

Table T16-0014
Marco Rubio Tax Reform Plan with Alternative Refundability of Personal Credit, Impact on Tax Revenue, 2016-26 by Fiscal Year and Total for FY2027-36¹
Baseline: Current Law

Proposal	Fiscal Year												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-26	2027-36
Individual Income Tax													
Repeal alternative minimum tax	0.0	-22.7	-31.7	-33.7	-35.1	-36.6	-38.6	-40.0	-41.2	-42.8	-43.7	-366.1	-588.3
Repeal 3.8 percent net investment surtax	-6.7	-0.3	-5.0	-16.1	-19.9	-21.0	-22.1	-23.4	-24.7	-25.6	-27.0	-191.8	-355.3
Repeal head of household filing status	0.0	8.5	11.8	12.4	13.3	14.3	15.3	16.3	17.4	18.6	20.0	147.7	254.2
Individual income tax rates of 15, 25, and 35 percent	0.0	-81.8	-113.2	-119.4	-127.4	-136.2	-144.9	-153.7	-163.0	-172.5	-182.4	-1,394.5	-2,505.4
Repeal personal exemption for taxpayers, retain dependent exemptions	0.0	80.2	109.7	113.9	118.1	122.3	126.4	130.7	135.8	140.3	145.4	1,222.8	1,761.1
Repeal standard deduction	0.0	63.2	85.6	87.8	90.0	92.6	95.7	98.3	101.3	104.5	107.8	926.8	1,270.5
Repeal itemized deductions other than charitable and home mortgage interest	0.0	143.8	194.1	204.7	218.4	230.9	244.4	258.3	272.4	285.0	298.9	2,350.9	3,858.1
Reform home mortgage interest deduction	0.0	1.4	4.0	7.0	10.0	12.8	15.5	18.2	20.8	23.4	25.9	139.0	464.8
Personal credit of \$2,000 for singles/\$4,000 for married couples; fully refundable to taxpayers with earnings	0.0	-293.3	-401.3	-414.8	-428.2	-441.5	-454.9	-468.7	-486.5	-501.9	-520.1	-4,411.2	-6,198.3
Partially refundable additional \$2,500 per child credit	0.0	-79.7	-108.6	-112.4	-117.8	-122.0	-126.4	-132.2	-136.4	-142.0	-147.1	-1,224.6	-1,833.0
Exclude qualified dividends and long-term gains on stock from AGI	0.0	-71.0	-93.8	-92.9	-95.9	-100.5	-104.9	-109.2	-114.2	-118.2	-123.2	-1,023.8	-1,602.7
Preferential top rate of 25 percent on business income	0.0	-37.7	-52.4	-56.3	-60.2	-64.1	-67.2	-71.7	-76.9	-80.3	-85.4	-652.2	-1,021.7
Replace AOTC and lifetime learning credit with new education tax credit	0.0	7.7	10.4	10.5	10.6	10.6	10.6	10.5	10.4	10.1	9.9	101.4	84.5
Repeal tax benefits for new contributions to Coverdells and qualified tuition programs	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2	0.2	0.2	0.3	1.3	7.5
Tax on unrealized capital gains on stock as of Dec. 31, 2016; paid over ten years	0.0	38.3	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	51.0	497.3	12.8
Expense all investment; disallow interest deduction and exclude interest received on new business loans	0.0	-126.8	-160.7	-152.7	-147.1	-137.7	-127.6	-120.8	-114.6	-108.2	-102.4	-1,298.5	-713.0
New 25 percent credit of up to \$4,000 per worker for businesses offering paid family leave	0.0	-1.2	-1.7	-1.8	-1.8	-1.9	-2.0	-2.1	-2.2	-2.3	-2.4	-19.4	-29.8
Repeal certain tax expenditures for passthrough businesses	0.0	23.0	41.7	43.9	45.5	47.2	49.1	51.2	53.2	54.3	56.0	465.0	674.1
Total for individual income tax	-6.7	-348.4	-460.0	-468.8	-476.4	-479.7	-480.6	-487.1	-497.3	-506.3	-518.6	-4,729.9	-6,460.0
Corporate Income Tax													
Reduce corporate rate to 25% and repeal the corporate AMT	0.0	-62.0	-123.7	-134.2	-134.4	-137.1	-140.0	-144.2	-149.2	-154.4	-160.7	-1,340.0	-2,008.6
Expense all investment; disallow interest deduction and exclude interest received on new business loans	0.0	-101.6	-224.2	-161.6	-142.3	-118.9	-82.3	-52.2	-30.7	-14.7	-3.1	-931.6	385.4
Territorial system of taxing foreign-source income earned after 12-31-16	0.0	-8.2	-16.8	-19.3	-20.2	-21.0	-21.9	-22.8	-23.8	-24.8	-25.8	-204.7	-326.0
Deemed repatriation over 10 years of accumulated untaxed pre-2017 earnings of CFCs, with reduced rates	0.0	4.7	9.3	10.4	10.4	10.4	10.4	10.4	10.4	10.4	10.4	97.0	6.7
New 25 percent credit of up to \$4,000 per worker for businesses offering paid family leave	0.0	-1.4	-2.9	-3.3	-3.5	-3.6	-3.8	-4.0	-4.1	-4.3	-4.5	-35.4	-56.4
Repeal certain tax expenditures	0.0	9.2	19.0	22.5	24.2	26.0	27.9	29.8	31.8	33.9	36.1	260.4	453.1
Total for corporate income tax	0.0	-159.4	-339.2	-285.6	-265.8	-244.3	-209.8	-183.0	-165.7	-153.9	-147.6	-2,154.4	-1,545.9
Estate and Gift Taxes													
Repeal the estate and gift taxes (stepped-up basis of gifts and bequests retained)	0.0	0.0	-14.8	-22.1	-24.1	-24.9	-25.9	-26.7	-27.5	-28.3	-29.4	-223.8	-352.5
Total for estate and gift tax revenues	0.0	0.0	-14.8	-22.1	-24.1	-24.9	-25.9	-26.7	-27.5	-28.3	-29.4	-223.8	-352.5
Total revenue effect of all proposals	-6.7	-507.8	-814.0	-776.5	-766.4	-749.0	-716.3	-696.8	-690.5	-688.5	-695.6	-7,108.1	-8,358.4
Addendum 1: Increase in federal debt service costs													
Increase in deficit (before debt service costs)	6.7	507.8	814.0	776.5	766.4	749.0	716.3	696.8	690.5	688.5	695.6	7,108.1	8,358.4
Interest cost	0.1	4.7	23.6	53.9	85.8	118.9	152.6	186.9	221.1	257.1	295.7	1,400.3	5,477.7
Increase in deficit	6.8	512.6	837.6	830.4	852.2	867.9	868.8	883.7	911.6	945.6	991.3	8,508.4	13,836.1
Addendum 2: Increase in federal debt relative to GDP													
Increase in federal debt	6.8	519.3	1,356.9	2,187.3	3,039.5	3,907.4	4,776.2	5,659.9	6,571.5	7,517.1	8,508.4		22,344.5
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		42,800.0
Increase in federal debt relative to GDP (percent)	0.0%	2.6%	6.6%	10.2%	13.6%	16.8%	19.7%	22.4%	24.9%	27.4%	29.7%		52.2%

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

1. Baseline is current law (including provisions in the Protecting Americans from Tax Hikes Act of 2015 and the Consolidated Appropriations Act of 2016). Unless otherwise noted, provisions are assumed effective 01/01/2017. Estimates include microdynamic behavioral responses. For a description of the provisions, see TPC's "An Analysis of Marco Rubio's Tax Plan."

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).