

**Table T08-0279**  
**President-Elect Obama's EITC Proposal**  
**Impact on Tax Revenue, 2009-18**<sup>1,2</sup>

	Fiscal Year										Total 2009-18
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Expand Childless EITC <sup>3</sup>	-0.1	-0.6	-0.9	-1.3	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7	-12.9
Increased Credit Rate for 3 or More Children <sup>4</sup>	-0.3	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.6	-1.6	-13.8
Increased Phase-out Threshold for Joint Filers <sup>5</sup>	-0.3	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-14.7
<b>TOTAL FOR ALL PROVISIONS</b>	<b>-0.7</b>	<b>-3.7</b>	<b>-4.0</b>	<b>-4.4</b>	<b>-4.7</b>	<b>-4.7</b>	<b>-4.7</b>	<b>-4.8</b>	<b>-4.9</b>	<b>-4.9</b>	<b>-41.5</b>

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

(1) Provisions take effect 01/01/09. Baseline is current law plus the extension of certain elements of the 2001-3 tax acts proposed by President-Elect Obama. See the TPC publication "An Updated Analysis of the Presidential Candidates' Tax Plans: September 12, 2008", available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411749>, for details. Note that the combined revenue estimate here is slightly lower than earlier TPC estimates due to a revision of childless EITC participation rates in the TPC tax model. Estimates incorporate a 0.25 elasticity of taxable income with respect to the marginal tax rate on ordinary income. 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. We include the effect as a reduction in revenue in this table.

(3) Proposal would increase the maximum amount of earned income used to calculate the credit for childless workers to \$6,300 in 2009, \$6,800 in 2010, \$7,100 in 2011, and \$7,250 in 2012. The threshold at which the phaseout begins would be increased to \$9,825 in 2009, \$10,875 in 2010, \$12,325 in 2011, and \$14,500 in 2012. Both thresholds would be indexed for inflation after 2012.

(4) Proposal would increase the credit rate from 40 to 45 percent for filers with three or more children.

(5) Proposal would increase the phaseout threshold for joint filers by \$5,000 and that amount would be indexed for inflation after 2009. This estimate assumes that permanent extension of the \$3,000 increase (indexed for inflation) enacted by EGTRRA is already in the baseline.