

T13-0056
Reduce Statutory Individual Income Tax Rates
Impact on Tax Revenue (billions of current dollars), 2014-23¹
Baseline: Current Law

Provision	Fiscal Year										Total 2014-23
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Option 1: Reduce all statutory rates by 1 percentage point; leave AMT rates unchanged ²	-37.3	-52.5	-56.5	-60.3	-64.0	-67.8	-72.1	-76.5	-81.0	-85.8	-653.8
Option 2: Reduce all statutory rates and AMT rates by 1 percentage point ³	-42.2	-59.5	-64.0	-68.3	-72.4	-76.7	-81.2	-85.6	-90.3	-95.4	-735.7
Option 3: Reduce all statutory rates by 5 percentage points; leave AMT rates unchanged ⁴	-174.2	-244.3	-261.9	-278.8	-295.3	-312.8	-332.6	-352.6	-373.2	-396.5	-3,022.2
Option 4: Reduce all statutory rates and AMT rates by 5 percentage points ⁵	-213.4	-300.7	-323.4	-345.0	-365.7	-387.6	-410.0	-432.7	-456.4	-481.7	-3,716.6
Option 5: Reduce top rate by 1 percentage point; leave AMT rates unchanged ⁶	-4.5	-6.7	-7.6	-8.4	-9.2	-10.1	-11.0	-12.1	-13.3	-14.5	-97.2
Option 6: Reduce top rate by 3 percentage points; leave AMT rates unchanged ⁷	-13.5	-20.2	-22.9	-25.3	-27.7	-30.6	-33.4	-36.5	-40.3	-43.7	-294.0
Addendum											
Number of AMT Taxpayers (millions) ⁸											
Current Law	3.8	4.0	4.2	4.4	4.6	4.7	4.6	4.6	4.6	4.5	
Option 1	5.1	5.5	5.8	6.1	6.3	6.5	6.4	6.4	6.5	6.4	
Option 2	4.0	4.3	4.5	4.7	4.9	5.0	4.9	4.9	5.0	4.8	
Option 3	10.8	11.8	12.8	13.5	14.1	14.4	15.0	15.4	15.9	16.4	
Option 4	5.5	5.9	6.2	6.5	6.8	7.0	7.0	7.0	7.1	7.1	
Option 5	3.9	4.1	4.4	4.5	4.7	4.8	4.8	4.7	4.7	4.6	
Option 6	3.9	4.2	4.4	4.6	4.8	4.9	4.8	4.8	4.8	4.7	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0412-8).

(1) Fiscal years. Provisions are effective 01/01/14. Estimates assume a 75-25 fiscal split; the actual effect on fiscal year receipts could differ. TPC revenue estimates include the effects of microdynamic behavioral responses.

(2) The resulting statutory rates would be 9, 14, 24, 27, 32, 34, and 38.6 percent.

(3) The resulting statutory rates would be 9, 14, 24, 27, 32, 34, and 38.6 percent, and the resulting AMT rates would be 25 and 27 percent.

(4) The resulting statutory rates would be 5, 10, 20, 23, 28, 30, and 34.6 percent.

(5) The resulting statutory rates would be 5, 10, 20, 23, 28, 30, and 34.6 percent, and the resulting AMT rates would be 21 and 23 percent.

(6) The resulting statutory rates would be 10, 15, 25, 28, 33, 35, and 38.6 percent.

(7) The resulting statutory rates would be 10, 15, 25, 28, 33, 35, and 36.6 percent.

(8) AMT taxpayers are those with direct AMT liability calculated on Form 6251, lost credits, or reduced deductions.