

Table T02-0018
Accelerate and Freeze Options: Revenue Effects (\$ billions), 2003-2012 Calendar Years

Reform Option	Calendar Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Plan 1: Accelerate Low- and Middle-Income Tax Cuts, Sunset 12/31/10¹	-52.2	-49.8	-30.7	-24.3	-22.8	-17.8	-12.3	-3.6	0.0	0.0	-213.5
Plan 2: Plan 1 plus freeze other income and estate tax cuts with AMT relief, no sunset²											
On-model income tax effects	-52.2	-35.2	-30.1	-2.3	-2.5	3.8	7.9	19.6	-147.0	-147.4	-385.6
Off-model estate tax effects³	-1.7	0.0	-3.3	1.9	3.7	4.1	14.1	44.0	-9.9	-10.4	42.6
Total	-53.9	-35.2	-33.4	-0.4	1.2	7.9	21.9	63.6	-156.9	-157.8	-343.0
Plan 3: Plan 2 without AMT relief⁴											
On-model income tax effects	-52.2	-35.2	-17.5	13.0	15.9	25.9	33.6	48.2	-115.7	-113.6	-197.6
Off-model estate tax effects	-1.7	0.0	-3.3	1.9	3.7	4.1	14.1	44.0	-9.9	-10.4	42.6
Total	-53.9	-35.2	-20.8	15.0	19.6	30.1	47.6	92.2	-125.6	-124.0	-155.0
Plan 4: Plan 3 without acceleration of 15-percent bracket expansion⁵											
On-model income tax effects	-31.8	-15.1	-9.6	17.2	17.6	25.9	33.6	48.2	-115.7	-113.6	-143.2
Off-model estate tax effects	-1.7	0.0	-3.3	1.9	3.7	4.1	14.1	44.0	-9.9	-10.4	42.6
Total	-33.5	-15.1	-12.9	19.2	21.3	30.1	47.6	92.2	-125.6	-124.0	-100.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

(1) The following provisions are effective for 2003: the child tax credit is increased to \$1,000; the refundability rate for the child credit is increased to 15 percent; the size of the 10-percent bracket is expanded to \$7,000 for singles/\$14,000 for married couples filing jointly (MFJ) and these amounts are indexed after 2003; the standard deduction for MFJ is increased to twice that for singles; the size of the 15-percent bracket for MFJ is expanded to twice that for singles; the addition to the plateau of the earned income tax credit is increased to \$3,000 for MFJ and this amount is indexed after 2003.

(2) The top four statutory income tax rates are frozen at their 2002 levels: 27, 30, 35, and 38.6 percent. The limitation on itemized deductions and the personal exemption phaseout are retained with their pre-EGTRRA parameters; estate tax changes are frozen at their 2002 levels; the increase in AMT exemption amounts scheduled to sunset 12/31/04 under current law is made permanent.

(3) The impact of freezing the estate tax changes at 2002 levels is approximated for future years by growing the 2003 fiscal year impact of the 2002 changes by 5 percent per year and comparing that to the revenue change reported by the JCT for each year.

(4) Allows for the reduction in AMT exemption amounts scheduled under current law. Effective for the 2005 calendar year, the AMT exemption amounts are reduced to \$45,000 for MFJ/\$33,750 for singles and heads of household.

(5) The expansion of the 15-percent bracket is allowed to phase in as scheduled under current law.