

Table T18-0227
LIFT (Livable Incomes for Families Today) the Middle Class Act
Baseline: Current Law
Impact on Tax Revenue (\$ billions), 2019-38 ¹

	Year												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-28	2029-38	
Fiscal Year Estimate													
Middle class tax credit of up to \$3,000 (\$6,000 for married couples filing jointly) ^{2,3}	-53.3	-294.5	-355.4	-282.3	-288.9	-295.8	-301.4	-305.8	-309.0	-313.4	-2,799.9	-3,368.1	
Memo:													
Calendar year estimate of middle class tax credit	-266.5	-271.0	-276.2	-286.4	-290.6	-299.3	-302.7	-307.9	-309.7	-315.8	-2,926.2	-3,384.7	

Source: Urban-Brookings Microsimulation Model (version 0718-1).

(1) Calendar years. Baseline is the law in place for each year as of November 14, 2018. Proposal would: enact a fully refundable credit equal to the lesser of \$3,000 or earned income (\$6,000 for married couples filing a joint return). Credit would phase out rateably between adjusted gross income (AGI), or earned income if greater, of \$30,000 and \$50,000 for singles; \$60,000 and \$100,000 for married couples filing jointly; and \$80,000 and \$100,000 for heads of household. All dollar amounts would be indexed for inflation after 2019 using the chain-weighted consumer price index. Earned income would include any amounts received by the taxpayer as a Federal Pell Grant. Eligible individuals must be at least 18 years of age (for married couples, at least one spouse must be at least 18 years of age). The investment income limitation for purposes of the EITC would also apply to the middle class tax credit. Proposal would be effective 01/01/2019.

(2) Estimate includes the effect of microdynamic responses and assumes a fiscal split of 20-80 (fiscal year revenue is estimated to be 80 percent of revenue from the previous calendar year and 20 percent of revenue from the current calendar year) for 2019; 30-70 for 2020; and 60-40 thereafter. This assumes advance payments begin July 2020. Depending on enactment date for the credit and the beginning date of advance payments, the pattern of receipts could differ.

(3) Assumes the following take-up rates for 2019 (2023 and thereafter); take-up rates are assumed to rise between 2019 and 2023. Current law non-filing married couples: 70.0 (80.0); current law non-filing singles and heads of household: 60.0 (70.0); non-filing tax units with Pell Grants (additional 10.0 percentage points); filers eligible for EITC under current law who do not claim EITC: 50.0 (60.0); filers ineligible for current-law EITC: singles 92.5 (95.0) and married couples 95.0 (97.5); fraction of current law non-filers who file to claim the middle class tax credit and then also claim the EITC and/or refundable CTC: 0.75 (0.80). Also assumes that some tax units would report additional self-employment income to claim the credit.