

May 1, 2019– Below is a update of Table II in “*The Near Term Growth Impact of the Tax Cuts and Jobs Act*” (Dallas Fed Working Paper 1803, <https://doi.org/10.24149/wp1803>). The changes reflect: (1) updated data for GDP and income variables and (2) new estimates of the impact of the 2017 Act on average marginal tax rates (AMTRs) from the Congressional Budget Office, which show a decrease in the overall AMTR of 2.2 percentage points (the original estimate based on my own calculations was 2.75 percentage points.)

UPDATED TABLE II  
ESTIMATES OF THE IMPACT ON REAL GDP GROWTH OF TCJA

| <i>(percentage points)</i>  | 2018  | 2019  | 2020  | Cumul.<br>2018-20 |
|---|-------|-------|-------|-------------------|
| <i>A. Impact Based on Tax Multiplier Estimates:</i>                   |       |       |       |                   |
| Direct regressions:   |       |       |       |                   |
| Romer and Romer (2010)  | 1.31  | 0.81  | 0.56  | 2.68              |
| Favero and Giavazzi (2012)  | 1.20  | −0.11 | −0.30 | 0.80              |
| Mertens and Ravn (2012)   | 1.28  | 1.14  | −1.06 | 1.36              |
| SVAR models:  |       |       |       |                   |
| Blanchard and Perotti (2002)  | 0.91  | 0.30  | −0.18 | 1.02              |
| Mertens and Ravn (2014)   | 1.53  | −0.08 | −0.35 | 1.10              |
| Caldara and Kamps (2017)  | 0.84  | 0.06  | −0.15 | 0.76              |
| Average   | 1.18  | 0.35  | −0.25 | 1.29              |
| <i>B. Impact by Individual and Corporate Tax Provisions:</i>          |       |       |       |                   |
| Mertens and Ravn (2013)   |       |       |       |                   |
| <i>Individual Tax Reform</i>  | 0.85  | −0.24 | −0.12 | 0.49              |
| <i>Business Tax Reform</i>  | 2.10  | 0.03  | −0.16 | 1.98              |
| <i>International Tax Reform</i>                                       | −1.03 | −0.02 | 0.08  | −0.97             |
| Total   | 1.92  | −0.22 | −0.20 | 1.50              |
| <i>C. Impact Based on Responses to Individual Marginal Tax Rates:</i> |       |       |       |                   |
| Barro and Redlick (2011)  |       |       |       |                   |
| AMTR  | 1.10  |       | −     | −                 |
| Mertens and Montiel Olea (2018)                                       |       |       |       |                   |
| AMTR  | 1.04  | 0.81  | 0.11  | 1.96              |
| AMTR and ATR  | 1.05  | 0.88  | −0.01 | 1.93              |
| <i>D. Impact Based on Estimates Allowing for Income Dependence:</i>   |       |       |       |                   |
| Mertens and Montiel Olea (2018)                                       |       |       |       |                   |
| Top 1% - Btm 99% AMTR   | 0.43  | 0.84  | 1.16  | 2.43              |
| Zidar (2018)  |       |       |       |                   |
| Top 10% - Btm 90%   | −0.75 | 1.66  | 0.61  | 1.51              |