



# HOUSE COMMITTEE ON THE BUDGET

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## CURRENT POLICY BASELINE EXPLAINER

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### EXECUTIVE SUMMARY

Republicans intend to use a current policy baseline gimmick to hide the astronomical cost of their tax cuts for billionaires. Their budget resolution assumes **\$7 trillion** in deficit-financed tax cuts: **\$5.5 trillion** that Republicans fraudulently claim are free, plus another **\$1.5 trillion** in additional revenue losses. By [lying about the cost](#), Republicans are jamming through most [fiscally irresponsible bill](#) in American history.

#### **Republicans are blatantly making up their own numbers.**

Senate Budget Committee Chair Lindsay Graham explicitly [stated](#) that he intends to use statutory authority to determine “that current policy will be the budget baseline regarding taxation.”

Moreover, the [budget resolution](#) provides at least two additional clues regarding this gimmick. First, the Senate instructs the Senate Committee on Finance to increase the deficit by \$1.5 trillion. This amount is \$3 trillion lower than the House instruction to the House Committee on Ways and Means, and well below the \$5.5 trillion cost of extending the Tax Cuts and Jobs Act (TCJA). Within that \$1.5 trillion instruction, Senate Republicans could choose (i) to only extend a small portion of TCJA, (ii) make even deeper cuts to programs within the Committee on Finance’s jurisdiction like Medicaid, or (iii) lie about the costs of extending TCJA and use the \$1.5 trillion instruction for new tax policy.

The second clue that Republicans intend to lie is that the Senate includes a reserve fund (section 3004) to allow the Senate Budget Committee Chair to revise budgetary levels used for Congressional budget enforcement for deficit-neutral legislation scored against “current tax policy.” Based on the clear text of this provision, this reserve fund is only operable if Republicans use a current policy baseline to lie about the cost of their tax breaks for billionaires.

### THE BASICS

#### **CBO and JCT are statutorily required to use a current law baseline.**

- Section 257 of the Balanced Budget and Emergency Deficit Control Act (BBEDCA) requires the Congressional Budget Office (CBO) to prepare a baseline projection of spending, revenues, and deficits under current law. Under current law, the individual provisions of TCJA will expire at the end of 2025.
- CBO’s baseline is also the starting point for the Joint Committee on Taxation (JCT) estimates. JCT is responsible for estimating the revenue impacts of legislation involving the Internal Revenue Code, which CBO will incorporate into its official cost estimates.
- In a [recent letter](#) to Senator Warren and others, JCT indicated that they estimate revenue changes relative to current law – which has been their practice since the mid-1970s.

## Republicans deliberately specified the individual tax cuts would expire in 2017.

- In 2017, Republicans intentionally set the individual tax cuts to expire. The [Byrd Rule](#) prohibits measures that increase the deficit after ten years and Republicans could not afford to make those tax cuts permanent.
- In contrast, Republicans chose to make certain corporate tax cuts permanent and found offsets for those tax cuts.

## Republicans are pretending that extending tax cuts for billionaires won't blow up the deficit.

- Under current law, revenues will increase as the tax cuts expire. Therefore, relative to current law, extending the tax cuts and other business tax provisions will increase the deficit by \$5.5 trillion (including net interest) over 10 years per a [recent letter](#) from JCT.
- In contrast, current policy baseline assumes that current laws would remain in place indefinitely, even if they were written to expire. Using a current policy baseline allows Republicans to pretend that extending these tax cuts will not cost anything.

## Using a current policy baseline for tax policy is unprecedented, will explode the deficit, and render budget enforcement meaningless.

- There is no precedent for officially directing CBO and JCT to score tax cuts against a current policy baseline.
- Some Republicans have indicated that the American Taxpayers Relief Act (ATRA) was scored against a current policy baseline. However, ATRA, an extension of the Bush tax cuts, was scored against a current law baseline. The official [estimate](#) of that legislation relative to current law indicated a 10-year cost of \$4 trillion.
- Budget experts from across the political spectrum signed a [joint letter](#) in opposition to this strategy, warning "there is no point of budget enforcement if Congress gets to pick the score it wants."

## Republicans can lie, but they can't hide from the disastrous effects of their tax breaks for billionaires.

- Even if Republicans direct CBO and JCT, those institutions will still provide two sets of numbers - fake numbers against a current policy baseline gimmick and real numbers against a current law baseline.
- No matter what gimmicks they might use, they will not be able to hide that their bill will explode the deficit in the long term, and the effects will show up in all future projections and estimates of the debt and deficit.

***This document has not been reviewed and approved by the Democratic Caucus of the Budget Committee and may not necessarily reflect the views of all members.***



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