

Table T14-0001
Sen. Mike Lee (R-UT)'s Tax Reform Plan: The Family Fairness and Opportunity Tax Reform Act
Impact on Tax Revenue (billions of current dollars), 2014-2023¹
Baseline: Current Law

Provision	Fiscal Year										Total 2014-23
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
1. Consolidate filing statuses; implement two-bracket rate structure of 15 and 35 percent; treatment of 0 and 20 percent rates for capital gains and qualified dividends ²	-14.0	-23.7	-32.9	-42.0	-49.3	-55.4	-61.5	-67.4	-74.1	-81.0	-501.3
2. Repeal the individual and corporate alternative minimum taxes	-42.6	-62.3	-68.4	-74.5	-79.8	-84.4	-86.4	-87.7	-90.5	-93.5	-770.1
3. Repeal 0.9 and 3.8 percent Affordable Care Act surtaxes ³	-8.6	-11.9	-21.5	-26.9	-29.5	-32.0	-34.5	-37.0	-39.6	-42.4	-284.0
4. Repeal personal exemption for taxpayer and spouse, standard deduction, and all itemized deductions except those for charitable contributions and home mortgage interest. Limit amount of deductible mortgage interest to \$300,000 of acquisition debt for new mortgages taken out after 12/31/13.	278.1	385.6	409.3	434.7	457.0	480.6	505.0	530.2	555.9	582.0	4,618.5
5. Additional, partially refundable \$2,500 child tax credit ⁴	-94.1	-130.5	-138.3	-146.4	-155.3	-163.7	-172.5	-181.7	-191.7	-202.1	-1,576.4
6. Personal credit of \$2,000 for single filers; \$4,000 for joint filers ⁵	-256.7	-353.0	-367.2	-381.3	-391.6	-404.6	-419.6	-435.5	-451.9	-469.3	-3,930.6
Total for all provisions	-137.8	-195.7	-219.0	-236.5	-248.5	-259.6	-269.5	-279.1	-291.9	-306.2	-2,443.8
Addendum: Lee Plan With Lower Threshold for 35 Percent Rate⁶											
Total for all provisions	-27.4	-32.9	-33.7	-30.3	-25.9	-22.0	-18.0	-14.2	-11.4	-9.8	-225.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-2)

(1) Revenue estimates include the effects of microdynamic behavioral responses. Proposal is effective for taxable years beginning after 12/31/13. Revenue estimates assume a fiscal split of 75-25 (fiscal year revenue is estimated to be 25 percent of revenue from the previous calendar year and 75 percent of revenue from the current calendar year). The actual effect on receipts could differ.

(2) The head of household and married filing separately statuses would be repealed. The 15 percent rate would apply to taxable income up to \$87,850 for single filers (\$175,700 for married couples). Taxable income in excess of the thresholds would be taxed at 35 percent. The thresholds would be indexed for inflation after 2013. The current law 0/15/20 percent rate structure for capital gains and qualified dividends would be retained.

(3) Depending on the date of enactment, there could be timing shifts of capital gains realizations. Those effects are not included here.

(4) The \$2,500 per child amount would be indexed after 2013 by the growth in the national average wage index. Eligibility would be the same as for the current law child tax credit. The credit could offset individual income tax liability plus payroll taxes for Social Security and Medicare in excess of the tax unit's reported earned income tax credit.

(5) Amounts would be indexed for inflation after 2013.

(6) The threshold for the top 35 percent rate would be reduced from \$87,850 to \$50,000 (from \$175,700 to \$100,000 for married couples), indexed for inflation after 2013.