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## Congress of the United States

JOINT COMMITTEE ON TAXATION  
1625 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6453  
(202) 225-3621  
<http://www.jct.gov>

Honorable Sander M. Levin  
U.S. House of Representatives  
1236 Longworth HOB  
Washington, D.C. 20515

**JUL 18 2013**

Dear Ranking Member Levin:

This letter is a partial response to your request for an estimate of a proposal that would repeal the individual alternative minimum tax ("AMT") and reduce individual income tax rates to 10 percent and 25 percent.

Under the proposal, we project the marginal income tax rates for 2014 would be as follows:

Taxable income			Marginal Tax Rate	
Single	Joint	H of H	Present Law	Proposal
\$0 to \$9,075	\$0 to \$18,150	\$0 to \$12,950	10.0%	10.0%
\$9,075 to \$36,850	\$18,150 to \$73,700	\$12,950 to \$49,400	15.0%	10.0%
\$36,850 to \$89,300	\$73,700 to \$148,800	\$49,400 to \$127,550	25.0%	25.0%
\$89,300 to \$186,250	\$148,800 to \$226,750	\$127,550 to \$206,500	28.0%	25.0%
\$186,250 to \$404,950	\$226,750 to \$404,950	\$206,550 to \$404,950	33.0%	25.0%
\$404,950 to \$406,600	\$404,950 to \$457,450	\$404,950 to \$432,050	35.0%	25.0%
Above \$406,600	Above \$457,450	Above \$432,050	39.6%	25.0%

The proposal would maintain the preferential rates for long-term capital gains and qualified dividends under section 1 of the Code, with a maximum rate of 20 percent.<sup>1</sup>

For purposes of estimating the proposal, we have assumed the proposal would be enacted on October 1, 2013, and would be effective for taxable years beginning after December 31, 2013. We estimate the proposal would have the following effects on Federal fiscal year budget receipts:

<sup>1</sup> The 3.8 percent tax on net investment income under section 1411 would remain under the proposal.

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Item	Fiscal Years [Billions of Dollars]											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
Repeal the individual AMT.....	-2.6	-31.6	-28.8	-31.2	-33.3	-34.8	-36.2	-37.9	-39.6	-41.3	-127.5	-317.2
Set the individual income tax rates at 10% and 25%.....	-184.4	-265.0	-292.5	-318.6	-341.8	-363.8	-386.1	-409.8	-434.2	-456.9	-1,402.3	-3,453.2
<b>TOTAL.....</b>	<b>-187.0</b>	<b>-296.5</b>	<b>-321.3</b>	<b>-349.8</b>	<b>-375.1</b>	<b>-398.6</b>	<b>-422.3</b>	<b>-447.7</b>	<b>-473.9</b>	<b>-498.2</b>	<b>-1,529.7</b>	<b>-3,770.4</b>

NOTE: Details may not add to totals due to rounding.

I hope that this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold

cc: Janice Mays