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standard deduction at tax time.

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By Laura Weiss, CQ-Roll Call (TNS)

Rep. Michelle Steel is leading Republicans on a new bill that would preserve a bigger standard deduction at tax time.

The California Republican's measure comes as her party is ramping up for a push to

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"The enhanced standard deduction allows nearly 29 million more households to streamline their tax-filing process and increase their tax-free income earnings," Steel said in the statement. "I have always been a tax fighter and we need tax policies that will help hardworking Americans."

The 2017 tax law nearly doubled the amount of income that households can elect to shield from taxable income, rather than taking a series of itemized deductions for specific types of spending such as mortgage interest and charitable donations. That law also pared back itemized deductions—imposing the \$10,000 cap on state and local tax write-offs, for instance—triggering a shift toward use of the standard deduction instead.

Steel's bill would keep a \$12,000 base standard deduction for individuals, \$18,000 for heads of household and \$24,000 for married couples filing taxes together. But those figures would end up higher thanks to yearly adjustments for inflation. The standard deduction for the 2023 tax year is \$13,850 for individuals, \$20,800 for heads of household and \$27,700 for joint tax filers.

Permanently expanding the standard deduction could cost more than \$1 trillion over a decade, based on the Congressional Budget Office's estimate from last May, a price tag that could complicate advancing it without offsetting cuts to other deductions in the tax code. But the proposal gives Republicans a chance to show off their dedication to helping those less well-off.

The standard deduction is more often used by lower and middle-income households, with itemized deductions tending to offer a bigger benefit for wealthier taxpayers that spend more on things like charitable donations. In 2020, about 95 percent of standard deductions were claimed by households earning less than \$200,000, according to IRS data.

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from coastal Orange County to a bit more inland. But her office calculates the bigger standard deduction will save Steel's constituents more money than if they took individual deductions including the tax break for SALT, and that it saves middle-income households money with or without the SALT deduction.

Leading the push on a bill that would amount to a significant tax cut for her constituents could benefit Steel on the campaign trail. She represents a district that President Joe Biden carried in 2020, and her 2024 race is among 33 GOP seats considered in play by Inside Elections with Nathan L. Gonzales, which rates it "lean Republican."

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