Preliminary Estimates
October 16, 2024

OFRA
OFFICE FOR FISCAL AND REGULATORY ANALYSIS

OFRA Simulation S2024-004

Table: Substitute SALT (with No Marriage Penalty) 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 for Single Filers ($)	Revenue-Neutral Change in Standard Deduction for Single Filers ($)
0	850
100	840
200	830
300	820
400	810
500	800
600	790
700	780
800	770
900	760
1,000	750
1,100	740
1,200	730
1,300	720
1,400	710
1,500	700
1,600	680
1,700	670

1,800	660
1,900	650
2,000	640
2,100	630
2,200	610
2,300	600
2,400	590
2,500	580
2,600	560
2,700	550
2,800	540
2,900	530
3,000	510
3,100	500
3,200	480
3,300	470
3,400	460
3,500	440
3,600	430
3,700	410
3,800	400
3,900	380
4,000	370
4,100	360
4,200	340
4,300	320
4,400	310
4,500	290
4,600	280
4,700	260
4,800	250
4,900	230
5,000	210

5,100	200
5,200	180
5,300	160
5,400	150
5,500	130
5,600	120
5,700	100
5,800	80
5,900	60
6,000	50
6,100	30
6,200	**10**
6,300	**-10**
6,400	-20
6,500	-40
6,600	-60
6,700	-70
6,800	-90
6,900	-110
7,000	-130
7,100	-150
7,200	-160
7,300	-180
7,400	-200
7,500	-220
7,600	-240
7,700	-250
7,800	-270
7,900	-290
8,000	-310
8,100	-330
8,200	-350
8,300	-360

8,400	-380
8,500	-400
8,600	-420
8,700	-440
8,800	-460
8,900	-480
9,000	-490
9,100	-510
9,200	-530
9,300	-550
9,400	-570
9,500	-590
9,600	-600
9,700	-620
9,800	-640
9,900	-660
10,000	-680

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.