

At a Glance

H.R. 3300, Economic Mobility Act of 2019

As ordered reported by the House Committee on Ways and Means on June 20, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	94,161	102,138
Revenues	-637	-27,495	-29,136
Deficit Effect	637	121,656	131,274
Spending Subject to Appropriation (Outlays)	0	0	0
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Increase the Earned Income Tax Credit (EITC) for workers without qualifying children; expand eligibility for the EITC; increase the amount of the child tax credit for young children; allow the full amount of the child tax credit to be refunded; and make payments to U.S. possessions for their costs related to the EITC and child tax credit
- Increase tax benefits for taxpayers with child and dependent care expenses
- Exclude expenses for certain fringe benefits from unrelated business taxable income

Estimated budgetary effects would primarily stem from

- An increase in the child tax credit for young children and allowing the full amount of the credit to be refunded
- An expansion of the EITC for workers without qualifying children
- An expansion of the child and dependent care credit

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) are the official estimates for all tax legislation considered by the Congress. CBO therefore incorporates such estimates into its cost estimates of the effects of legislation. All of the estimates for the provisions of H.R. 3300 were provided by JCT.

Detailed estimate begins on the next page.

Bill Summary

H.R. 3300 would increase assistance provided to taxpayers through tax credits and make other changes to the tax code. Provisions of the bill would increase the amount of EITC for workers without qualifying children, expand eligibility for the EITC, increase the amount of the child tax credit for young children, and make the child tax credit fully refundable. It would also increase the amount of the child and dependent care tax credit and the exclusion for employer-provided dependent care assistance. The Secretary would make payments to U.S. possessions related to their costs of the EITC and the child tax credit. In addition, the bill would exclude expenses for certain transportation and parking fringe benefits from the unrelated business taxable income of tax-exempt organizations.

**Table 1.
Estimated Budgetary Effects of H.R. 3300**

	By Fiscal Year, Millions of Dollars											2019-2024	2019-2029
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
Decreases (-) in Revenues													
Title I. EITC	-149	-2,547	-1,839	-108	-115	-120	-119	-120	-119	-119	-121	-4,880	-5,477
Title II. Child Tax Credit	0	-8,888	-1,004	0	0	0	0	0	0	0	0	-9,893	-9,893
Title III. Dependent Care Assistance	-389	-7,092	-3,840	-515	0	0	0	0	0	0	0	-11,836	-11,836
Title IV. Certain Fringe Benefit Expenses	-99	-146	-145	-156	-166	-175	-186	-197	-208	-220	-234	-887	-1,931
Total Revenues	-637	-18,672	-6,827	-779	-281	-295	-305	-317	-327	-339	-355	-27,495	-29,136
Increases in Direct Spending													
Title I. EITC													
Estimated Budget Authority	0	7,832	8,605	962	994	1,026	1,045	1,059	1,065	1,082	1,099	19,417	24,767
Estimated Outlays	0	7,832	8,605	962	994	1,026	1,045	1,059	1,065	1,082	1,099	19,417	24,767
Title II. Child Tax Credit													
Estimated Budget Authority	0	32,599	32,980	715	728	741	745	741	376	380	384	67,762	70,389
Estimated Outlays	0	32,599	32,980	715	728	741	745	741	376	380	384	67,762	70,389
Title III. Dependent Care Assistance													
Estimated Budget Authority	0	5,227	1,756	0	0	0	0	0	0	0	0	6,982	6,982
Estimated Outlays	0	5,227	1,756	0	0	0	0	0	0	0	0	6,982	6,982
Total Outlays	0	45,658	43,341	1,677	1,722	1,767	1,790	1,800	1,441	1,462	1,483	94,161	102,138
Net Increase in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	637	64,330	50,168	2,456	2,003	2,062	2,095	2,117	1,768	1,801	1,838	121,656	131,274

Source: Staff of the Joint Committee on Taxation.
Components may not sum to totals because of rounding.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3300 is shown in Table 1. The costs of the legislation fall within budget functions 500 (education, training, employment, and social services) and 600 (income security).

Basis of Estimate

The Congressional Budget Act of 1974, as amended, stipulates that revenue estimates provided by the staff of the Joint Committee on Taxation (JCT) are the official estimates for all tax legislation considered by the Congress. CBO therefore incorporates such estimates into its cost estimates of the effects of legislation. All of the estimates for the provisions of H.R. 3300 were provided by JCT.

Revenues

JCT estimates enacting the bill would decrease revenues by \$29.1 billion over the 2019-2029 period.

Title I. Earned Income Tax Credit. Title I would increase the EITC for workers without qualifying children for tax years 2019 and 2020 and permanently expand eligibility for the EITC. JCT estimates that those provisions would reduce revenues by \$5.5 billion over the 2019-2029 period.

Title II. Child Tax Credit. Title II would increase the amount of the child tax credit for children under age four for tax years 2019 and 2020. JCT estimates that the provision would reduce revenues by \$9.9 billion over the 2019-2029 period.

Title III. Dependent Care Assistance. Title III would increase the child and dependent care credit for tax years 2019 and 2020 and increase the exclusion for employer-provided dependent care assistance for tax years 2020 and 2021. JCT estimates that those provisions would reduce revenues by \$11.8 billion over the 2019-2029 period.

Title IV. Certain Fringe Benefit Expenses. Title IV would exclude expenses for certain fringe benefits in unrelated business taxable income. JCT estimates that the provision would reduce revenues by \$1.9 billion over the 2019-2029 period.

Direct Spending

JCT estimates enacting the bill would increase direct spending by \$102.1 billion over the 2019-2029 period.

Title I. Earned Income Tax Credit. Title I would temporarily increase the EITC for workers without qualifying children, permanently expand eligibility for the EITC, and make payments to U.S. possessions for their costs related to the EITC. The EITC is refundable; if the credit exceeds the rest of the filer's income tax liability, the government pays all or some

portion of that excess to the taxpayer. JCT estimates that those provisions would increase direct spending by \$24.8 billion over the 2019-2029 period.

Title II. Child Tax Credit. Title II would increase the amount of the child tax credit for children under age four and make the credit fully refundable for tax years 2019 and 2020. It would also make payments to U.S. possessions for their costs related to the child tax credit. JCT estimates that those provisions would increase direct spending by \$70.4 billion over the 2019-2029 period.

Title III. Dependent Care Assistance. Title III would increase the child and dependent care credit and make the credit refundable for tax years 2019 and 2020. JCT estimates that the provision would increase direct spending by \$7 billion over the 2019-2029 period.

Uncertainty

These budgetary estimates are uncertain because they rely on underlying projections and other estimates that are uncertain. Specifically, they are based in part on CBO's economic projections for the next decade under current law, and on estimates of changes in taxpayers' behavior in response to changes in tax rules.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown above in Table 1.

Increase in Long-Term Deficits:

JCT estimates that enacting H.R. 3300 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2030.

Mandates:

JCT has reviewed H.R. 3300 and determined that it contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

Estimate Prepared By

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