



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

January 15, 2021

The Honorable Donald S. Beyer Jr.  
U.S. House of Representatives  
Washington, DC 20515

Dear Representative Beyer:

I write in reply to your March 4, 2020 letter regarding the Tax Cuts and Jobs Act (TCJA). We appreciate your patience and apologize for the delay in sending this response.

The enactment of the TCJA in 2017 reformed our country's outdated, overly complex, and burdensome tax system. To help Americans better understand the impact the TCJA and other economic priorities advanced under this Administration have had on Federal budget receipts, Treasury recently posted the enclosed table to its website.<sup>1</sup>

The table compares the Congressional Budget Office's (CBO) ten-year receipt forecast made prior to passage of the TCJA for the purpose of estimating the impact of the TCJA with the Administration's current post-enactment receipt forecast, including actual receipts for Fiscal Year (FY) 2018 through FY 2020. To better reflect current conditions, the table includes adjustments to the CBO forecast that account for unanticipated changes unrelated to TCJA—such as major legislative changes like the Coronavirus Aid, Relief, and Economic Security Act<sup>2</sup> and changes related to the pandemic, as estimated by the Administration. The “pandemic economic effect” reflects the difference between the Administration's receipts forecast in the FY 2021 Budget and the forecast prepared for the FY 2022 Budget, which incorporates the downturn in the economy and subsequent recovery. While there is some year-to-year variation, the table shows that over the ten-year time horizon, actual/projected receipts are on net higher than the adjusted CBO forecast (even though the latter includes the effects of the TCJA). This suggests that the TCJA and other economic priorities advanced under this Administration—including deregulation, infrastructure development, and welfare reforms—combined with resulting projected strong economic growth through 2027, all else equal, would have resulted in a net overall increase in Federal receipts.

Sincerely,

Frederick W. Vaughan  
Principal Deputy Assistant Secretary  
Office of Legislative Affairs

<sup>1</sup> <https://home.treasury.gov/system/files/131/Receipts-and-TCJA-Forecasts.pdf>.

<sup>2</sup> This table was prepared prior to enactment of the Coronavirus Response and Relief Supplemental Appropriations Act, as part of the Consolidated Appropriations Act of 2021 and thus does not account for that legislative change.