

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Summary Table

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (% Points)	Under the Proposal
Less than 10	12.4	0.1	0.3	0.1	-17	-0.3	2.3
10-20	17.8	0.2	0.2	0.1	-32	-0.2	1.7
20-30	52.2	0.4	0.7	0.5	-153	-0.6	6.4
30-40	71.0	0.6	1.3	1.0	-399	-1.1	10.4
40-50	81.7	0.7	1.7	1.4	-686	-1.5	12.8
50-75	94.1	0.6	3.0	5.3	-1,575	-2.5	14.4
75-100	98.4	0.3	3.7	5.7	-2,640	-3.0	16.0
100-200	99.6	0.1	5.4	18.1	-5,869	-4.2	17.4
200-500	99.8	0.1	9.0	17.9	-19,995	-6.8	17.6
500-1,000	99.8	*	14.2	11.2	-72,487	-10.4	16.3
More than 1,000	100.0	*	24.1	38.6	-489,956	-16.2	16.8
All	63.6	0.3	7.1	100.0	-4,078	-5.6	15.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

Number of AMT Taxpayers (millions). Baseline: 4.5

Proposal: 0.0

* Less than 0.05

(1) Baseline is current policy, which assumes extension of all temporary provisions in place for 2011 with the exception of the payroll tax cut and indexes the AMT exemption level after 2011. Proposal would: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income; (g) repeal the estate tax; and (h) reduce the corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadeners as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici). Effective date: 01/01/13.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

TPC estimates are based on Governor Pawlenty's description of his tax proposal and subsequent remarks to the New York Times by his spokesperson Alex Conant. Because Governor Pawlenty did not specify which corporate tax expenditures he would eliminate, we provide an illustrative option that broadens the corporate tax base by eliminating the tax expenditures included in the Bipartisan Policy Center's Rivlin-Domenici plan. Based on remarks by the Governor and Alex Conant, we did not eliminate any individual income tax expenditures. If Governor Pawlenty or his campaign staff provide the Tax Policy Center with additional details on his proposal we will re-estimate his plan.

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	12.4	0.1	0.3	0.1	-17	-11.1	0.0	0.2	-0.3	2.3
10-20	17.8	0.2	0.2	0.1	-32	-11.4	0.1	0.4	-0.2	1.7
20-30	52.2	0.4	0.7	0.5	-153	-8.5	0.4	1.8	-0.6	6.4
30-40	71.0	0.6	1.3	1.0	-399	-9.7	0.7	3.5	-1.1	10.4
40-50	81.7	0.7	1.7	1.4	-686	-10.4	0.8	4.3	-1.5	12.8
50-75	94.1	0.6	3.0	5.3	-1,575	-14.8	1.7	11.4	-2.5	14.4
75-100	98.4	0.3	3.7	5.7	-2,640	-15.6	1.6	11.5	-3.0	16.0
100-200	99.6	0.1	5.4	18.1	-5,869	-19.5	2.7	28.0	-4.2	17.4
200-500	99.8	0.1	9.0	17.9	-19,995	-28.0	-0.2	17.3	-6.8	17.6
500-1,000	99.8	*	14.2	11.2	-72,487	-39.0	-1.3	6.6	-10.4	16.3
More than 1,000	100.0	*	24.1	38.6	-489,956	-49.1	-6.4	15.0	-16.2	16.8
All	63.6	0.3	7.1	100.0	-4,078	-27.2	0.0	100.0	-5.6	15.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	21,065	12.7	5,766	1.0	151	0.1	5,615	1.2	2.6
10-20	27,359	16.5	15,205	3.5	285	0.3	14,919	4.3	1.9
20-30	20,377	12.3	25,480	4.3	1,789	1.5	23,691	5.1	7.0
30-40	16,959	10.2	35,896	5.1	4,119	2.8	31,777	5.7	11.5
40-50	13,305	8.0	46,141	5.1	6,574	3.5	39,567	5.5	14.3
50-75	22,765	13.7	63,142	11.9	10,674	9.8	52,468	12.5	16.9
75-100	14,636	8.8	89,268	10.9	16,900	9.9	72,368	11.1	18.9
100-200	20,881	12.6	139,817	24.3	30,150	25.3	109,667	24.0	21.6
200-500	6,084	3.7	292,655	14.8	71,406	17.4	221,249	14.1	24.4
500-1,000	1,051	0.6	696,116	6.1	185,705	7.8	510,411	5.6	26.7
More than 1,000	534	0.3	3,032,367	13.5	997,919	21.4	2,034,448	11.4	32.9
All	166,272	100.0	72,381	100.0	14,984	100.0	57,397	100.0	20.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

Number of AMT Taxpayers (millions). Baseline: 4.5

Proposal: 0.0

* Less than 0.05

(1) Baseline is current policy, which assumes extension of all temporary provisions in place for 2011 with the exception of the payroll tax cut and indexes the AMT exemption level after 2011.

Proposal would: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income; (g) repeal the estate tax; and (h) reduce the corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadenings as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici). Effective date: 01/01/13.

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(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table - Single Tax Units

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	12.5	0.1	0.3	0.2	-15	-4.7	0.2	1.1	-0.3	5.5
10-20	20.6	0.2	0.2	0.4	-34	-4.0	0.7	3.4	-0.2	5.4
20-30	72.7	0.5	1.0	1.7	-220	-7.7	1.3	7.0	-0.9	10.4
30-40	89.2	0.6	2.0	3.6	-606	-11.5	1.4	9.1	-1.7	13.0
40-50	97.6	0.3	3.0	4.3	-1,131	-13.2	1.3	9.6	-2.5	16.2
50-75	98.6	0.2	5.3	14.5	-2,623	-20.1	1.2	19.4	-4.2	16.7
75-100	99.0	0.1	6.5	10.0	-4,383	-21.1	0.6	12.5	-5.0	18.5
100-200	99.3	0.2	7.0	15.5	-7,223	-21.7	0.8	18.7	-5.3	19.0
200-500	99.7	0.2	12.3	13.9	-27,431	-35.8	-1.4	8.4	-9.2	16.5
500-1,000	99.5	*	19.3	8.0	-95,506	-47.4	-1.3	3.0	-13.7	15.2
More than 1,000	100.0	*	31.2	27.6	-587,254	-54.8	-5.0	7.6	-19.9	16.4
All	56.6	0.3	6.2	100.0	-1,940	-25.1	0.0	100.0	-5.0	14.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	16,722	20.7	5,678	3.0	326	0.9	5,352	3.5	5.7
10-20	19,121	23.7	15,084	9.2	854	2.6	14,229	10.8	5.7
20-30	12,334	15.3	25,339	9.9	2,857	5.7	22,482	11.0	11.3
30-40	9,158	11.4	35,802	10.4	5,261	7.7	30,541	11.1	14.7
40-50	5,981	7.4	45,980	8.7	8,582	8.2	37,398	8.9	18.7
50-75	8,668	10.8	62,437	17.2	13,077	18.2	49,360	16.9	20.9
75-100	3,570	4.4	88,424	10.0	20,740	11.9	67,684	9.6	23.5
100-200	3,358	4.2	136,678	14.6	33,240	17.9	103,438	13.8	24.3
200-500	794	1.0	298,894	7.5	76,630	9.8	222,264	7.0	25.6
500-1,000	131	0.2	696,170	2.9	201,558	4.3	494,612	2.6	29.0
More than 1,000	74	0.1	2,952,272	6.9	1,071,091	12.7	1,881,181	5.5	36.3
All	80,622	100.0	39,043	100.0	7,723	100.0	31,320	100.0	19.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

* Less than 0.05

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Proposal would: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income; (g) repeal the estate tax; and (h) reduce the corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadeners as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici). Effective date: 01/01/13.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table - Married Tax Units Filing Jointly

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	20.2	0.0	1.2	0.0	-59	105.3	0.0	0.0	-1.2	-2.3
10-20	20.2	0.2	0.4	0.0	-68	18.5	0.0	-0.1	-0.4	-2.8
20-30	28.9	0.6	0.3	0.1	-84	-34.7	0.0	0.0	-0.3	0.6
30-40	41.4	0.8	0.4	0.1	-144	-6.5	0.2	0.6	-0.4	5.8
40-50	59.0	1.7	0.5	0.2	-220	-5.5	0.4	1.4	-0.5	8.2
50-75	90.3	1.2	1.5	1.8	-823	-9.6	1.4	6.6	-1.3	12.2
75-100	98.3	0.3	2.7	3.9	-2,019	-13.2	1.8	10.4	-2.3	14.8
100-200	99.7	0.1	5.1	19.4	-5,704	-19.4	3.7	32.4	-4.1	16.9
200-500	99.8	0.1	8.5	19.8	-18,771	-26.6	0.6	21.8	-6.4	17.7
500-1,000	99.9	*	13.5	12.6	-69,030	-37.7	-1.2	8.4	-9.9	16.4
More than 1,000	100.0	*	22.8	42.0	-461,905	-47.9	-6.8	18.3	-15.5	16.8
All	81.9	0.5	8.1	100.0	-8,371	-28.6	0.0	100.0	-6.3	15.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	1,291	2.2	5,093	0.1	-56	0.0	5,150	0.1	-1.1
10-20	2,559	4.4	15,850	0.5	-367	-0.1	16,217	0.7	-2.3
20-30	2,875	5.0	25,634	1.0	242	0.0	25,392	1.2	0.9
30-40	3,624	6.3	36,207	1.7	2,224	0.5	33,982	2.1	6.1
40-50	4,468	7.7	46,489	2.7	4,029	1.1	42,461	3.2	8.7
50-75	10,281	17.8	63,998	8.6	8,609	5.2	55,389	9.5	13.5
75-100	9,429	16.3	89,794	11.0	15,305	8.5	74,489	11.7	17.0
100-200	16,457	28.5	140,888	30.2	29,464	28.7	111,424	30.6	20.9
200-500	5,091	8.8	291,809	19.4	70,527	21.2	221,282	18.8	24.2
500-1,000	885	1.5	696,396	8.0	183,268	9.6	513,128	7.6	26.3
More than 1,000	440	0.8	2,988,320	17.1	964,061	25.1	2,024,260	14.9	32.3
All	57,802	100.0	132,789	100.0	29,259	100.0	103,530	100.0	22.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

* Less than 0.05

(1) Baseline is current policy, which assumes extension of all temporary provisions in place for 2011 with the exception of the payroll tax cut and indexes the AMT exemption level after 2011.

Proposal would: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income; (g) repeal the estate tax; and (h) reduce the corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadeners as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici). Effective date: 01/01/13.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table - Head of Household Tax Units

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	8.4	*	0.1	0.1	-6	0.8	-0.4	-2.2	-0.1	-12.0
10-20	6.8	0.1	0.1	0.2	-8	0.6	-1.3	-7.8	-0.1	-9.9
20-30	11.7	0.2	0.1	0.5	-20	12.4	-0.2	-0.8	-0.1	-0.7
30-40	52.6	0.2	0.4	2.1	-116	-4.0	1.3	9.9	-0.3	7.7
40-50	83.0	0.3	1.1	5.1	-422	-7.0	1.4	13.4	-0.9	12.2
50-75	93.7	0.1	2.1	17.2	-1,075	-10.3	2.1	29.7	-1.7	15.1
75-100	98.1	0.3	3.0	14.0	-2,145	-12.4	0.9	19.6	-2.4	17.2
100-200	99.3	0.1	3.6	15.8	-3,622	-11.9	1.2	23.1	-2.7	20.2
200-500	99.9	0.0	8.4	13.1	-18,167	-25.7	-0.9	7.5	-6.3	18.3
500-1,000	98.7	0.0	12.5	7.2	-62,424	-35.6	-0.8	2.6	-9.2	16.7
More than 1,000	100.0	0.0	25.0	24.7	-473,115	-49.0	-3.2	5.1	-16.5	17.2
All	42.7	0.2	2.3	100.0	-821	-16.5	0.0	100.0	-2.1	10.4

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by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	2,911	11.5	6,577	1.9	-784	-1.8	7,360	2.4	-11.9
10-20	5,398	21.4	15,312	8.2	-1,512	-6.5	16,823	10.3	-9.9
20-30	4,846	19.2	25,728	12.4	-158	-0.6	25,886	14.2	-0.6
30-40	3,748	14.8	35,771	13.3	2,875	8.6	32,895	13.9	8.0
40-50	2,505	9.9	45,998	11.4	6,045	12.1	39,953	11.3	13.1
50-75	3,317	13.1	62,381	20.5	10,461	27.6	51,920	19.5	16.8
75-100	1,353	5.4	88,201	11.8	17,327	18.7	70,873	10.9	19.7
100-200	905	3.6	132,511	11.9	30,429	21.9	102,082	10.4	23.0
200-500	149	0.6	287,163	4.3	70,604	8.4	216,560	3.7	24.6
500-1,000	24	0.1	675,227	1.6	175,368	3.3	499,858	1.3	26.0
More than 1,000	11	0.0	2,859,898	3.1	965,301	8.3	1,894,597	2.3	33.8
All	25,256	100.0	39,986	100.0	4,975	100.0	35,011	100.0	12.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

* Less than 0.05

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(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table - Tax Units with Children

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	5.6	*	0.2	0.0	-11	1.0	-0.1	-0.5	-0.2	-17.7
10-20	7.8	0.1	0.1	0.0	-14	0.6	-0.5	-2.0	-0.1	-15.7
20-30	14.2	0.3	0.1	0.1	-23	2.1	-0.2	-0.9	-0.1	-4.3
30-40	44.5	0.6	0.3	0.2	-100	-4.9	0.3	1.3	-0.3	5.4
40-50	64.5	1.0	0.7	0.5	-268	-5.4	0.6	2.7	-0.6	10.3
50-75	90.7	0.6	1.5	2.5	-793	-8.2	1.7	9.4	-1.3	14.0
75-100	97.8	0.3	2.3	4.3	-1,719	-10.7	1.9	12.0	-1.9	16.0
100-200	99.6	0.1	4.3	18.9	-4,782	-16.1	3.5	32.8	-3.4	17.8
200-500	99.8	0.1	8.0	20.7	-17,549	-24.4	0.2	21.4	-6.1	18.8
500-1,000	99.9	0.0	13.4	13.0	-67,147	-34.9	-1.2	8.1	-9.7	18.0
More than 1,000	100.0	0.0	22.9	39.7	-449,134	-45.8	-6.0	15.6	-15.3	18.0
All	63.1	0.3	6.4	100.0	-4,721	-25.0	0.0	100.0	-5.1	15.2

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	3,361	6.8	5,988	0.4	-1,046	-0.4	7,034	0.7	-17.5
10-20	5,658	11.5	15,525	1.9	-2,415	-1.5	17,941	2.8	-15.6
20-30	5,534	11.2	25,702	3.1	-1,078	-0.6	26,780	4.1	-4.2
30-40	4,844	9.8	35,836	3.8	2,028	1.1	33,808	4.5	5.7
40-50	3,945	8.0	46,072	4.0	5,002	2.1	41,070	4.4	10.9
50-75	7,372	14.9	63,539	10.2	9,701	7.7	53,838	10.8	15.3
75-100	5,840	11.8	89,617	11.4	16,073	10.1	73,544	11.7	17.9
100-200	9,226	18.7	140,522	28.2	29,725	29.4	110,797	27.9	21.2
200-500	2,749	5.6	290,144	17.4	71,962	21.2	218,182	16.4	24.8
500-1,000	450	0.9	695,662	6.8	192,521	9.3	503,141	6.2	27.7
More than 1,000	206	0.4	2,943,211	13.2	980,000	21.7	1,963,211	11.1	33.3
All	49,418	100.0	93,026	100.0	18,899	100.0	74,127	100.0	20.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

* Less than 0.05

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Baseline is current policy, which assumes extension of all temporary provisions in place for 2011 with the exception of the payroll tax cut and indexes the AMT exemption level after 2011.

Proposal would: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income; (g) repeal the estate tax; and (h) reduce the corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadeners as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici). Effective date: 01/01/13.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.

Table T11-0170
TPC Interpretation of Governor Tim Pawlenty's Tax Proposal Outline
Baseline: Current Policy
Distribution of Federal Tax Change by Cash Income Level, 2013¹
Detail Table - Elderly Tax Units

Cash Income Level (thousands of 2011 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Less than 10	17.0	0.0	0.2	0.0	-15	-25.2	0.0	0.1	-0.2	0.7
10-20	25.3	*	0.3	0.2	-38	-26.6	0.1	0.4	-0.3	0.7
20-30	55.3	0.3	0.8	0.5	-185	-27.4	0.2	1.0	-0.7	2.0
30-40	74.3	1.1	1.3	0.9	-446	-25.8	0.4	1.9	-1.2	3.6
40-50	78.4	1.1	1.5	1.0	-665	-24.2	0.6	2.3	-1.4	4.5
50-75	92.9	1.3	3.3	5.0	-1,851	-29.8	1.7	8.9	-2.9	6.9
75-100	98.9	0.5	4.8	5.8	-3,663	-30.8	1.7	9.8	-4.1	9.2
100-200	99.7	0.1	7.7	17.6	-8,813	-35.4	2.8	24.1	-6.3	11.5
200-500	99.8	0.2	11.9	18.4	-27,669	-41.4	0.5	19.6	-9.3	13.1
500-1,000	99.9	0.0	18.3	11.6	-93,833	-50.8	-1.3	8.5	-13.4	13.0
More than 1,000	100.0	*	28.7	39.1	-583,147	-55.5	-6.7	23.6	-18.9	15.2
All	64.4	0.5	8.9	100.0	-5,222	-43.0	0.0	100.0	-7.4	9.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2013¹

Cash Income Level (thousands of 2011 dollars) ²	Tax Units ³		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁴		Average Federal Tax Rate ⁵
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	
Less than 10	3,030	8.2	6,762	0.8	59	0.0	6,703	0.9	0.9
10-20	8,603	23.2	15,150	5.0	142	0.3	15,008	5.9	0.9
20-30	4,956	13.4	25,187	4.7	678	0.8	24,509	5.6	2.7
30-40	3,838	10.4	35,853	5.2	1,731	1.5	34,122	6.0	4.8
40-50	2,823	7.6	46,514	5.0	2,749	1.7	43,765	5.7	5.9
50-75	5,216	14.1	63,113	12.5	6,222	7.2	56,891	13.6	9.9
75-100	3,053	8.2	88,974	10.3	11,881	8.1	77,093	10.8	13.4
100-200	3,858	10.4	139,885	20.5	24,883	21.3	115,002	20.3	17.8
200-500	1,285	3.5	298,833	14.6	66,834	19.1	231,999	13.7	22.4
500-1,000	239	0.7	698,342	6.4	184,856	9.8	513,486	5.6	26.5
More than 1,000	130	0.4	3,081,067	15.2	1,050,097	30.3	2,030,970	12.1	34.1
All	37,068	100.0	71,055	100.0	12,158	100.0	58,897	100.0	17.1

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0411-2).

* Less than 0.05

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

(1) Baseline is current policy, which assumes extension of all temporary provisions in place for 2011 with the exception of the payroll tax cut and indexes the AMT exemption level after 2011.

Proposal would: (a) repeal individual alternative minimum tax; (b) impose rate of 10 percent on first \$50,000 of taxable income (\$100,000 for married couples filing a joint return) and 25 percent on amounts above that threshold, indexed for inflation after 2011; (c) exclude interest income, dividends, and gains from sales of capital assets from gross income; (d) repeal deduction for investment interest; (e) repeal 3.8 percent additional Medicare tax on investment income; (f) impose an alternative tax rate of 15 percent on sole proprietor, farm, partnership, S corporation, and rental income; (g) repeal the estate tax; and (h) reduce the corporate tax rate to 15 percent. Governor Pawlenty has not specified which corporate tax expenditures he would eliminate; our estimates assume the same base broadenings as in the Bipartisan Policy Center's tax reform proposal (Rivlin/Domenici). Effective date: 01/01/13.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see

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