T08-0001
Options to Adjust Social Security Earnings Cap
Static Impact on Individual Income and Payroll Tax Liability and Revenue ($ billions), 2009-18 [1]

	Year											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-13	2009-18
Fiscal Year Revenue [2]												
Eliminate Earnings Cap	92.7	127.7	132.7	137.8	142.9	147.9	153.6	159.6	165.9	172.2	633.8	1,433.0
Create "Donut Hole" up to $200,000 [3]	52.8	72.8	75.8	78.7	81.6	84.6	87.7	90.9	94.2	97.7	361.7	816.8
Calendar Year Liability												
Eliminate Earnings Cap	123.7	129.0	133.9	139.1	144.1	149.2	155.0	161.1	167.4	173.8	669.9	1,476.4
Create "Donut Hole" up to $200,000	70.4	73.6	76.5	79.5	82.4	85.4	88.4	91.7	95.0	98.6	382.3	841.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2) and TPC calculations.

(1) Proposals are effective 01/01/09. Baseline is current law. Estimates for 2018 are extrapolated from estimates for the years 2011 to 2017. Estimates are static and do not account for any potential microeconomic behavioral response. Official estimates from the Joint Committee on Taxation would likely show a somewhat different effect on revenue.

(2) Fiscal-year revenue numbers assume a 75-25 split. The actual effect on receipts could differ.

(3) Social security tax would apply to earnings up to the current taxable maximum (projected to be $106,800 in 2009) plus earnings above $200,000. Thus earnings between the current taxable maximum and $200,000 would continue to be exempt from Social Security tax. The $200,000 figure would be indexed annually in the same manner as the current taxable maximum, as set out in Section 230 of the Social Security Act.