

Table T18-0143
Repeal \$10,000 Limit on Deductible State and Local Taxes
Baseline: Current Law

Impact on Tax Revenue, Number of Itemizers, and Individual Alternative Minimum Tax (AMT), 2018-28 ¹

	Year											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2018-28
Impact on Tax Revenue (billions of current dollars) ²												
Repeal \$10,000 limit (unindexed) on deductible state and local income, sales, and property tax	-39.6	-65.3	-68.4	-73.8	-78.8	-83.8	-88.8	-94.0	-32.3	4.1	0.0	-620.7
Total Number of Tax Units (millions)												
172.0	173.1	174.2	175.3	176.5	177.6	178.8	179.9	181.1	182.3	183.5		
Number of Itemizers (millions)												
Baseline: Current Law	17.9	17.9	19.5	20.9	21.6	22.5	23.1	23.7	52.5	53.4	54.3	
Proposal: Repeal \$10,000 limit on deductible state and local taxes	21.9	22.4	24.1	25.7	26.6	27.5	28.4	29.2	52.5	53.4	54.3	
Alternative Minimum Tax (AMT)												
AMT Payers (millions of tax units) ³												
Baseline: Current Law	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	7.1	7.3	7.5	
Proposal: Repeal \$10,000 limit on deductible state and local taxes	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	7.1	7.3	7.5	
AMT Revenue (billions of current dollars) ⁴												
Baseline: Current Law	5.2	5.4	5.3	5.5	5.7	5.9	6.0	6.2	62.1	65.3	68.9	
Proposal: Repeal \$10,000 limit on deductible state and local taxes	18.2	19.4	19.9	20.9	21.8	22.3	23.1	24.1	62.1	65.3	68.9	

Source: Urban-Brookings Microsimulation Model (version 0718-1).

(1) Revenue estimates are for fiscal years. Number of itemizers and AMT payers and revenue are for calendar years. Proposal is effective retroactive to 01/01/18.

(2) Estimate includes the effect of microdynamic responses and assumes a fiscal split of 60-40 (fiscal year revenue is estimated to be 40 percent of revenue from the previous calendar year and 60 percent of revenue from the current calendar year). Under the 2017 Tax Act, the \$10,000 limit expires 12/31/25. Baseline is the law in place for each year as of September 24, 2018.

(3) AMT payers are defined as those with: direct AMT liability on Form 6251; lost credits; or reduced deductions.

(4) AMT revenue includes: direct AMT liability on Form 6251; and additional tax liability due to lost credits or reduced deductions.