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PRELIMINARY RESULTS

<http://www.taxpolicycenter.org>

Table T08-0104
Senator Barack Obama's Tax Proposals
Impact on Tax Revenue, 2009-18¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2009-18
(1) Make permanent the EGTRRA child credit expansions, marriage bonus/penalty adjustments, 10/15/25/28% rates, and 0/15% rates on capital gains and dividends for select taxpayers; increase Pease and PEP thresholds.	-0.1	0.0	-105.1	-140.8	-141.3	-141.9	-141.9	-142.3	-142.6	-142.9	-1,098.9
(2) Restore PEP/Pease with the increased thresholds in 2009-10, restore the 36/39.6% rates, and create a third capital gains and dividends rate of 25% for taxpayers in the 36 and 39.6% brackets	35.9	38.8	32.7	18.1	15.1	15.3	15.8	16.3	16.9	17.6	222.5
(3) Extend and index the 2007 AMT patch	-25.0	-67.0	-78.0	-90.1	-104.6	-119.2	-135.4	-153.5	-172.9	-194.0	-1,139.6
(4) Freeze 2009 estate tax law (exemption not indexed)	0.0	0.0	19.4	-20.3	-21.9	-24.0	-26.0	-27.8	-30.0	-31.7	-162.4
(5) Create "Making Work Pay Credit"	-49.5	-67.5	-69.5	-71.4	-73.3	-75.2	-77.2	-79.3	-81.3	-83.4	-727.6
(6) Create "Universal Mortgage Credit"	-2.4	-12.3	-12.5	-12.8	-13.1	-13.3	-13.7	-14.0	-14.3	-14.6	-123.0
(7) Mandate auto401(k)s and autoIRAs, expand saver's credit	-14.2	-19.2	-19.6	-20.2	-20.9	-21.4	-21.9	-22.5	-23.3	-23.8	-207.0
(8) Create "American Opportunity Tax Credit"	-2.6	-13.3	-13.9	-14.5	-15.0	-15.6	-16.1	-16.4	-16.8	-17.6	-141.9
(9) Expand earned income tax credit	-0.8	-4.0	-4.5	-5.0	-5.4	-5.4	-5.5	-5.6	-5.6	-5.7	-47.4
(10) Expand child and dependent care tax credit	-0.5	-2.5	-2.5	-2.6	-2.6	-2.6	-2.6	-2.7	-2.5	-2.4	-23.5
(11) Exempt seniors earning less than \$50,000 from income taxation	-4.1	-5.3	-5.2	-5.1	-5.2	-5.3	-5.3	-5.5	-5.8	-6.1	-52.9
(12) Make permanent the R&D and renewable energy production credits	-7.4	-9.8	-11.6	-13.2	-14.7	-16.2	-17.8	-19.6	-21.5	-23.5	-155.1
(13) Revenue-raisers (first set) Unverifiable campaign-provided revenue estimate	30.8	42.7	45.1	47.4	49.6	51.9	54.1	56.5	58.9	61.5	498.5
(14) Revenue-raisers (second set) Unverifiable campaign-provided revenue estimate	26.3	36.5	38.5	40.5	42.4	44.3	46.2	48.2	50.3	52.5	425.6
Total of all provisions	-13.8	-83.0	-186.7	-290.1	-310.9	-328.7	-347.3	-368.1	-390.3	-414.1	-2,732.9
Addenda:											
Net revenue impact against tax cuts extended, AMT-patched baseline	37.7	-4.5	89.2	70.2	72.7	78.6	85.8	92.9	100.5	111.3	734.2
Federal tax revenue as a share of GDP under the proposal	18.8	18.2	18.3	18.4	18.2	18.2	18.3	18.3	18.4	18.5	18.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-5), various JCT scores, the fiscal year 2009 Treasury blue book, and CBO's most recent budget projections.

(1) All provisions take effect 01/01/09. Table excludes the following policies for which Senator Obama has stated support because of data limitations and/or insufficient details about the policies that would be enacted: permanent extension of the adoption credit; creation of new incentives for first-time farmers; elimination of capital gains taxes affecting start-up businesses, venture capitalists, and entrepreneurs; creation of new incentives for small business investment; and creation of an automated filing system for most taxpayers. Estimates incorporate a 0.3 elasticity of taxable income with respect to the marginal tax rate on ordinary income, a long-run elasticity of capital gains realizations with respect to the maximum tax rate on capital gains of slightly less than 0.3, and an additional short-term shifting of realizations around the time of the tax rate change. Corporate income and estate tax estimates are static (they do not include a behavioral response) and estate tax estimates do not include any effects on the gift tax or income tax. Official