

Table T08-0105
Senator Barack Obama's Tax Proposals
Static Impact on Tax Liability, 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	-109.5	-146.9	-147.3	-148.0	-148.3	-148.5	-148.8	-149.3	-1,146.9
(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	76.0	112.2	46.2	26.1	27.4	27.8	28.5	29.3	30.2	31.2	434.9
(3) Extend and index the 2007 AMT patch	-27.1	-72.8	-84.9	-97.6	-112.9	-128.6	-145.9	-165.1	-185.8	-208.3	-1,229.1
(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"	-48.5	-66.0	-67.9	-69.6	-71.4	-73.3	-75.2	-77.1	-79.0	-81.0	-709.0
(6) Create "Universal Mortgage Credit"	-2.5	-12.4	-12.6	-13.0	-13.3	-13.6	-13.9	-14.3	-14.6	-14.9	-125.1
(7) Mandate auto401(k)s and autoIRAs, expand saver's credit	-14.0	-18.9	-19.4	-20.0	-20.6	-21.2	-21.7	-22.3	-22.9	-23.5	-204.6
(8) Create "American Opportunity Tax Credit"	-2.6	-13.0	-13.6	-14.2	-14.7	-15.3	-15.7	-16.0	-16.5	-17.2	-138.8
(9) Expand earned income tax credit	-0.8	-4.0	-4.4	-4.8	-5.3	-5.3	-5.3	-5.4	-5.5	-5.5	-46.4
(10) Expand child and dependent care tax credit	-0.5	-2.5	-2.5	-2.6	-2.5	-2.5	-2.5	-2.4	-2.4	-2.4	-22.8
(11) Exempt seniors earning less than \$50,000 from income taxation	-4.1	-5.3	-5.2	-5.1	-5.1	-5.2	-5.2	-5.4	-5.7	-6.0	-52.3
(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	25.5	-13.4	-182.3	-293.3	-310.4	-329.1	-348.8	-370.1	-393.3	-418.1	-2,633.4
Addenda:											
Federal tax revenue as a share of GDP under the proposal	19.1	18.6	18.3	18.3	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