

Table T15-0169
Governor Bush's Tax Reform Plan: Impact on Tax Revenue, 2016-26 by Fiscal Year and Total for FY2027-36 ¹
Baseline: Current Law

Proposal	Fiscal Year												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-26	2027-36
Individual Income and Payroll Taxes													
Repeal alternative minimum tax	0.0	-22.4	-31.3	-33.2	-34.6	-36.1	-38.1	-39.4	-40.6	-42.2	-43.1	-361.0	-580.4
Impose individual income tax rates of 10, 25, and 28 percent	0.0	-157.4	-219.6	-235.7	-252.5	-267.9	-283.6	-302.2	-322.1	-338.9	-361.8	-2,741.7	-4,764.3
Repeal 3.8 percent net investment surtax; tax interest, qualified dividends and long-term capital gains at 0-15-20 percent rates	-6.7	-7.9	-16.0	-27.2	-31.6	-33.3	-35.0	-36.8	-38.6	-40.5	-42.7	-316.1	-564.4
Repeal personal exemption phase-out (PEP) and limitation on itemized deductions (Pease)	0.0	-18.0	-25.0	-26.5	-28.1	-29.8	-31.5	-33.4	-35.6	-37.5	-40.0	-305.3	-520.8
Increase standard deduction	0.0	-53.9	-73.1	-75.1	-77.9	-81.1	-84.1	-87.9	-90.7	-94.0	-97.4	-815.1	-1,199.9
Repeal deduction for state and local taxes	0.0	66.7	88.1	93.3	100.4	106.6	113.0	119.5	126.3	132.2	139.0	1,085.2	1,870.6
Expand childless earned income tax credit (EITC)	0.0	-3.3	-4.6	-4.7	-4.8	-4.9	-5.1	-5.1	-5.2	-5.3	-5.3	-48.4	-60.0
Limit value of tax savings from itemized deductions to two percent of AGI	0.0	16.8	25.8	30.3	33.9	37.0	40.5	44.1	47.6	51.1	54.4	381.5	764.1
Allow secondary earners to file separate tax return	0.0	-34.5	-47.1	-48.7	-50.5	-52.4	-54.6	-56.4	-58.4	-61.2	-62.9	-526.7	-824.3
Eliminate 6.2 percent Social Security tax on workers 67 and older	0.0	-14.6	-20.6	-21.9	-23.2	-25.1	-26.7	-28.5	-30.6	-33.0	-34.8	-259.1	-465.6
Tax carried interest as ordinary income	0.0	0.0	1.0	1.4	1.3	1.2	1.1	1.0	0.9	0.9	0.8	9.7	5.3
Expense all investment and disallow interest deduction on new loans	0.0	-86.5	-106.2	-95.1	-85.0	-73.9	-63.4	-55.8	-49.1	-42.5	-36.0	-693.5	-19.8
Repeal section 199 and other tax expenditures for passthrough businesses	0.0	17.4	30.1	32.4	33.8	34.4	35.6	37.0	38.5	39.4	40.7	339.4	488.8
Permanently extend R&E credit (assumed effective 1-1-15)	0.0	-0.3	-0.4	-0.4	-0.5	-0.5	-0.5	-0.6	-0.6	-0.7	-0.7	-5.2	-9.8
Total for individual income and payroll taxes	-6.7	-297.9	-398.7	-411.0	-419.2	-425.9	-432.3	-444.6	-458.3	-472.2	-489.8	-4,256.5	-5,880.6
Corporate Income Tax													
Reduce corporate rate to 20% and repeal the corporate AMT	0.0	-24.4	-66.3	-104.4	-142.0	-182.7	-208.5	-218.9	-226.8	-234.9	-244.5	-1,653.3	-3,070.4
Expense all investment and disallow interest deduction on new loans	0.0	-154.8	-253.4	-195.0	-121.7	-69.7	-34.0	-12.8	0.6	10.3	18.0	-812.5	504.3
Territorial system of taxing foreign-source income earned after 12-31-16	0.0	-16.0	-29.2	-26.9	-20.1	-13.6	-10.3	-10.1	-10.5	-11.0	-11.4	-159.2	-144.1
Deemed repatriation over 10 years of accumulated untaxed pre-2017 earnings of CFCs, with reduced rates	0.0	6.2	12.4	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	129.3	9.0
Repeal section 199 and other tax expenditures	0.0	11.3	22.3	24.4	24.0	23.6	24.2	25.8	27.8	29.8	32.0	245.1	404.8
Permanently extend R&E credit (assumed effective 1-1-15)	0.0	-4.7	-5.5	-6.2	-7.0	-7.7	-8.4	-9.2	-10.0	-10.7	-11.4	-80.8	-151.8
Total for corporate income tax	0.0	-182.3	-319.6	-294.4	-253.0	-236.4	-223.3	-211.3	-205.0	-202.5	-203.5	-2,331.4	-2,448.2
Estate and Gift Taxes													
Repeal the estate and gift tax with carryover basis regime	0.0	0.4	-13.7	-20.5	-21.7	-21.8	-21.8	-21.7	-21.5	-21.3	-21.2	-184.8	-246.1
Total for estate and gift tax revenues	0.0	0.4	-13.7	-20.5	-21.7	-21.8	-21.8	-21.7	-21.5	-21.3	-21.2	-184.8	-246.1
Total revenue effect of all proposals	-6.7	-479.8	-732.0	-725.8	-693.8	-684.0	-677.4	-677.7	-684.9	-696.0	-714.5	-6,772.6	-8,574.9
Addendum 1: Increase in federal debt service costs													
Increase in federal debt service costs	0.1	4.5	21.8	49.6	79.0	109.2	140.4	173.0	206.1	241.4	279.7	1,304.8	5,307.1
Increase in deficit	6.8	484.3	753.8	775.4	772.9	793.3	817.8	850.6	891.0	937.4	994.2	8,077.5	13,882.1
Addendum 2: Increase in federal debt relative to GDP													
Increase in federal debt	6.8	491.0	1,244.8	2,020.2	2,793.1	3,586.4	4,404.2	5,254.8	6,145.8	7,083.2	8,077.5		FY 2036
GDP ²	18,831.9	19,701.4	20,558.3	21,403.7	22,314.7	23,271.0	24,261.5	25,287.4	26,352.1	27,455.5	28,600.0		
Increase in federal debt relative to GDP (percent)	0.0%	2.5%	6.1%	9.4%	12.5%	15.4%	18.2%	20.8%	23.3%	25.8%	28.2%		51.3%

Sources: Urban-Brookings Tax Policy Center Microsimulation Model (version 0515-3) and TPC estimates.

1. Unless otherwise noted, provisions are assumed effective 01/01/2017. Estimates include microdynamic behavioral responses.

2. The GDP forecast through 2025 is from CBO, *The Budget and Economic Outlook: 2015 to 2025* (January 2015) and for 2026-2036 is from CBO, *The 2015 Long-Term Budget Outlook* (July 2015).