ISSUE BRIEF

ECONOMIC POLICY INSTITUTE | ISSUE BRIEF #354 APRIL 18, 2013

MANY OPTIONS EXIST FOR RAISING REVENUE IN A SMART AND PROGRESSIVE MANNER

BY REBECCA THIESS

For too long our tax policies have lacked progressivity and efficiency, exacerbated income inequality, and underfunded key national priorities. The American Taxpayer Relief Act of 2012 (ATRA), which was passed to purportedly address the so-called fiscal cliff at the start of 2013, enacted numerous tax policy changes affecting federal revenue levels for the foreseeable future.[1] It did little to mitigate these failures. Though the legislation included modest tax increases on the very wealthy, it cemented in place tax policies that do not—and will not—adequately fund national priorities. At the same time, conservative policymakers have forced deficit reduction measures into law since mid-2011, even as the economic recovery has faltered (Bivens, Fieldhouse, and Shierholz 2013). The bulk of these policy-induced deficit reductions have been spending cuts, with tax increases accounting for only 20 percent of the policy reductions since mid-2011 (Murray 2013).[2]

This spending-cuts approach to deficit reduction makes for poor economic policy. For one, in the near term there is no need to reduce deficits, as larger deficits to support job-creating investments and transfer payments should be the policy goal in coming years. But if political constraints do demand deficit reduction, reductions achieved through revenue increases—particularly progressive revenue increases—are far less damaging to economic recovery than spending cuts.[3]

In the longer term, any appropriate policies to reduce the deficit after the economy has recovered should take into account the wider economic context of recent decades. This context includes the crucial fact that Social Secur-

ity, Medicare, and Medicaid have provided the largest boost to household incomes at the bottom and middle of the distribution. For example, between 1979 and 2007 these programs contributed more than 9 times as much to overall household income growth for the middle fifth of households as did growth in wages and salaries (Mishel et al. 2012). This context also includes the staggering rise in income and wage inequality that has characterized this same period. Given this, additional revenue and a more fairly distributed tax burden are necessary to stabilize our longer-term fiscal outlook, strengthen the middle class, and reduce income inequality.

This brief explores eight progressive revenue options that are mindful of this context and should be front and center in upcoming fiscal and tax policy debates (10-year revenue projections for each policy are provided in parentheses):

- **Reform current income tax rates, create additional brackets for top earners, and tax capital gains as ordinary income ($1.6 trillion).** These reforms would raise substantial sums of revenue and make the tax code fairer and more progressive, without unduly restraining economic growth.
- **Tax carried interest as ordinary income ($21 billion).** This would close a loophole that almost exclusively benefits the very wealthy and that lowers the effective tax rates of millionaires and billionaires below those of middle-class households.
- **Eliminate the loophole allowing the wealthy to avoid paying taxes on inherited stocks and bonds ($452 billion).** Closing this loophole would raise substantial sums of revenue and pave the way for capital gains to be taxed at a higher, revenue-maximizing rate.
- **Cap the marginal tax rate on itemized deductions ($513 billion).** Limiting the rate at which itemized deductions reduce filers' tax liability would raise revenue, increase fairness and progressivity in the tax code, help mitigate income inequality, and improve efficiency.
- **Pursue international corporate income tax reform, including repealing deferral of foreign profits ($606 billion).** This would target U.S. multinational corporations that engage in convoluted transactions to avoid paying corporate income tax. Such reforms would raise revenue as well as reduce incentives for firms to move and keep operations and profits offshore.
- **Enact a progressive estate tax ($160 billion).** The estate tax, which targets large transfers of wealth bequeathed to heirs, is the most progressive element of the federal tax code. This reform would instate a more-progressive rate structure closer to what existed prior to the Bush-era tax cuts.
- **Enact a financial transactions tax ($830 billion).** A small levy on Wall Street trading of financial instruments would raise significant revenue and dampen high-speed trading, while also encouraging more-productive investment.
- **Enact a carbon tax ($943 billion).** Pricing carbon through either a carbon tax or the auctioning of pollution permits would lead to the reduction of greenhouse gases and yield significant revenue.

Together, these policies could result in over $5.1 trillion in revenues over 10 years (excluding interaction effects among the eight policies). It is crucial to note that solving the jobs crisis should take priority over deficit reduction in the near term. However, pairing these revenue options with temporary increases in spending could simultaneously support near-term recovery and lock in longer-term deficit reduction.

Individual income tax policies

Policy: Reform current income tax rates, create additional brackets for top earners, and tax capital gains as ordinary income

Ten-year revenue: $1.6 trillion

The American Taxpayer Relief Act of 2012 extended most of the Bush-era income tax cuts passed in 2001 and 2003. Though tax rates were scheduled to revert to Clinton-era levels at midnight on December 31, 2012, ATRA extended the income tax cuts for all income under $400,000 ($450,000 for married couples). ATRA made permanent the reduction in the 25, 28, and 33 percent brackets, and made permanent the reduction in the top rate to 35 percent for taxable income up to $400,000 ($450,000 for joint filers).[4]

While many of those opposed to all tax increases have argued that ATRA represents the one and only instance in which tax increases will be used to reduce the deficit, there remains significant scope for restoring revenue and boosting tax code progressivity by adjusting income tax rates. In its fiscal 2013 budget alternative, the *Budget for All*, the Congressional Progressive Caucus (CPC) temporarily extended most of the Bush-era individual income tax rate cuts over the decade, so as not to cut middle-class taxes too quickly while the recovery remains weak (Fieldhouse and Thiess 2012).[5] In the *Budget for All,* the CPC allowed the 33 and 35 percent brackets from tax year 2012 to expire on January 1, 2013,[6] while the 25 and 28 percent brackets were temporarily extended, and the 10 percent bracket and 15 percent rate for joint filers were continued for the full decade. The 28 percent bracket was maintained through tax year 2016, and reverted to 31 percent (the Clinton-era rate) on January 1, 2017. The 25 percent bracket was maintained through tax year 2018, and reverted to 28 percent (the Clinton-era rate) on January 1, 2019. In the *Budget for All*, these policies were scored as losing revenue relative to the former current law baseline. However, ATRA's passage in early 2013 means this policy would now *raise* revenue, as the current law baseline now includes the permanent extension of most of the Bush-era tax cuts (Thiess 2013).

Along with phasing out income tax rates for higher-income filers, the tax code can be made even more progressive by instituting higher marginal tax rates for top earners. The *Budget for All* adopted the five higher marginal tax rates from Rep. Jan Schakowsky's (D-Ill.) *Fairness in Taxation Act of 2011* (H.R. 1124).[7] The *Fairness in Taxation Act* would add the following brackets to the income tax code: a 45 percent bracket for income over $1 million, a 46 percent bracket for income over $10 million, a 47 percent bracket for income over $20 million, a 48 percent bracket for income over $100 million, and a 49 percent bracket for income over $1 billion.[8]

Additionally, taxing capital gains as ordinary income would raise revenue and make the tax code fairer, as capital gains are currently taxed at a much lower rate than income earned through work. The 2001 and 2003 Bush-era tax cuts lowered the 20 percent capital gains tax bracket to 15 percent and eliminated the long-term tax on filers in the two lowest tax brackets; ATRA extended lower rates for those in the bottom two brackets and made permanent a 20 percent rate on capital gains for taxpayers in the new 39.6 percent tax bracket.[9] That this policy is now permanent ensures top filers will continue to receive preferential treatment on their unearned income. Aside from promoting fairness in the tax code, equalizing treatment could raise significant revenue.

Accounting for interaction effects, these policies—reforming current income tax rates, creating additional brackets for top earners, and taxing capital gains as ordinary income—would raise $1.6 trillion in revenue over fiscal 2014–2023.[10]

The evidence is also clear that higher tax rates are not destined to slow growth, nor are lower rates an economic panacea (Fieldhouse 2013). Multiple economic indicators—such as GDP, employment, and total compensa-

tion—actually turned in their worst post–World War II performance in the business cycle after the Bush-era tax cuts became law (Bivens and Irons 2008).

Policy: Tax carried interest as ordinary income

Ten-year revenue: $21 billion

The current taxation of capital gains includes an additional loophole—almost exclusively benefiting the very wealthy—that allows the compensation of some financial-fund managers to be taxed at the preferential capital gains rate, as opposed to the higher ordinary income tax rate. Some business partners—primarily hedge fund managers, investment advisers, and venture capitalists—receive a stake in future business profits as a form of compensation, referred to as carried interest. This form of compensation does not include any downside risk, however; if profits should happen to disappoint, those on the receiving end do not lose out, making the carried interest loophole operate more like a salary than like an investment. The provision is thus an egregious loophole.

Because carried interest is currently taxed at the lower capital gains rate (and not at ordinary income tax rates), the loophole contributes to widening income inequality as top filers are growing their share of before-tax income earned from capital gains and dividends, while the share from wages and salaries is declining (Thiess 2012). Warren Buffett has pointed to this loophole as one that lowers the effective tax rates of millionaires and billionaires below those of middle-class households (Buffett 2011). Taxing carried interest as ordinary income would increase tax fairness and raise $21 billion over 10 years (CTJ 2012).

Policy: Eliminate the loophole allowing the wealthy to avoid paying tax on inherited stocks and bonds

Ten-year revenue: $452 billion

Capital gains taxes are assessed on the difference between the sale price and the purchase price of an asset, which is known as the *basis* for capital gains. For assets that are bequeathed, the basis price for heirs is reset to the value at the time of transfer (rather than at the time of purchase), allowing families to avoid capital gains taxation altogether by not taking into account asset gains. The Congressional Progressive Caucus's fiscal 2014 budget alternative, the *Back to Work Budget,* estimates that repealing the step-up basis for capital gains at death would yield $452 billion over 10 years (Fieldhouse and Thiess 2013). This score is consistent with an estimate from the Joint Committee on Taxation (JCT), which projects $258 billion would be lost over five years (fiscal 2013–2017) due to the exclusion of capital gains at death (JCT 2013). Adopting this policy would also pave the way for capital gains to be taxed at a higher, revenue-maximizing rate.

Policy: Cap the marginal tax rate on itemized deductions

Ten-year revenue: $513 billion

Some individual taxpayers elect to itemize their deductions as opposed to claiming the standard deduction. Itemized deductions include home mortgage interest, state and local property taxes and income taxes, some medical and dental expenses, charitable contributions, casualty and theft losses, some job-related expenses, and other miscellaneous expenses. This tax expenditure—claimed on around one-third of total returns in 2010—is skewed toward higher-income households, with the percentage of taxpayers claiming deductions rising along with income (Huang, Marr, and Friedman 2012). Itemized deductions are subsidized at a higher rate for high-income households than for middle-income families.

Limiting the rate at which this tax expenditure reduces the tax liability for filers would raise revenue, increase fairness and progressivity in the tax code, help mitigate income inequality, and improve efficiency. In fact, from an efficiency perspective, this policy is comparable to a marginal tax rate reduction in terms of the behavioral response

it would elicit. Capping this rate at 28 percent would help close the gap between the value of tax expenditures that differs along the income scale. In each of his budget requests, President Obama has included a version of this policy (the most recent of which would raise $529 billion over 10 years, according to Office of Management and Budget estimates). Furthermore, Citizens for Tax Justice estimates that capping the value of itemized deductions at 28 percent would raise $513 billion over 10 years (CTJ 2013).

Corporate tax policies

Policy: Pursue international corporate income tax reform, including repealing deferral of foreign profits

Ten-year revenue: $606 billion

Currently, taxation of profits earned by offshore subsidiaries of U.S. corporations can be delayed, or deferred, until those profits are brought back to the United States. This provides an incentive for firms to move and keep operations and profits offshore, and means that corporations can deduct some of their expenses incurred offshore against their tax liabilities, without owing tax on profits until they are repatriated. Deferral also creates an incentive for American corporations to disguise domestic profits as foreign profits. Without deferral, U.S. corporations would still receive credits against their U.S. taxes for any foreign taxes they may pay. According to Citizens for Tax Justice, the very strongest reforms possible regarding international corporate tax reform, including reforming international tax systems by repealing the active financing exception to Subpart F, as well as applying per-country foreign tax credit rules and including active income of controlled foreign corporations in Subpart F, would raise significant revenue: $606 billion over 10 years (CTJ 2013).

Excise taxes and other tax policies

Policy: Enact a progressive estate tax

Ten-year revenue: $160 billion

Though it was radically reduced by the Bush-era tax cuts and has yet to be reinstated at pre–Bush-era levels, the tax on large estates and gifts remains the most progressive federal tax in the tax code, as it targets large transfers of wealth bequeathed to heirs. Since the 2001 passage of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), the federal estate tax has changed almost every year. The exclusion rose from $675,000 that year to $3.5 million ($7 million for married couples) in 2009, and the top estate tax rate fell from 55 percent to 45 percent, before the estate tax fully sunset in 2010. The estate tax returned in 2011 with a $5 million exemption (indexed for inflation) and a top estate tax rate of 35 percent. ATRA left the exemption unchanged and raised the top estate tax rate to 40 percent in 2013; without ATRA, estate tax levels would have reverted to a threshold of $1 million and a top rate of 55 percent.

In making these estate tax levels permanent, ATRA diminished the potential for a more progressive tax code, and also settled for lower revenue levels from the estate tax than other options would have provided. Relative to CBO's 2012 current policy baseline (a 35 percent estate tax rate and a $5 million threshold), the estate tax changes made under ATRA resulted in only marginal projected revenue increases of $19 billion over 10 years (OMB 2013).

Sen. Bernie Sanders' (I-Vt.) estate tax bill (included in the CPC *Back to Work Budget*) would lower the exemption level from $5 million to $3.5 million and institute a progressive rate structure, with a bottom rate of 45 percent on taxable estate values between $3.5 million and $10 million, and a top rate of 55 percent applicable to estate values over $50 million (compared with the current top rate of 35 percent). The Sanders bill also includes a 10 percent surtax on taxable estate values of more than $500 million. Relative to current law, the bill would raise an estimated $160 billion over fiscal 2014–2023 (Fieldhouse and Thiess 2013).

Policy: Enact a financial transactions tax

Ten-year revenue: $830 billion

The government levies corrective excise taxes on goods such as cigarettes, alcohol, and gasoline to reflect negative social externalities caused by these goods, as taxing that which is harmful is preferable to taxing that which is productive, such as work or savings. A financial transactions tax is a type of corrective tax that calls for a small levy on Wall Street trading of financial instruments (stocks, bonds, derivatives, futures, options, and credit default swaps). Such a tax has the ability to both raise significant revenue and dampen high-speed trading, while also encouraging more-productive investment. The financial sector would likely bear the burden of the tax; it is probable investors would respond to increased costs by reducing trading volumes, as research suggests this activity is relatively elastic (Baker 2011).

There are numerous potential designs for such a tax, as well as various projections for how much revenue it could raise. Baker et al. (2009) estimated that a financial transactions tax could raise more than $1.7 trillion over 10 years, even assuming a 50 percent reduction in trading volume that could accompany such a levy.[11] Sen. Tom Harkin (D-Iowa) and Rep. Peter DeFazio (D-Ore.) proposed a financial transactions tax in 2011 that the Joint Committee on Taxation scored as generating $352 billion over 2013–2021 (DeFazio 2011).

Additionally, the Economic Policy Institute proposed a financial transactions tax in both iterations of *Investing in America's Economy,* a budget proposal submitted to the Peter G. Peterson Foundation's Fiscal Solutions Initiative.[12] The Tax Policy Center (TPC) scored this proposal with behavioral implications modeled after those used by the Joint Committee on Taxation. In the 2011 iteration of the initiative, TPC estimated that a financial transactions tax would raise $821 billion over 2012–2021.[13] In the 2012 iteration, TPC updated its model for more stringent behavioral assumptions, and found that the tax would raise a projected $447 billion over 2014–2023. Taking the 10-year average of each of the scores mentioned, we could plausibly expect that a financial transactions tax could raise $830 billion over a 10-year window.

Policy: Enact a carbon tax

Ten-year revenue: $943 billion

Pricing carbon through either a carbon tax or the auctioning of pollution permits would lead to the reduction of greenhouse gases—the continued accumulation of which will likely result in costly and dangerous changes in regional climates—*and* yield significant revenue. The idea behind pricing carbon is that higher prices create incentives to reduce greenhouse gases.

Though such a policy would raise significant revenue, it has the potential to be regressive, as low-income households spend a larger share of income on carbon-intensive energy (such as gasoline). A carbon tax policy would thus ideally hold low- and middle-income households harmless by rebating to them a portion of the revenue raised.

Pricing carbon at $20 per metric ton of CO_2 emissions, and indexing this initial price to a 5.6 percent annual rate, would lead to an estimated reduction in CO_2 emissions of 20 percent by 2025 and 50 percent by 2050 (Fieldhouse and Thiess 2012). Enacting such a policy, while holding harmless roughly the bottom 25 percent of households by income, would produce net savings of $943 billion over fiscal 2014–2023.[14] This revenue would also provide a ready-made source of financing for public investment projects aimed at reducing greenhouse gas emissions, projects that would create jobs in the short run and lead to large economic welfare gains in the long term if they materially slowed the pace of climate change.

Conclusion

Beyond these policy recommendations there remains substantial scope for raising revenue to ease budgetary pressures and finance job creation policies. The challenges

of stabilizing the long-term fiscal outlook, returning to a full-employment economy, and strengthening the middle class necessitate raising more revenue fairly and efficiently. If current revenue levels are locked, we will continue to inadequately fund national priorities—and our long-term fiscal future will become increasingly unsustainable.

*— **Rebecca Thiess** joined the Economic Policy Institute in 2010 as a federal budget policy analyst. Her areas of research include federal budget and tax policy, retirement security, and public investment. She has a master's degree in public policy from Duke University and a B.A. in urban and environmental policy from Occidental College.*

Endnotes

1. ATRA locked in the Bush-era tax cuts for most filers and made permanent the preferential tax treatment of unearned income. These policy choices increased projected deficits by $4 trillion over a 10-year window; individual income tax receipts alone have been downwardly revised by $3.2 trillion over 2013–2022. (The $4 trillion figure excludes debt service costs.) In total (including ATRA and other laws), between the August 2012 and February 2013 baselines, the Congressional Budget Office (CBO) increased its estimate of the deficit by $331 billion for 2013 and $4.7 trillion for 2013–2022 (CBO 2013).

2. This measure includes sequestration cuts.

3. See Bivens and Fieldhouse (2012) for a comparison of the economic drag imposed by the various components of the "fiscal cliff."

4. These rates were scheduled to revert to 28, 31, 36, and 39.6 percent, respectively. ATRA only levies a 39.6 percent rate on income over $400,000 ($450,000 for married couples).

5. The Congressional Progressive Caucus (CPC) solicited the assistance of the Economic Policy Institute Policy Center (EPIPC) in analyzing and scoring the specific policy proposals in the *Budget for All* (and the more recent *Back to Work Budget*), and in modeling their cumulative impacts on the federal budget over the next decade. The policies in the *Budget for All* reflect the decisions of the CPC leadership and staff, not those of EPIPC.

6. As proposed in the president's fiscal 2013 budget request (OMB 2012).

7. This proposal was also adopted in the Congressional Progressive Caucus' fiscal 2014 budget alternative, the *Back to Work Budget* (Fieldhouse and Thiess 2013).

8. On its own, Citizens for Tax Justice scored the Fairness in Taxation Act as raising $950 billion over fiscal 2014–2023.

9. Tax rates on dividends were scheduled to revert to ordinary income levels at the start of 2013; ATRA permanently extended preferential rates by enacting the same tax structure as applies to capital gains, with a top marginal rate of 20 percent.

10. This policy score was provided to the Congressional Progressive Caucus by Citizens for Tax Justice (CTJ). CTJ scores this policy using the Institute on Taxation and Economy Policy (ITEP) microsimulation model, which is similar to models used by the Treasury Department and the Joint Committee on Taxation. See ITEP (2012) for an overview of the model.

11. See Baker et al. (2009) for tax parameters.

12. This policy taxed stock transactions at 0.25 percent, bond transactions at 0.004 percent, option premiums at 0.25 percent per year to maturity, foreign exchange transactions at 0.004 percent, and futures and swaps at 0.01 percent. See Bivens et al. (2012).

13. The CPC *Back to Work Budget* extrapolated this TPC score and booked $879 billion in savings from a financial transactions tax over fiscal 2014–2023.

14. This score was provided to the Economic Policy Institute by the Tax Policy Center as part of the Peter G. Peterson Foundation Fiscal Solutions Initiative II, an effort that convened organizations with a variety of perspectives to develop plans addressing our nation's fiscal challenges. Scores were also provided for options pricing carbon at $30 per metric ton of CO_2 emissions and $40 per metric ton of CO_2 emissions. Respectively, those options would result in projected net revenue increases of $1.35 trillion and $1.73 trillion over 10 years.

References

Baker, Dean. 2011. *The Deficit-Reducing Potential of a Financial Speculation Tax*. Center for Economic and Policy Research. http://www.cepr.net/documents/publications/fst-2011-01.pdf

Baker, Dean, Robert Pollin, Travis McArthur, and Matt Sherman. 2009. *The Potential Revenue from Financial Transactions Taxes*. Center for Economic and Policy Research. http://www.cepr.net/documents/publications/ftt-revenue-2009-12.pdf

Bivens, Josh, and John Irons. 2008. *A Feeble Recovery: The Fundamental Economic Weaknesses of the 2001–2007 Expansion.* Economic Policy Institute, Briefing Paper No. 214. http://www.epi.org/publication/bp214/

Bivens, Josh, Andrew Fieldhouse, Ethan Pollack, and Rebecca Thiess. 2012. *Investing in America's Economy: A Budget Blueprint for Economic Recovery*. Economic Policy Institute. http://www.epi.org/files/2012/investing-americas-economy-budget-blueprint.pdf

Bivens, Josh, and Andrew Fieldhouse. 2012. *Navigating the Fiscal Obstacle Course: Supporting Job Creation with Savings from Ending the Upper-income Bush-era Tax Cuts.* Economic Policy Institute, Issue Brief No. 345. http://www.epi.org/publication/ib345-navigating-fiscal-obstacle-supporting-job-creation/

Bivens, Josh, Andrew Fieldhouse, and Heidi Shierholz. 2013. *From Free-fall to Stagnation: Five Years After the Start of the Great Recession, Extraordinary Policy Measures Are Still Needed, but Are Not Forthcoming*. Economic Policy Institute, Briefing Paper No. 355. http://www.epi.org/publication/bp355-five-years-after-start-of-great-recession/

Buffett, Warren. 2011. *Stop Coddling the Super-Rich*. *New York Times*, August 14, 2011. http://www.nytimes.com/2011/08/15/opinion/stop-coddling-the-super-rich.html?_r=1&src=me&ref=general

Citizens for Tax Justice (CTJ). 2012. *Policy Options to Raise Revenue*. http://ctj.org/pdf/revenueraisers2012.pdf

Citizens for Tax Justice (CTJ). 2013. *Working Paper on Tax Reform*.

Congressional Budget Office (CBO). 2013. *The Budget and Economic Outlook: Fiscal Years 2013 to 2023*. http://www.cbo.gov/publication/43907

DeFazio, Peter. 2011. "Memo: Joint Tax Committee Finds Harkin, DeFazio Wall Street Trading and Speculators Tax Generates More Than $350 Billion." November 7, 2011. http://www.defazio.house.gov/index.php?option=com_content&task=view&id=736&Itemid=70

Fieldhouse, Andrew. 2013. *A Review of the Economic Research on the Effects of Raising Ordinary Income Tax Rates.* Economic Policy Institute, Briefing Paper No. 353. http://www.epi.org/publication/raising-income-taxes/

Fieldhouse, Andrew, and Rebecca Thiess. 2012. *The Budget for All: A Technical Report on the Congressional Progressive Caucus Budget for Fiscal Year 2013*. Economic Policy Institute Policy Center, Working Paper No. 293. http://www.epi.org/publication/wp293-cpc-budget-for-all-2013/

Fieldhouse, Andrew, and Rebecca Thiess. 2013. *The 'Back to Work' Budget: Analysis of the Congressional Progressive Caucus Budget for Fiscal Year 2014.* Economic Policy Institute Policy Center. http://www.epi.org/publication/back-to-work-budget-analysis-congressional-progressive/

Huang, Chye-Ching, Chuck Marr, and Joel Friedman. 2012. *Restraining Tax Expenditures Should Complement, Not Replace, Letting High-Income Bush Tax Cuts Expire*. Center on Budget and Policy Priorities. http://www.cbpp.org/cms/index.cfm?fa=view&id=3867

Institute on Taxation and Economic Policy (ITEP). 2012. *ITEP Tax Model Methodology*. http://www.itepnet.org/about/ITEP_tax_model_full.php

Joint Committee on Taxation (JCT). 2013. *Estimates of Federal Tax Expenditures for Fiscal Years 2012-2017*. JCS-1-13, p. 34. https://www.jct.gov/publications.html?func=startdown&id=4504

Mishel, Lawrence, Josh Bivens, Elise Gould, and Heidi Shierholz. 2012. *The State of Working America, 12th Edition*. An Economic Policy Institute book. Ithaca, N.Y.: Cornell University Press. http://stateofworkingamerica.org/subjects/income/?reader

Murray, Patty. 2013. Letter to members of the U.S. Senate, January 24. http://www.scribd.com/doc/121959037/Senator-Murray-budget-memo-1-24

Office of Management and Budget (OMB). 2012. *Summary Tables, Budget of the United States Government, Fiscal Year 2013*. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/tables.pdf

Office of Management and Budget (OMB). 2013. *Deficit Reduction in the American Taxpayer Relief Act of 2012* (H.R. 8.) http://www.whitehouse.gov/sites/default/files/omb/communications/misc/cboscore_hr8_20130101.pdf

Thiess, Rebecca. 2012. "Changes in Income Shares Show How Preferential Tax Rates Increasingly Benefit Top Filers." Economic Policy Institute *Economic Snapshot*, July 19, 2012. http://www.epi.org/publication/income-shares-show-preferential-tax-rates/

Thiess, Rebecca. 2013. CBO Report Shows Two Vastly Different Baselines Moving Closer Together. *Working Economics* (Economic Policy Institute blog), February 6, 2013. http://www.epi.org/blog/cbo-report-shows-vastly-baselines-moving/