

LEGISLATIVE UPDATE

Tax Reform Bill

December 1, 2017

The Senate is expected to hold a vote today on tax reform legislation. The measure is expected to pass, after ongoing negotiations that secured the support of enough Republican senators to overcome united Democratic opposition. If the Senate bill passes, the legislation will need to be reconciled with a similar tax reform bill that was passed by the House of Representatives on November 16, 2017. These efforts present the most sweeping change to the federal tax system since 1986, and will have significant impacts on our community.

- **The tax reform bill would eliminate the individual mandate to maintain health insurance.** Without the individual mandate, healthy people will drop out of insurance risk pools, leaving only unhealthy individuals and raising health insurance premiums. With a repeal of the mandate, the Congressional Budget Office (CBO) estimates that 13 million people will lose health insurance coverage through the marketplace, and five million fewer people will receive health coverage through Medicaid.¹ This will reduce the care available to American Indian and Alaska Native (AI/AN) people, and reduce the amount of reimbursement paid to tribal and urban Indian health programs.
- **The tax reform bill will increase the federal deficit by an estimated \$1.5 trillion dollars,** resulting in across the board spending cuts that may include Medicare cuts of \$25 billion each year for a decade.² These drastic cuts would result in a loss of coverage and services for the most vulnerable members of our community.
- **The tax reform bill will increase health care costs for the chronically ill** by eliminating the deduction for medical expenses exceeding 10% of household income.
- The bill will increase taxable income for those living in many high tax states by eliminating the deduction for state and local income and sales taxes (SALT).
- The bill will double the standard deduction for individuals and couples – but the personal deduction would be eliminated, reducing the overall tax benefit for many taxpayers.
- The House version of the tax reform bill would cap the property tax deduction at \$10,000, but the Senate version would eliminate this deduction entirely.
- The child tax credit would be increased from \$1,000 to \$1,600, but under the Republican plan about 1 in 3 children in working families would either be excluded entirely or only partially benefit from the child tax credit increase.

To voice your concern, contact your legislators. You can find your Senators' contact information [here](#), and your House Representative's [here](#).

References

- 1) Repealing the Individual Health Insurance Mandate: An Updated Estimate. November 2017. Congressional Budget Office. <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>
- 2) Effects of legislation that would raise deficits by an estimated \$1.5 trillion over the 2018-2027 period. November 2017. Congressional Budget Office <https://www.cbo.gov/publication/53319>



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