



Press Release

The American Rescue Plan's Major Tax Policy Changes

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As part of the American Rescue Plan, House Democrats have proposed myriad tax-related provisions. The most notable and costliest provision is a third round of direct payments to individuals and families. AAF's Director of Fiscal Policy Gordon Gray examines the cost and implication of these proposed direct payments as well as major tax-related changes.

An excerpt:

The American Rescue Plan contains five major tax related changes at a cost of \$548 billion. The plan also contains a relatively obscure tax increase, likely to comply with Senate rules governing the budget reconciliation process. While direct payments are plainly popular, and have been incorporated in past fiscal relief measures, they are poorly targeted on the needy. Moreover, the plan contains substantial expansions to federal transfer programs under the guise of "temporary" COVID-19 policy, notwithstanding that these policies have been progressive priorities for years.

[Read the analysis.](#)