

Effective cost of HTC on Federal Tax Receipts

Source: Novogradac & Company LLP

CBO Receipts vs. JCT Expenses

Federal Income Tax Receipts (in billions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Corporate	242	291	380	455	489	511	512	498	492	493	499.00	506.00
Individual	1,132	1,333	1,380	1,558	1,691	1,826	1,942	2,051	2,168	2,291	2,422.15	2,560.21
from CBO budget tables (January 2013)	1,374	1,624	1,760	2,013	2,180	2,337	2,454	2,549	2,660	2,784	2,921	3,066

<http://www.cbo.gov/budget/budget.cfm>

Costs

	2012	2013	2014	2015	2016	2017
HTC (Corp)	0.4	0.4	0.4	0.4	0.5	0.5
HTC (Individuals)	0.2	0.2	0.2	0.2	0.2	0.3
From JCT JCS-1-13 January 2013)	0.6	0.6	0.6	0.6	0.7	0.8

<http://www.jct.gov/publications.html?func=startdown&id=3718>

	2012	2013	2014	2015	2016	2017
Incr. in Corp. Tax Receipts if HTC repealed (& rates remain same)	0.17%	0.14%	0.11%	0.09%	0.10%	0.10%
Incr. in Ind. Tax Receipts if HTC repealed (if rates remain same)	0.02%	0.02%	0.01%	0.01%	0.01%	0.02%
% of Corporate tax receipts forfeited by having HTC	0.17%	0.14%	0.11%	0.09%	0.10%	0.10%
Reduction in top Corporate rate of 35% (assuming pro-rata reduction) required to keep Corporate tax receipts same if HTC is repealed	0.06%	0.05%	0.04%	0.03%	0.04%	0.03%
New top corp tax rate (drop from 35%)	34.94%	34.95%	34.96%	34.97%	34.96%	34.97%
% of Corp. & Indiv. Inc. tax receipts forfeited by having HTC	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%
Reduction in top Corp. and Indiv. rate of 35% (assuming pro-rata reduction) required to keep total income tax receipts the same if HTC repealed	0.02%	0.01%	0.01%	0.01%	0.01%	0.01%

Receipts and Expenses from OMB

Source: Novogradac & Company LLP

Receipts	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Corporate income tax receipts	242	288	333	376	401	430	450	470	481	494	512	531
Individual income tax receipts	1,132	1,234	1,383	1,552	1,700	1,844	1,977	2,105	2,241	2,380	2,517	2,684

From OMB Supplemental Material
<http://www.whitehouse.gov/omb/budget/Supplemental>
<http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/spec.pdf>

	2012	2013	2014	2015	2016	2017	2018
HTC (Corp)	0.49	0.5	0.51	0.52	0.53	0.54	0.55
HTC (Individuals)	0.05	0.05	0.06	0.06	0.06	0.06	0.06

From OMB Supplemental Material
<http://www.whitehouse.gov/omb/budget/Supplemental>

	2012	2013	2014	2015	2016	2017	2018
Gross Corporate Taxes	243	288	333	377	402	431	451
HTC Cost	-0.49	-0.50	-0.51	-0.52	-0.53	-0.54	-0.55
Net Corporate Taxes	242	288	333	376	401	430	450

Implied Corporate Taxable Income							
Gross Corporate Taxes	243	288	333	377	402	431	451
Corporate Rate	35%	35%	35%	35%	35%	35%	35%
Implied Corporate Taxable Income	693.69	823.43	952.31	1076.06	1148.09	1230.40	1288.43
Net Corporate Taxes	242	288	333	376	401	430	450
Implied Corporate Taxable Income	693.69	823.43	952.31	1076.06	1148.09	1230.40	1288.43
Corporate Tax Rate	34.93%	34.94%	34.95%	34.95%	34.95%	34.96%	34.96%

Increases from OMB expense estimates	2012	2013	2014	2015	2016	2017	2018
Incr. in Corp. Taxes if HTC repealed (if rates remain same)	0.20%	0.17%	0.15%	0.14%	0.13%	0.13%	0.12%
Incr. in Ind. Taxes if HTC repealed (if rates remain same)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

% of Corporate tax receipts forfeited by having HTC	0.20%	0.17%	0.15%	0.14%	0.13%	0.13%	0.12%
Reduction in top Corporate rate of 35% (assuming pro-rata reduction) required to keep Corporate tax receipts same if HTC is repealed	0.07%	0.06%	0.05%	0.05%	0.05%	0.04%	0.04%

New top corp tax rate (drop from 35%)	34.93%	34.94%	34.95%	34.95%	34.95%	34.96%	34.96%
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Impact of HTC Repeal under revenue-neutral tax reform

Source: Novogradac & Company LLP

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Repeal of HTC (Income Plus Corporate)	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66
Corporate Tax Receipts	333	376	401	430	450	470	481	494	512	531
New top corp tax rate (drop from 35%)	34.83%	34.85%	34.85%	34.86%	34.86%	34.87%	34.87%	34.87%	34.87%	34.87%
					34.85%					34.86%
Repeal of HTC (Income Plus Corporate)	0.57	0.58	0.59	0.60	0.61	0.62	0.63	0.64	0.65	0.66
Individual Income Tax Receipts	1,383	1,552	1,700	1,844	1,977	2,105	2,241	2,380	2,517	2,684
New top individual tax rate (drop from 39.6%)	39.56%	39.56%	39.57%	39.57%	39.57%	39.57%	39.57%	39.57%	39.57%	39.58%
Impact on Corporate Tax Rate if HTC Repealed and Tax Reform is Revenue Neutral					39.56%					39.57%
Repeal of Corporate HTC	0.51	0.52	0.53	0.54	0.55	0.56	0.57	0.58	0.59	0.60
Corporate Tax Receipts	333	376	401	430	450	470	481	494	512	531
New top corp tax rate (drop from 35%)	34.85%	34.86%	34.87%	34.87%	34.88%	34.88%	34.88%	34.88%	34.88%	34.89%
					34.87%					34.87%
Impact on Individual Tax Rate if LIHTC Repealed and Tax Reform is Revenue Neutral										
Repeal of Individual HTC	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Individual Income Tax Receipts	1,383	1,552	1,700	1,844	1,977	2,105	2,241	2,380	2,517	2,684
New top individual tax rate (drop from 39.6%)	39.60%	39.60%	39.60%	39.60%	39.60%	39.60%	39.60%	39.60%	39.60%	39.60%
					39.60%					39.60%

*HTC cost between 2014-2018 is OMB projection; between 2019-2023 cost is the average percentage increase of said projection