.R. 3301 were provided by JCT.

Detailed estimate begins on the next page.



Bill Summary

H.R. 3301, the Taxpayer Certainty and Disaster Tax Relief Act of 2019, would extend a number of expiring tax provisions, reduce the unified credit against the estate tax beginning in 2022, and provide tax relief for certain areas affected by natural disasters.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3301 is shown in Table 1. The costs of the legislation fall within budget function 550 (health) and budget function 600 (income security).

Table 1.
Estimated Budgetary Effects of H.R. 3301

	By Fiscal Year, Millions of Dollars											2019-2024	2019-2029
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Increases or Decreases (-) in Revenues													
Title I. Extension of Certain Expiring Provisions	-10,831	-12,139	-6,707	-1	-295	-543	-523	-478	-513	-521	-483	-30,519	-33,042
Title II. Estate and Gift Tax - Reduction of Unified Credit Against Estate Tax	0	0	19	144	1,121	10,264	11,481	11,990	1,733	667	142	11,548	37,561
Title III. Disaster Tax Relief	-5,651	-3,036	7	-106	62	63	-100	-100	-100	-100	-98	-8,658	-9,155
Total Revenues	-16,482	-15,175	-6,681	37	888	9,784	10,858	11,412	1,120	46	-439	-27,629	-4,636
On-Budget	-16,482	-15,182	-6,684	37	888	9,784	10,858	11,412	1,120	46	-439	-27,638	-4,645
Off-Budget	0	7	3	0	0	0	0	0	0	0	0	9	9
Increases or Decreases (-) in Direct Spending													
Title I. Extension of Certain Expiring Provisions													
Estimated Budget Authority	0	26	9	0	0	0	0	0	0	0	0	35	35
Estimated Outlays	0	26	9	0	0	0	0	0	0	0	0	35	35
Title III. Disaster Tax Relief													
Estimated Budget Authority	88	22	0	0	0	0	0	0	0	0	0	110	110
Estimated Outlays	88	22	0	0	0	0	0	0	0	0	0	110	110
Total Estimated Changes in Direct Spending													
Estimated Budget Authority	88	48	9	0	0	0	0	0	0	0	0	145	145
Estimated Outlays	88	48	9	0	0	0	0	0	0	0	0	145	145
Net Increase or Decrease (-) in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	16,570	15,223	6,690	-37	-888	-9,784	-10,858	-11,412	-1,120	-46	439	27,774	4,781
On-Budget Deficit	16,570	15,230	6,693	-37	-888	-9,784	-10,858	-11,412	-1,120	-46	439	27,783	4,790
Off-Budget Deficit	0	-7	-3	0	0	0	0	0	0	0	0	-9	-9

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.
Components may not sum to totals because of rounding.* = between -\$500,000 and \$500,000.



Basis of Estimate

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation will be the official estimates for all tax legislation considered by the Congress. As such, CBO incorporates those estimates into its cost estimates of the effects of legislation. All of the estimates for the provisions of H.R. 3301 were provided by JCT.

Revenues

On net, JCT estimates, enacting the bill would decrease revenues by \$4.6 billion over the 2019-2029 period.

Title I. Extension of Certain Expiring Tax Provisions. Title I would extend certain expiring tax provisions. These tax provisions include individual income tax provisions; incentives related to employment, economic growth, and community development; incentives for energy production, efficiency, and green economy jobs; and other provisions expiring at the end of 2019. JCT estimates that those provisions would, on net, reduce revenues by \$33.0 billion over the 2019-2029 period.

Title II. Estate and Gift Tax - Reduction of Unified Credit Against Estate Tax. Title II would reduce the unified credit against the estate tax. The exclusion for the estate and gift tax was expanded from \$5 million to \$10 million (indexed for inflation) under Public Law 115-97 for decedents dying from December 31, 2017 to January 1, 2026. This provision accelerates the expiration of that measure by three years to December 31, 2022. JCT estimates that this provision would, on net, increase revenues by \$37.6 billion over the 2019-2029 period.

Title III. Disaster Tax Relief. Title III would provide tax relief to areas affected by certain natural disasters in 2018 and part of 2019. Title III includes special rules for claiming the itemized deduction for qualified disaster-related personal casualty losses and for early withdrawals for disaster-related uses of retirement funds. JCT estimates that this provision would, on net, reduce revenues by \$9.2 billion over the 2019-2029 period.

Direct spending

On net, JCT estimates, enacting the bill would increase direct spending by \$145 million over the 2019-2029 period.

Title I. Extension of Certain Expiring Tax Provisions. Title I would extend the health coverage tax credit, which is a credit for health insurance costs of eligible individuals, for 12 months. JCT estimates that the extension of the credit would increase direct spending by \$35 million over the 2019-2029 period.

Title III. Disaster Tax Relief. Title III would permit individuals living in areas affected by natural disasters to calculate their earned income tax credit and additional child tax



credit using their earned income from the prior tax year. JCT estimates that this provision would increase direct spending by \$110 million over the 2019-2029 period.

Uncertainty

These budgetary estimates are uncertain because they rely on underlying projections and other estimates that are uncertain. Specifically, they are based in part on CBO’s economic projections for the next decade under current law, and on estimates of changes in taxpayers’ behavior in response to changes in tax rules.

Pay-As-You-Go Considerations:

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 2. Only on-budget changes to outlays or revenues are subject to pay-as-you-go procedures.

Table 2. CBO’s Estimate of Pay-As-You-Go Effects of H.R. 3301														
By Fiscal Year, Millions of Dollars												2019-2024	2019-2029	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
	Net Increase or Decrease (-) in the [On-Budget] Deficit													
Statutory Pay-As-You-Go Effect	16,570	15,230	6,693	-37	-888	-9,784	-10,858	-11,412	-1,120	-46	439	27,783	4,790	
Memorandum:														
Change in Outlays	88	48	9	0	0	0	0	0	0	0	0	145	145	
Change in On-Budget Revenues	-16,482	-15,182	-6,684	37	888	9,784	10,858	11,412	1,120	46	-439	-27,638	-4,645	

Increase in Long-Term Deficits: None.

JCT estimates that enacting H.R. 3301 would not increase on-budget deficits by more than \$5 billion in at least one of the four consecutive 10-year periods beginning in 2030.

Mandates:

JCT has determined that H.R. 3301 would impose no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

JCT has determined that H.R. 3301 would impose a private-sector mandate as defined in UMRA by reducing the unified credit against the estate tax. JCT estimates that the aggregate direct cost of the mandate would exceed the annual private-sector threshold established in UMRA (\$164 million in 2019, adjusted annually for inflation).



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Mandates: Staff of the Joint Committee on Taxation

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