

Table T08-0165
Senator Barack Obama's Tax Proposals As Described by his Economic Advisors
Impact on Tax Revenue, 2009-18¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total 2009-18
(1) Make permanent the EGTRRA child credit expansions, marriage bonus/penalty adjustments, 10/15/25/28% rates, and 0/15% rates on capital gains and dividends for select taxpayers; increase Pease and PEP thresholds.	-0.1	0.0	-105.1	-140.9	-141.4	-142.1	-142.5	-142.8	-143.2	-143.8	-1,101.8
(2) Restore PEP/Pease with the increased thresholds in 2009-10, restore the 36/39.6% rates, and create a third capital gains and dividends rate of 25% for taxpayers in the 36 and 39.6% brackets	45.7	54.4	40.7	22.6	18.8	19.2	19.7	20.3	21.0	21.8	284.3
(3) Extend and index the 2007 AMT patch	-27.3	-73.3	-82.5	-90.6	-105.4	-120.4	-136.9	-155.5	-175.4	-197.2	-1,164.6
(4) Freeze 2009 estate tax law (exemption not indexed)	-0.6	-1.0	-12.9	-29.4	-32.6	-35.7	-38.5	-41.3	-44.5	-47.5	-284.1
(5) Create "Making Work Pay Credit"	-48.6	-66.0	-67.9	-69.7	-71.5	-73.3	-75.2	-77.2	-79.1	-81.0	-709.5
(6) Create "Universal Mortgage Credit"	-2.5	-12.5	-12.7	-13.0	-13.4	-13.7	-14.0	-14.4	-14.7	-15.0	-125.7
(7) Mandate auto401(k)s and autoIRAs, expand saver's credit	-13.9	-18.8	-19.3	-19.9	-20.5	-21.1	-21.7	-22.2	-22.8	-23.4	-203.6
(8) Create "American Opportunity Tax Credit"	-2.6	-13.1	-13.6	-14.2	-14.7	-15.3	-15.7	-16.0	-16.5	-17.2	-138.9
(9) Expand earned income tax credit	-0.8	-4.0	-4.4	-4.9	-5.3	-5.3	-5.4	-5.4	-5.5	-5.6	-46.5
(10) Expand child and dependent care tax credit	-0.5	-2.5	-2.5	-2.6	-2.5	-2.5	-2.5	-2.4	-2.4	-2.4	-22.8
(11) Exempt seniors earning less than \$50,000 from income taxation	-4.1	-5.3	-5.2	-5.1	-5.1	-5.2	-5.2	-5.4	-5.7	-6.0	-52.2
(12) Make permanent the R&D and renewable energy production credits	-7.4	-9.8	-11.6	-13.2	-14.7	-16.2	-17.8	-19.6	-21.5	-23.5	-155.1
(13) Revenue-raisers Unverifiable campaign-provided revenue estimate	57.0	79.1	83.7	87.9	92.0	96.1	100.4	104.7	109.2	114.0	924.1
Total of all provisions	-5.5	-72.6	-213.3	-293.0	-316.3	-335.4	-355.3	-377.2	-401.1	-426.8	-2,796.4
Addenda:											
Net revenue impact against tax cuts extended, AMT-patched baseline	23.1	3.1	55.5	81.0	84.3	91.2	98.3	105.8	113.9	122.1	778.3
Federal tax revenue as a share of GDP under the proposal	18.9	18.2	18.1	18.3	18.2	18.2	18.2	18.3	18.4	18.4	18.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-6), various JCT scores, the fiscal year 2009 Treasury blue book, CBO's Budget Options 2007, and CBO's most recent budget p

(1) All provisions take effect 01/01/09. Table excludes the following policies for which Senator Obama has stated support because of data limitations and/or insufficient details about the policies that would be enacted: permanent extension of the adoption credit; creation of new incentives for first-time farmers; elimination of capital gains taxes affecting start-up businesses, venture capitalists, and entrepreneurs; creation of new incentives for small business investment; and creation of an automated filing system for most taxpayers. Estimates incorporate a 0.25 elasticity of taxable income with respect to the marginal tax rate on ordinary income, a long-run elasticity of capital gains realizations with respect to the maximum tax rate on capital gains of 0.25, and an additional short-term shifting of realizations around the time of the tax rate change. Corporate income tax estimates are static (they do not include a behavioral response). Official estimates from the Joint Committee on Taxation would likely differ.