



# Budget Model

**Summary:** We estimate that Senator Sanders' estate tax proposal would raise an additional \$267 billion in revenue over the 10-year budget window, 2021 - 2030.

## Key Points

- Senator Bernie Sanders has proposed expanding the federal estate tax by lowering the exemption to \$3.5 million for singles and \$7 million for married couples as well as creating four new brackets with marginal rates up to 77 percent.
- Not including macroeconomic effects, PWBM projects that this plan would raise about \$267 billion in additional revenue over fiscal years 2021 - 2030.
- PWBM projects that this plan would increase the percentage of decedents that would face any estate tax liability to about 0.5 percent in 2030.

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## Senator Bernie Sanders' Estate Tax: Budgetary Effects

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Senator Bernie Sanders [introduced](#) the "[For the 99.8% Act](#)" in 2019, a bill which would expand the federal estate tax and which he still [champions in his presidential campaign](#). Senators Elizabeth Warren and Michael Bennet have also proposed estate tax reforms but do not provide enough detail to perform a full analysis.<sup>1</sup>

Historically, the estate tax has oscillated between periods of expansion and attempts at repeal.<sup>2</sup> Under current law, estates are not taxed up to an exemption level, which is currently equal to \$11.2 million per decedent (so \$22.4 million total for married couples). These exemption levels reflect the 2017 Tax Cuts and Jobs Act (TCJA) which doubled the exemption level from its previous amount. After 2025, these exemption levels will be reduced in half unless TCJA levels are extended by Congress. Estates are taxed at rates up to 40 percent for values above this exemption level.

Senator Sanders proposes lowering the estate exemption to \$3.5 million per decedent (so \$7 million for married couples). His proposal also creates four new brackets: estate values between \$3.5 - \$10 million are taxed at 45

percent; estate values between \$10 - \$50 million, at 50 percent; estate values between \$50 million - \$1 billion, at 55 percent; and, estate values above \$1 billion, at 77 percent.

Using PWBM's detailed [microsimulation demographic model](#) and [tax modules](#), we project that Senator Sanders' plan would raise an additional \$267 billion in revenue over the 10-year budget window (2021 - 2030) on a conventional basis (not including macroeconomic feedback effects).<sup>3</sup> Table 1 provides more details on an annual basis.<sup>4</sup>

Table 1. Conventional Revenue Estimate, Fiscal Years 2021-2030

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

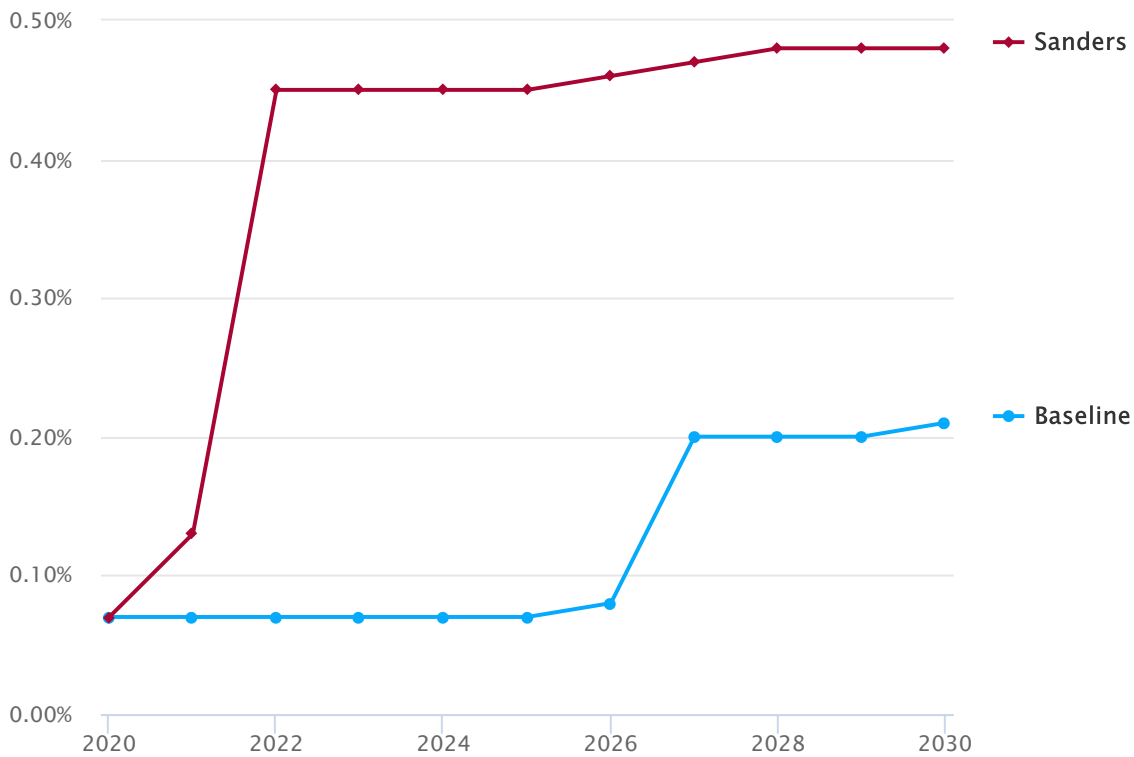
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<b>Estimate type</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>Budget window</b>
Conventional	2	22	30	32	34	35	28	26	28	29	267

Figure 1 displays the percentage of decedents that would face any estate tax liability under current law and under Senator Sanders' proposal. While Senator Sanders' plan increases the percentage of taxable estates relative to current law, the estate tax would still apply to no more than 0.5 percent of decedents in any year in the budget window.

Figure 1. Taxable Estates as a Percentage of Total Deaths

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*Victoria Osorio produced this analysis under the direction of Richard Prisinzano and Kent Smetters. Kody Carmody contributed to the report. Calculations are based on PWBM's model that is developed and maintained by PWBM staff.*

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1. Former candidates, Sen. Cory Booker and Marianne Williamson, also included estate tax proposals in their campaigns without sufficient detail to conduct a complete analysis. [↩](#)
  2. David Joulfaian, *The Federal Estate Tax* (2019). [↩](#)
  3. This score simulates changes to the exclusion amount and rate structure of the estate tax. Other changes put forth in the "For the 99.8% Act" include closing certain loopholes for annuity trusts and special provisions to protect farmers, which we do not score. [↩](#)
  4. Note that under current law, the lower estate tax exemption levels set by the 2017 TCJA expire after 2025. [↩](#)