

Table T08-0166
Senator Barack Obama's Tax Proposals As Described in his Stump Speeches, Fully Phased In
Impact on Tax Revenue, 2009-18¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2009-18
Proposals as described by economic advisers	-5.5	-72.6	-213.3	-293.0	-316.3	-335.4	-355.3	-377.2	-401.1	-426.8	-2,796.4
Potential additional cost of proposals in economic advisers version											
Expand earned income tax credit, fully phased in for 2009	-0.3	-1.3	-0.9	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	-2.9
Exempt seniors earning less than \$50,000 from income taxation with phase-in of tax for those with income between \$50,000 and \$60,000.	-1.9	-2.5	-2.3	-2.1	-1.9	-1.7	-1.5	-1.4	-1.2	-1.2	-17.8
Payroll surtax of 2 percent (paid by employers only) of earnings over \$250,000, indexed after 2009; plus surtax of 2 percent of AGI in excess of \$250,000, indexed after 2009.	22.8	33.2	35.2	36.8	38.4	40.2	42.1	44.2	46.4	48.8	388.1
Total change compared with economic advisers version	20.7	29.4	32.0	34.2	36.5	38.5	40.6	42.8	45.2	47.6	367.4
Total of all provisions	15.1	-43.2	-181.3	-258.8	-279.8	-296.8	-314.7	-334.4	-355.9	-379.3	-2,429.0
Addenda:											
Net revenue impact against tax cuts extended, AMT-patched baseline	43.8	32.5	87.4	115.2	120.8	129.7	138.8	148.6	159.1	169.7	1,145.7
Federal tax revenue as a share of GDP under the proposal	19.0	18.4	18.3	18.5	18.4	18.4	18.4	18.5	18.6	18.7	18.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-6), various JCT scores, the fiscal year 2009 Treasury blue book, CBO's Budget Options 2007, 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 0.25 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 0.25, and an additional short-term shifting of realizations around the time of the tax rate change. Corporate income tax estimates are static (they do not include a behavioral response). Official estimates from the Joint Committee on Taxation would likely differ.

(2) In official budget estimates the expansion of refundable credits would increase outlays rather than reduce revenues. Since we do not score outlays, we include the effect as a reduction in revenue in these tables.