

**Table T08-0069**  
**Five Interpretations of Senator Obama's Proposal to Exempt Seniors Earning Less than \$50,000 from Income Tax**  
**Against Baselines With and Without the 2007 AMT Patch Extended**  
**Static Impact on Individual Income Tax Liability and Revenue (\$ billions), 2009-18<sup>1</sup>**

	Year											Tax Change in 2009 (mil.)	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009-18	Inc.	Dec.
<b>Fiscal Year Revenue<sup>2</sup></b>													
<b>2007 AMT Patch Extended in Baseline<sup>3</sup></b>													
Option 1: Exempt from income tax elderly tax units with AGI less than \$50,000	-7.5	-9.7	-12.3	-13.0	-12.9	-12.8	-12.9	-13.2	-13.6	-14.3	-122.4		
Option 2: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$50,000	-5.0	-6.5	-8.5	-9.3	-9.5	-9.8	-10.1	-10.4	-11.0	-11.6	-91.7		
Option 3: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$25,000 (\$50,000 if filing a joint return)	-1.6	-2.2	-3.5	-4.0	-4.2	-4.4	-4.5	-4.7	-4.9	-5.0	-39.1		
Option 4: Tax all Social Security income and increase standard deduction to \$21,400 (\$42,800 if filing a joint return) for elderly tax units	-13.7	-18.3	-26.9	-30.2	-30.6	-30.4	-30.0	-29.2	-28.3	-26.9	-264.7		
Option 5: Increase standard deduction to \$21,400 (\$42,800 if filing a joint return) for elderly tax units	-23.9	-32.6	-44.3	-49.5	-51.3	-52.7	-54.0	-55.2	-56.7	-57.9	-478.2		
<b>Current Law Baseline</b>													
Option 1: Exempt from income tax elderly tax units with AGI less than \$50,000	-7.6	-9.7	-12.4	-13.1	-12.9	-12.9	-13.0	-13.2	-13.7	-14.3	-122.7		
Option 2: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$50,000	-5.0	-6.5	-8.6	-9.3	-9.5	-9.8	-10.1	-10.5	-11.0	-11.6	-92.0		
Option 3: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$25,000 (\$50,000 if filing a joint return)	-1.6	-2.2	-3.5	-4.1	-4.2	-4.4	-4.5	-4.7	-4.9	-5.0	-39.2		
Option 4: Tax all Social Security income and increase standard deduction to \$21,400 (\$42,800 if filing a joint return)	4.7	7.5	5.1	5.6	7.8	10.2	12.7	15.5	18.5	21.7	109.4		
Option 5: Increase standard deduction to \$21,400 (\$42,800 if filing a joint return) for elderly tax units	-9.2	-11.8	-17.1	-18.4	-17.8	-17.2	-16.7	-16.3	-16.1	-16.1	-156.8		
<b>Calendar Year Liability</b>													
<b>2007 AMT Patch Extended in Baseline</b>													
Option 1: Exempt from income tax elderly tax units with AGI less than \$50,000	-10.0	-9.6	-13.2	-13.0	-12.8	-12.9	-13.0	-13.2	-13.8	-14.4	-126.0	0.0	6.5
Option 2: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$50,000	-6.7	-6.5	-9.2	-9.3	-9.6	-9.9	-10.2	-10.5	-11.1	-11.7	-94.6	0.0	5.1
Option 3: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$25,000 (\$50,000 if filing a joint return)	-2.2	-2.2	-3.9	-4.1	-4.2	-4.4	-4.6	-4.7	-5.0	-5.0	-40.3	0.0	3.0
Option 4: Tax all Social Security income and increase standard deduction to \$21,400 (\$42,800 if filing a joint return)	-18.3	-18.4	-29.7	-30.4	-30.7	-30.4	-29.9	-29.0	-28.0	-26.6	-271.4	7.6	12.5
Option 5: Increase standard deduction to \$21,400 (\$42,800 if filing a joint return) for elderly tax units	-31.9	-32.9	-48.1	-50.0	-51.7	-53.0	-54.3	-55.5	-57.0	-58.2	-492.7	0.0	13.6
<b>Current Law Baseline</b>													
Option 1: Exempt from income tax elderly tax units with AGI less than \$50,000	-10.1	-9.6	-13.3	-13.0	-12.9	-12.9	-13.0	-13.3	-13.8	-14.5	-126.3	0.0	6.5
Option 2: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$50,000	-6.7	-6.5	-9.3	-9.3	-9.6	-9.9	-10.2	-10.6	-11.1	-11.7	-94.9	0.0	5.2
Option 3: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$25,000 (\$50,000 if filing a joint return)	-2.2	-2.2	-3.9	-4.1	-4.2	-4.4	-4.6	-4.8	-5.0	-5.1	-40.4	0.0	3.0
Option 4: Tax all Social Security income and increase standard deduction to \$21,400 (\$42,800 if filing a joint return)	6.3	7.9	4.1	6.2	8.4	10.8	13.4	16.2	19.3	22.4	115.0	13.0	7.0
Option 5: Increase standard deduction to \$21,400 (\$42,800 if filing a joint return) for elderly tax units	-12.3	-11.7	-18.9	-18.3	-17.6	-17.1	-16.6	-16.2	-16.1	-16.2	-160.8	0.0	9.9
<b>Addendum:</b>													
<b>Average Tax Liability of Elderly Joint Tax Units with AGI of \$50-\$55,000</b>													
<b>2007 AMT Patch Extended in Baseline</b>													
Option 1: Exempt from income tax elderly tax units with AGI less than \$50,000	3,324.7												
Option 2: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$50,000	1,834.6												
Option 3: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$25,000 (\$50,000 if filing a joint return)	1,834.6												
<b>Current Law Baseline</b>													
Option 1: Exempt from income tax elderly tax units with AGI less than \$50,000	3,327.6												
Option 2: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$50,000	1,836.2												
Option 3: Exempt from income tax elderly tax units with AGI, untaxed Social Security, and tax-exempt interest less than \$25,000 (\$50,000 if filing a joint return)	1,836.2												

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-2).

(1) Baseline is current law. Parameters in option descriptions are in nominal dollars and not indexed for inflation. 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) The 2007 AMT patch allowed personal nonrefundable credits against the AMT and increased the AMT exemption amounts to \$44,350 for single and head of household filers and \$66,250 for joint filers. Extension of the patch includes indexation of the exemption amounts for inflation.

(4) Exemption from income tax includes both regular tax liability and AMT liability. Tax units can elect to be non-exempt if they would receive a net refund.