

**Table T11-0166**  
**TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline**  
**Baseline: Current Law**  
**Impact on Tax Revenue (billions of current dollars), 2012-21<sup>1</sup>**

Proposal	Fiscal Years										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-21
<b>Individual Income Tax Provisions<sup>2</sup></b>	-111.9	-631.8	-876.3	-950.7	-1,015.8	-1,085.1	-1,156.1	-1,228.8	-1,305.0	-1,386.8	-9,748.2
<b>Estate and Gift Tax Provisions<sup>3</sup></b>	0.0	0.0	-42.0	-48.0	-53.0	-57.0	-61.0	-65.0	-69.0	-73.0	-468.0
<b>Corporate Tax Provisions<sup>4</sup></b>	0.0	-81.5	-138.2	-177.9	-163.6	-149.9	-169.4	-170.5	-171.0	-177.8	-1,399.7
<b>Total, All Provisions</b>	-111.9	-713.2	-1,056.5	-1,176.6	-1,232.4	-1,292.0	-1,386.4	-1,464.2	-1,544.9	-1,637.5	-11,615.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

(1) Fiscal years. Estimates assume a microdynamic behavioral response. Governor Pawlenty outlines his tax proposal on his website a <http://www.timpawlenty.com/articles/a-better-deal-governor-tim-pawlenty-economic-policy-remarks>

(2) Proposal would make 2011 tax law permanent and would also: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; and (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income. Effective date: 01/01/13.

(3) Proposal would repeal the estate, gift, and generation skipping transfer taxes, effective for gifts given and decedents dying on or after 01/01/13

(4) Proposal would reduce corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadeners as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici).

TPC estimates are based on Governor Pawlenty's description of his tax proposal and subsequent remarks to the New York Times by his spokesperson Alex Conant. Because Governor Pawlenty did not specify which corporate tax expenditures he would eliminate, we provide an illustrative option that broadens the corporate tax base by eliminating the tax expenditures included in the Bipartisan Policy Center's Rivlin-Domenici plan. Based on remarks by the Governor and Alex Conant, we did not eliminate any individual income tax expenditures. If Governor Pawlenty or his campaign staff provide the Tax Policy Center with additional details on his proposal we will re-estimate his plan.