MACROECONOMIC ANALYSIS IN THE CONGRESSIONAL BUDGET PROCESS

Prepared by the Staff of the Joint Committee on Taxation
From 1995 to 2003, the JCT staff developed macroeconomic analysis capabilities, beginning with its macroeconomic modeling symposium convened in 1996-97.

From 2003 - 2014, the JCT staff was required by House Rule XIII(3)(h)(2) to provide a macroeconomic impact analysis of all tax legislation reported by the Ways and Means Committee.

- For most tax bills, the expected effects were so small that a brief statement was all that was required.
- Legislation that involves large policy changes required more detailed analysis. Forecasted macroeconomic impacts are sensitive to assumptions about taxpayer responsiveness, fiscal and monetary policy, and general modeling frameworks.
- The JCT staff generally provided a range of estimates in these macroeconomic analyses to account for different assumptions regarding taxpayer responsiveness and modeling frameworks.
- Some of these analyses can be found at [http://www.jct.gov/publications.html](http://www.jct.gov/publications.html) under “Macroeconomics.”
In 2015, the House adopted a new “dynamic scoring” rule, XIII(8)(b), which was eventually incorporated into a joint Concurrent [House-Senate] Budget Resolution for the 114th Congress.

The House has affirmed the application of this rule for the 115th Congress; the Senate has not yet adopted a comparable rule.

The new rule requires a point (single) estimate within the budget window of the deficit effect due to the macroeconomic response to certain proposed legislation.

- The requirement applies to bills with gross budget effects >0.25% of GDP (about $49 billion in 2017) in any year.

- It also requires qualitative analysis for 20 years after the budget window.

Two of the estimates produced by JCT staff pursuant to this new rule can also be found at http://ww.jct.gov/publications.html under “Macroeconomic;” several others were produced in collaboration with the Congressional Budget Office and issued as CBO documents.