

T08-0065
Options to Make Permanent Components of the 2001-06 Tax Cuts
Static Impact on Individual Income and Estate Tax Liability and Revenue (\$ billions), 2009-18¹

	Year										2009-18
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Fiscal Year Revenue²											
Extend 2001-06 income tax cuts and make estate tax repeal permanent	0.0	0.0	-184.8	-250.6	-256.6	-262.9	-270.3	-277.8	-286.1	-294.0	-2,002.1
OPT 1: Extend 10 percent bracket, child credit, and marriage penalty relief ³	0.0	0.0	-74.8	-98.8	-97.4	-96.1	-94.6	-93.0	-91.4	-90.0	-736.2
Savings from Option 1 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	109.9	151.8	159.1	166.9	175.7	184.8	194.7	204.0	1,346.9
OPT 2: Above plus extend 25 and 28 percent brackets	0.0	0.0	-89.2	-118.2	-117.2	-116.3	-115.3	-114.3	-113.4	-112.5	-896.3
Savings from Option 2 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	95.6	132.4	139.4	146.7	155.0	163.5	172.7	181.5	1,186.8
OPT 3: Above plus extend 33 and 35 percent brackets, rates on capital income, PEP/Pease repeal ⁴	0.0	0.0	-155.8	-210.0	-213.1	-216.6	-220.3	-224.2	-228.6	-232.7	-1,701.3
Savings from Option 3 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	29.0	40.6	43.4	46.3	50.0	53.6	57.5	61.3	381.8
Calendar Year Liability											
Extend 2001-06 income tax cuts and make estate tax repeal permanent	0.0	0.0	-246.4	-252.1	-258.1	-264.6	-272.2	-279.7	-288.3	-295.9	-2,157.1
OPT 1: Extend 10 percent bracket, child credit, and marriage penalty relief ³	0.0	0.0	-99.8	-98.5	-97.1	-95.7	-94.2	-92.6	-91.1	-89.7	-758.6
Savings from Option 1 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	146.6	153.6	160.9	168.9	178.0	187.1	197.2	206.2	1,398.4
OPT 2: Above plus extend 25 and 28 percent brackets	0.0	0.0	-119.0	-118.0	-116.9	-116.0	-115.1	-114.0	-113.2	-112.2	-924.3
Savings from Option 2 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	127.4	134.1	141.1	148.5	157.1	165.7	175.1	183.7	1,232.7
OPT 3: Above plus extend 33 and 35 percent brackets, rates on capital income, PEP/Pease repeal ⁴	0.0	0.0	-207.7	-210.8	-213.9	-217.5	-221.3	-225.1	-229.8	-233.6	-1,759.7
Savings from Option 3 relative to full extension of income tax cuts and permanent estate tax repeal	0.0	0.0	38.7	41.2	44.1	47.1	50.9	54.5	58.5	62.3	397.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

(1) Baseline is current law. Tax cuts include the individual income and estate tax provisions in EGTRRA, JCWA, JGTRRA, WFTRA, AJCA, TIPRA, PPA, and TRHCA. Estimates for 2018 are extrapolated based on model estimates through 2017. Estimates are static and do not account for any potential microeconomic behavioral response. Official estimates from the Joint Committee on Taxation would likely show a somewhat different effect on revenue.

(2) Fiscal-year revenue numbers assume a 75-25 split. The actual effect on receipts could differ.

(3) Marriage penalty relief includes the adjustments to the 15 percent bracket amount, the increased standard deduction for joint filers, the addition to the EITC phase-out threshold for joint filers, the change from modified AGI to AGI for the secondary calculation of the EITC, and allowance of the EITC against the AMT. Extension of the child credit includes allowing it against the AMT.

(4) Rates on capital income include the lower rates on capital gains and eligibility of qualified dividends for the capital gains rates.