

**Table T11-0234**  
**Options to Limit Tax Expenditures for Higher-Income Taxpayers**  
**Impact on Individual Income Tax Revenue (billions of current dollars), 2012-21 <sup>1</sup>**

	Fiscal Year											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-21	
<b>Baseline: Current Law</b>												
<b>Option 1: Limit Value of Itemized Deductions to 28 Percent</b>	8.8	20.9	25.3	27.2	29.2	31.1	33.0	35.0	37.3	40.1	287.9	
<b>Option 2: 27-Percent Effective Minimum Tax <sup>2</sup></b>	20.6	14.2	19.8	24.6	26.4	27.7	29.1	30.7	32.3	33.0	258.4	
<b>Option 3: Limit Tax Expenditures to 2 Percent of AGI <sup>3</sup></b>	25.6	46.9	52.8	55.9	59.5	63.1	66.6	70.1	73.9	78.0	592.3	
<b>Baseline: Current Policy <sup>4</sup></b>												
<b>Option 1: Limit Value of Itemized Deductions to 28 Percent</b>	7.4	12.2	13.7	14.8	16.0	17.3	18.7	20.0	21.3	22.8	164.2	
<b>Option 2: 21-Percent Effective Minimum Tax</b>	9.5	10.1	5.3	14.7	19.1	20.1	21.1	22.2	23.3	23.6	169.0	
<b>Option 3: Limit Tax Expenditures to 2 Percent of AGI</b>	27.0	41.0	44.5	47.6	50.7	54.3	58.0	61.6	65.4	69.6	519.7	

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

(1) Fiscal years. Proposals are effective 01/01/12. Estimates include a microdynamic behavioral response.

(2) Proposal would require taxpayers to pay the higher of their tax under regular rules, including any applicable AMT liability, and an amount equal to 27 percent (21 percent under current policy) of modified AGI (MAGI), defined as AGI plus tax-exempt interest income. The 27 percent rate would phase in over a range of \$250,000 to \$500,000 of MAGI for married couples (\$200,000 to \$400,000 for singles and heads of household), indexed for inflation after 2009.

(3) Proposal would limit the value of itemized deductions, the exclusion for employer-sponsored health insurance premiums, and the child and dependent care and general business tax credits to two percent of a taxpayer's adjusted gross income. The cap would phase in for married couples with AGI between \$250,000 and \$500,000 and for singles and heads of household with AGI between \$200,000 and \$400,000, indexed for inflation after 2009.

(4) Current policy makes 2011 tax law permanent with the exception of the temporary 2 percent reduction in Social Security payroll taxes.