The Daily Dish

February 13th Edition

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Obamacare enrollees pay more for health care than their peers with job-based insurance. According to a new comparison of health care reports, “Deductibles, co-payments, and drug payments are higher under the average Obamacare silver-level plans — the most popular — than employer policies…” Enrollees will end up paying 26 percent of the cost for doctor visits, while job based insurance is between 18-19 percent.

The Ways and Means Committee has taken action to protect tax incentives for college saving plans. President Obama had proposed taxing the savings plans, but quickly backed down after facing opposition to the topic. On the plan to expand the 529 savings plans Speaker Boehner said, “the president tried to tax these accounts, but we’re working to expand them, which means more savings and less debt for our students.”

Eakinomics: Making “Extenders” Permanent

The House is voting to make permanent several of the “extenders” (temporary tax breaks that are inevitably renewed each year) including provisions for charitable contributions and expensing (immediate full deduction) of investments by small businesses. Some are arguing that the move is at odds with the tax reform goals of the Republican-controlled House and Senate. The administration objects; ostensibly because these bills would raise the deficit by $93.5 billion over the next 10 years, but really because they are not its preferred temporary tax policies.

One can put aside the latter; there are inevitably policy disagreements between the White House and Congresses. What about the former?

From a policy perspective, there are two ways to look at the move. First, there is the possibility that tax reform does not materialize. If not, is it better or worse to have these provisions to be permanent? Permanent tax policy, largely because of the certainty that it carries, has a bigger impact than does a temporary policy. Permanent bonus depreciation, R&E tax credits, charity, and other policies are simply better tax policy. And, notice, the deficit is the same whether they are made permanent or extended one year at a time.

Alternatively, tax reform could advance through the Congress. If so, it is possible that with lower rates and a broader base one or more of these provisions would be deemed unnecessary. If so, eliminating a permanent provision will provide more budget savings than eliminating a 1-year provision, and thus permit even greater rate reduction. From this perspective, making these extenders permanent actually aids the tax reform cause.

Comprehensive reform of the individual and corporate income taxes is the best route. Reform of the corporation income tax may be the more realistic opportunity in the near term. But there is nothing about the potential for these reforms that should preclude some sensible tax policy in the interim. Making some of the extenders permanent is among those efforts.

From the Forum

Keystone XL in the President's Court by Doug Hochberg, AAF Press Secretary; and Sang Kim, AAF Graphic Designer

State-Based Exchange Enrollment Unimpressive in 2015 by Conor Ryan, AAF Senior Health Care Data Analyst

Title II Reclassification is a Bad Software Patch by Will Rinehart, AAF Director of Technology and Innovation Policy

A Regulatory Wave Impacts Franchises by Ben Gitis, AAF Policy Analyst; and Sam Batkins, AAF Director of Regulatory Policy