

T12-0074
Replace AMT with Fair Share Tax¹
Impact on Individual Income Tax Revenue (billions of current dollars), 2012-22^{2 3}

| Proposal | Fiscal Year | | | | | | | | | | | |
|--|-------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|----------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2012-22 |
| <u>Baseline: Current Law</u> | | | | | | | | | | | | |
| (1) Repeal alternative minimum tax | 0.0 | -47.3 | -70.0 | -81.2 | -93.3 | -107.3 | -123.2 | -141.0 | -160.5 | -183.1 | -206.7 | -1,213.4 |
| (2) Enact fair share tax | 10.4 | -12.0 | -6.6 | 9.3 | 13.5 | 14.2 | 15.0 | 15.9 | 16.9 | 17.9 | 19.3 | 113.8 |
| Net revenue effect vs. current law | 10.4 | -59.2 | -76.6 | -71.8 | -79.8 | -93.1 | -108.2 | -125.0 | -143.6 | -165.3 | -187.3 | -1,099.6 |
| <u>Baseline: Current Policy</u> | | | | | | | | | | | | |
| (1) Repeal alternative minimum tax | 0.0 | -34.1 | -49.2 | -53.9 | -59.2 | -64.3 | -69.3 | -74.6 | -80.1 | -86.7 | -93.1 | -664.4 |
| (2) Enact fair share tax | 18.8 | -13.4 | -5.5 | 21.9 | 29.5 | 31.2 | 32.9 | 34.6 | 36.3 | 37.9 | 39.7 | 263.7 |
| Net revenue effect vs. current policy | 18.8 | -47.5 | -54.7 | -32.0 | -29.6 | -33.2 | -36.4 | -40.0 | -43.8 | -48.9 | -53.4 | -400.7 |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-3).

(1) The Fair Share Tax is a 30 percent minimum effective tax rate for high-income taxpayers. For a description, see <http://thomas.loc.gov/cgi-bin/query/z?c112:S.2059>. Proposal effective 01/01/2013.

(2) Fiscal years. Estimates include a microdynamic behavioral response and assume that taxpayers shift the timing of capital gains realizations in anticipation of a change in the capital gains tax rate. Estimates also assume that taxpayers adjust their investment portfolio and optimally pay down their mortgage balance if their tax benefit from mortgage interest is reduced. Finally, estimates assume that taxpayers adjust charitable contributions in proportion to the change in the tax price of giving compared with current law.

(3) Against each respective baseline, estimates are stacked in the order listed. For a description of TPC's current law and current policy baselines, see

<http://www.taxpolicycenter.org/T11-0270>