Table T21-0291

Alternative State and Local Tax (SALT) Deduction Provision in

Major Tax Provisions in H.R.5376, The Build Back Better Act as Reported by the Committee on the

Budget, with Modifications (Rules Committee Print 117-18 as Amended by 117-19: November 4, 2021)

Phase out Benefit of $80,000 SALT Limit Between AGI of $400,000 and $475,000

Tax Units with a Tax Increase or Tax Cut, by Expanded Cash Income Percentile, 2022 [1]

Baseline: Current Law

Expanded Cash Income Percentile [2,3]	Tax Units		Tax Units with Tax Increase or Cut [4]				Average Tax Change (Dollars) For all Tax Units	
	Number (thousands)	Percent of Total	With Tax Cut		With Tax Increase		All Provisions [5]	Major Provisions Included Here [6]
			Pct of Tax Units	Avg Tax Change ($)	Pct of Tax Units	Avg Tax Change ($)		
Lowest Quintile	47,360	26.4	36.4	-1,840	5.5	30	-700	-670
Second Quintile	39,000	21.7	33.3	-2,380	15.0	50	-840	-790
Middle Quintile	36,630	20.4	28.6	-2,240	22.8	70	-680	-630
Fourth Quintile	30,160	16.8	45.8	-1,700	30.3	110	-830	-750
Top Quintile	24,880	13.9	59.3	-2,130	33.9	9,780	1,930	2,050
All	179,520	100.0	38.8	-2,030	19.3	2,440	-380	-320
Addendum								
80-90	12,750	7.1	61.0	-1,640	29.3	170	-1,070	-950
90-95	6,230	3.5	65.2	-2,210	29.4	230	-1,540	-1,370
95-99	4,770	2.7	59.0	-3,460	38.6	1,660	-1,670	-1,400
Top 1 Percent	1,140	0.6	8.5	-250	90.1	76,010	69,350	68,430
Top 0.1 Percent	120	0.1	5.2	-440	94.6	622,680	602,700	589,070

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0721-2).

* Non-zero value rounded to zero; ** Insufficient data

(1) Calendar year. Baseline is the law currently in place as of December 9, 2021.

http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

http://www.taxpolicycenter.org/TaxModel/income.cfm

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2020 dollars): 20% $27,200; 40% $53,900; 60% $96,700; 80% $176,400; 90% $257,500; 95% $369,300; 99% $884,900; 99.9% $3,998,700.

(4) Includes tax units with a change in federal tax burden of $10 or more in absolute value.

(5) Includes provisions contained in JCX-45-21 except: provisions related to expanding access to health coverage; Subtitle E, Part 4, item 1; Subtitle H, Part 5, item 5; and provisions with a revenue change of less than $50 million in the years of our analysis. In lieu of Subtitle G, Part 6 as amended by Rules Committee Print 117-19, proposal would increase the limit on deductible state and local taxes from $10,000 to $80,000 for taxpayers with adjusted gross income (AGI) less than $400,000. The additional deduction would phase out rateably between $400,000 and $475,000 of AGI (for married individuals filing a separate return, the limit would increase from $5,000 to $40,000 and the benefit would phase out between $200,000 and $237,500 of AGI).

(6) Includes following provisions from JCX-45-21: Subtitle F, Part 1, item 1; Subtitle F, Part 2; Subtitle F, Part 7; Subtitle G, Part 1; Subtitle G, Part 2, item 1; Subtitle H, Part 1, sections A-C; Subtitle H, Part 1, section E, item 7; Subtitle H, Part 1, section E, item 11; Subtitle H, Part 1, section E, item 13; Subtitle H, Part 2; and Subtitle H, Part 5, item 2. In lieu of Subtitle G, Part 6 as amended by Rules Committee Print 117-19, contains SALT provision as described in above note. For certain proposals, the TPC model is detailed enough to estimate the average tax change by income group but, due to data limitations, we cannot assign the tax change to individual tax units. Thus, the effects of those proposals are not included in our estimate of the percent of tax units with a tax increase or cut.