OFRA
OFFICE FOR FISCAL AND REGULATORY ANALYSIS

Preliminary Estimates
October 16, 2024

OFRA Simulation S2024–001

Table: Eliminate Marriage Penalty of SALT Deduction Caps

Baseline: Current Policy[1]
Reform: Eliminating SALT Marriage Penalty by Doubling the Cap for Joint Filers, Starting 2026[2]
Calibration: Joint Committee on Taxation-Style Conventional Models[3]
Budget Window: 2026–2035

SALT Cap for Single Filers ($)	Revenue Change from Baseline to Reform Over 10 Years ($ Billions)
0	267
100	264
200	261
300	257
400	254
500	251
600	247
700	244
800	240
900	237
1,000	233
1,100	229
1,200	226
1,300	222
1,400	218
1,500	214
1,600	211
1,700	207

1,800	203
1,900	199
2,000	195
2,100	191
2,200	187
2,300	183
2,400	179
2,500	175
2,600	171
2,700	166
2,800	162
2,900	158
3,000	154
3,100	149
3,200	145
3,300	141
3,400	136
3,500	132
3,600	127
3,700	123
3,800	118
3,900	114
4,000	109
4,100	105
4,200	100
4,300	95
4,400	90
4,500	86
4,600	81
4,700	76
4,800	71
4,900	67
5,000	62

5,100	57
5,200	52
5,300	47
5,400	42
5,500	38
5,600	33
5,700	28
5,800	23
5,900	18
6,000	13
6,100	8
6,200	**3**
6,300	**-1**
6,400	-6
6,500	-11
6,600	-16
6,700	-21
6,800	-26
6,900	-31
7,000	-36
7,100	-41
7,200	-46
7,300	-51
7,400	-56
7,500	-61
7,600	-66
7,700	-71
7,800	-76
7,900	-81
8,000	-86
8,100	-91
8,200	-96
8,300	-101

8,400	-106
8,500	-111
8,600	-116
8,700	-121
8,800	-126
8,900	-131
9,000	-136
9,100	-140
9,200	-145
9,300	-150
9,400	-155
9,500	-160
9,600	-164
9,700	-169
9,800	-174
9,900	-178
10,000	-183

Source: Tax-Brain (v.2.7.1), Tax-Calculator (v.4.3.0), Behavioral-Response (v.0.11.0), and Tax-Microdata-Benchmarking (as of September 30, 2024). See github.com/PSLmodels for open-source code.

1. The baseline assumes that Tax Cuts and Jobs Act temporary provisions are extended beyond 2025.
2. All the simulated proposals assume that the SALT deduction caps for the “married filing jointly” and “qualifying surviving spouse” statuses are twice of that for single filers.
3. The revenue modeling is calibrated to the Joint Committee on Taxation’s conventional models and considers two types of behavioral response triggered by the reform: (1) the substitution elasticity of taxable income, defined as proportional change in taxable income divided by proportional change in marginal net-of-tax rate on taxpayer earnings, and (2) the semi-elasticity of long-term capital gains, defined as change in logarithm of long-term capital gains divided by change in marginal tax rate on long-term capital gains. The first parameter (“be_sub” in the Behavioral-Response model) is set at 0.25, and the second parameter (“be_cg”) is set at -3.45.