

Deficit Reduction in the American Taxpayer Relief Act of 2012 (H.R. 8)

Relative to the Congressional Budget Office's Current Policy Baseline ("Alternative Fiscal Scenario")¹

Note: Negative numbers are deficit reduction; positive numbers are deficit increases; totals may not add due to rounding.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2022
<u>High-Income Tax Increases</u>											
Increases in income and capital gains & dividend tax rates for certain high-income taxpayers	-18	-31	-35	-40	-45	-48	-51	-55	-59	-64	-447
Reinstate personal exemption phaseout ("PEP") and the phaseout of itemized deductions ("Pease") for certain high-income taxpayers	-5	-11	-12	-13	-15	-16	-18	-19	-21	-22	-152
<u>Increase estate tax rate from 35 to 40 percent</u>	-4	-1	-1	-1	-2	-2	-2	-2	-2	-2	-19
Subtotal: High-income and estate tax increases	-27	-42	-48	-55	-62	-66	-71	-76	-82	-88	-618
<u>Offsets for Two-Month Delay of the Sequester</u>											
Adjustments to discretionary caps ²	-1	-5	-2	-1	0	0	0	0	0	0	-10
<u>Allow conversion of tax-deferred to Roth savings accounts</u>	<u>0</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-2</u>	<u>-12</u>
Subtotal: Offsets for two-month delay of the sequester	-1	-6	-3	-2	-2	-2	-2	-2	-2	-2	-22
<u>Other Measures</u>											
Pay for one-year Sustainable Growth Rate ("doc") fix with various provider and other health savings	2	-2	-4	-5	-5	-1	-1	-1	-2	-6	-24
<u>One year extension of Emergency Unemployment Compensation</u>	<u>22</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>30</u>						
Subtotal: Other provisions	25	6	-4	-5	-5	-1	-1	-1	-2	-6	6
Total	-4	-42	-56	-61	-68	-69	-74	-79	-85	-96	-633
<u>Savings in interest payments on the debt</u>	<u>0</u>	<u>0</u>	<u>-1</u>	<u>-3</u>	<u>-6</u>	<u>-10</u>	<u>-14</u>	<u>-18</u>	<u>-23</u>	<u>-28</u>	<u>-104</u>
Total deficit reduction	-4	-42	-57	-65	-74	-79	-87	-98	-108	-123	-737

¹ For a description of the CBO Alternative Fiscal Scenario, see "An Update to the Budget and Economic Outlook: Fiscal Years 2012-2022," <http://www.cbo.gov/publication/43539>. The Alternative Fiscal Scenario assumes that the Bush tax cuts, the Alternative Minimum Tax "patch," and the business tax "extenders" are all permanent, that the Sustainable Growth Rate (SGR) reductions in Medicare payments to physicians are permanently discontinued, and that the sequester is permanently turned off.

² HR 8 reduces the discretionary BA caps by \$12 billion, \$4 billion in 2013 and \$8 billion in 2014. An additional \$2B reduction in outlays from the lower non-security cap will be reflected when full-year appropriations are enacted.

Source: Calculations based on Congressional Budget Office (<http://cbo.gov/publication/43829>) and Joint Committee on Taxation (<https://www.jct.gov/publications.html?func=startdown&id=4497>) scores for H.R. 8 versus current law.