Table T04-0157
Kerry Plan vs. Extended Baseline:
Static Impact on Individual Income and Estate Tax Liability ($ billions), 2005-14 [1]

	Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005-14
Calendar Years											
Repeal high-income tax cuts [2]	38.3	43.1	48.1	57.0	55.8	65.2	69.1	73.4	78.0	83.0	611.0
Make middle class income tax cuts permanent	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Modify estate tax [3]	-3.3	0.6	1.1	1.2	8.8	25.5	28.0	30.9	33.9	37.5	164.2
Enact College Opportunity Tax Credit [4]	-8.2	-8.0	-8.1	-8.1	-8.1	-8.8	-8.8	-8.8	-8.7	-9.3	-84.8
TOTAL	26.9	35.6	41.1	50.0	56.5	82.0	88.3	95.5	103.2	111.2	690.4
Fiscal Years											
Repeal high-income tax cuts [5]	28.7	41.9	46.8	54.7	56.1	62.9	68.1	72.4	76.9	81.8	590.2
Make middle class income tax cuts permanent [5]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Modify estate tax [6]	0.0	-3.3	0.6	1.1	1.2	8.8	25.5	28.0	30.9	33.9	126.7
Enact College Opportunity Tax Credit [7]	-1.6	-8.1	-8.0	-8.1	-8.1	-8.3	-8.8	-8.8	-8.7	-8.8	-77.4
TOTAL	27.1	30.5	39.4	47.7	49.2	63.4	84.9	91.6	99.0	106.8	639.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-5).

(1) Kerry plan is effective 01/01/05 and is assumed to be permanent. Change in estate tax liability is a static estimate that does not include behavioral response or the effects on the gift tax. Extended baseline is current law plus the Administration's FY2005 Budget Proposal to extend provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the limitation on itemized deductions (Pease); the personal exemption phaseout (PEP); the standard deduction, 15-percent bracket, and EITC for married couples; the AMT; pension and IRA provisions; estate tax repeal; 15 percent tax rate on qualified dividends and capital gains (0 percent for lower-income taxpayers).

(2) The Kerry plan contains the following additional provisions: increase top two marginal tax rates to 36 and 39.6 percent; increase tax rate on capital gains to 20 percent for taxpayers in the top two tax brackets; increase tax rate on dividends to 36 and 39.6 percent for taxpayers in the top two tax brackets; eliminate the repeal of the limitation on itemized deductions (Pease) and the personal exemption phaseout (PEP).

(3) The Kerry plan eliminates the repeal of the estate tax: the top estate tax rate would be 48 percent; the estate tax exemption would be set at $2 million per individual; and the Qualified Family-Owned Business Interest (QFOBI) exemption would be $5 million per individual.

(4) Revenue impact is measured against a baseline in which the rest of the Kerry tax plan has been enacted. Assumes the COTC cannot reduce a taxpayer's liability below his or her tentative AMT for years after 2005.

(5) Fiscal-year estimates assume a 75-25 split. The actual effect on receipts could differ.

(6) Fiscal-year estimates assume a 0-100 split. The actual effect on receipts could differ.

(7) Fiscal-year estimates assume a 20-80 split. The actual effect on receipts could differ.