



# Budget Model

**Summary:** We project that five major tax proposals included in Senator Michael Bennet's "The Real Deal" tax plan would raise over \$4.5 trillion dollars over the 10-year budget window (2020 - 2029) on a conventional basis before economic feedback effects.

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## Senator Michael Bennet's "The Real Deal" Tax Plan: Budgetary Effects

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Senator Michael Bennet's presidential campaign recently released a document detailing his economic agenda, referred to as "[The Real Deal](#)". The campaign document cited budget estimates provided by the Penn Wharton Budget Model (PWBM).

PWBM routinely works with policymakers as they are crafting policy. PWBM does not take stances on policy issues. It is the policy of PWBM to independently release an estimate after a policymaker releases their proposal citing PWBM's calculations.

The following estimates represent PWBM's assessment of five major provisions in Senator Bennet's plan.

1. **Raise ordinary rates.** Raise the top two rates on ordinary income to 39.6 percent and 44 percent at brackets of \$250,000 and \$500,000 for single filers, and brackets of \$500,000 and \$1 million for joint filers.
2. **Raise the corporate tax rate.** Increase the corporate income tax rate to 28 percent.
3. **Repeal Section 199A.** Eliminate the 20 percent deduction for Qualified Business Income.
4. **Tax capital income on a mark-to-market basis.** For publicly-traded assets, tax accrued gains annually. For assets without a publicly ascertainable price, impose a deferral charge upon realization. Tax capital gains and dividends from C corporations at a rate of 24 percent.
5. **Raise the estate tax.** Lower the estate tax threshold to \$3.5 million for individuals (\$7 million for married couples) and establish a graduated rate structure: 45 percent applies to estates over the threshold and below \$11 million; 50 percent applies to estates over \$11 million and below \$50 million; 55 percent applies to estates over \$50 million and below \$1 billion; 60 percent applies to estates valued over \$1 billion.

Table 1 presents conventional revenue estimates for each item. The estimates are "stacked" such that interactions between policies are taken into account.

## Table 1. Conventional Revenue Estimates, Fiscal Years 2020-2029

*Billions of Dollars, Change from Current-Law Baseline*

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<b>Provision</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Budget Window</b>
1) Raise ordinary rates	39	51	54	58	61	65	63	60	54	58	563
2) Raise the corporate tax rate	62	84	98	103	106	107	115	125	126	125	1,052
3) Repeal Section 199A	53	70	76	81	85	89	23	6	3	0	486
4) Tax capital income on a mark-to-market basis	147	170	185	198	210	223	242	256	270	287	2,188
5) Raise the estate tax	2	20	27	28	30	32	33	26	24	25	246
<b>Total</b>	<b>303</b>	<b>396</b>	<b>440</b>	<b>468</b>	<b>492</b>	<b>517</b>	<b>475</b>	<b>472</b>	<b>477</b>	<b>495</b>	<b>4,535</b>

*John Ricco produced this analysis under the direction of Richard Prisinzano and Kent Smetters. Calculations are based on PWBM's model that is developed and maintained by PWBM staff.*