Preliminary Estimates
October 16, 2024

OFFICE FOR FISCAL AND REGULATORY ANALYSIS

OFRA Simulation S2024-002

Table: Substitute SALT Cap with Standard Deduction

Baseline: Current Policy[1]
Reform: Lowering SALT Cap in Exchange for Raising Standard Deduction, Starting 2026[2]
Calibration: Joint Committee on Taxation-Style Conventional Models[3]
Budget Window: 2026–2035

SALT Cap ($)	Revenue-Neutral Change in Standard Deduction for Single Filers ($)
0	850
100	840
200	840
300	830
400	830
500	820
600	810
700	810
800	800
900	790
1,000	790
1,100	780
1,200	770
1,300	770
1,400	760
1,500	750
1,600	750
1,700	740

1,800	730
1,900	730
2,000	720
2,100	710
2,200	710
2,300	700
2,400	690
2,500	680
2,600	680
2,700	670
2,800	660
2,900	650
3,000	650
3,100	640
3,200	630
3,300	620
3,400	620
3,500	610
3,600	600
3,700	590
3,800	580
3,900	580
4,000	570
4,100	560
4,200	550
4,300	540
4,400	540
4,500	530
4,600	520
4,700	510
4,800	500
4,900	490
5,000	480

5,100	470
5,200	470
5,300	460
5,400	450
5,500	440
5,600	430
5,700	420
5,800	410
5,900	400
6,000	390
6,100	380
6,200	380
6,300	370
6,400	360
6,500	350
6,600	340
6,700	330
6,800	320
6,900	310
7,000	300
7,100	290
7,200	280
7,300	270
7,400	260
7,500	250
7,600	240
7,700	230
7,800	220
7,900	210
8,000	200
8,100	190
8,200	180
8,300	170

8,400	160
8500	150
8600	140
8700	130
8800	120
8900	110
9000	100
9100	90
9200	80
9300	70
9400	60
9500	50
9600	40
9700	30
9800	20
9900	10
10,000	**0**

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 standard deduction caps for “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.