

Table T07-0168
Repeal State and Local Tax Deduction
Distribution of Federal Tax Change by Cash Income Percentile for Joint Tax Units, 2007¹

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.1	0.0	2.7
Second Quintile	0.0	1.5	0.0	0.1	2	0.4	0.0	0.3	0.0	3.0
Middle Quintile	0.1	9.9	-0.1	0.7	23	0.7	0.0	2.1	0.1	8.8
Fourth Quintile	0.3	39.4	-0.3	9.2	191	1.8	-0.1	11.6	0.3	16.6
Top Quintile	3.3	59.9	-0.8	90.1	1,229	2.3	0.1	85.8	0.6	26.0
All	1.4	35.5	-0.6	100.0	537	2.2	0.0	100.0	0.5	23.1
Addendum										
Top 10 Percent	2.6	55.5	-0.9	72.0	1,878	2.3	0.1	69.3	0.6	27.6
Top 5 Percent	1.0	47.0	-1.0	60.4	3,105	2.4	0.1	54.9	0.7	28.8
Top 1 Percent	0.5	73.4	-1.5	52.7	13,670	3.6	0.4	32.9	1.1	30.9
Top 0.5 Percent	0.3	78.2	-1.7	44.6	23,341	3.8	0.4	26.7	1.2	31.8
Top 0.1 Percent	0.3	82.6	-1.6	24.4	63,629	3.3	0.2	16.4	1.1	33.3

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total	
	Number (thousands)	Percent of Total								
Lowest Quintile	4,102	6.8	7,440	200	7,239	2.7	0.5	0.6	0.1	
Second Quintile	7,317	12.1	21,096	636	20,460	3.0	2.4	3.0	0.3	
Middle Quintile	9,419	15.5	37,270	3,246	34,024	8.7	5.4	6.4	2.1	
Fourth Quintile	15,691	25.9	66,869	10,880	55,989	16.3	16.1	17.4	11.6	
Top Quintile	23,835	39.3	207,816	52,841	154,975	25.4	76.0	73.2	85.7	
All	60,598	100.0	107,494	24,242	83,252	22.6	100.0	100.0	100.0	
Addendum										
Top 10 Percent	12,466	20.6	302,789	81,635	221,154	27.0	58.0	54.7	69.3	
Top 5 Percent	6,324	10.4	453,253	127,291	325,962	28.1	44.0	40.9	54.8	
Top 1 Percent	1,253	2.1	1,273,631	380,157	893,475	29.9	24.5	22.2	32.4	
Top 0.5 Percent	621	1.0	2,028,751	622,012	1,406,738	30.7	19.3	17.3	26.3	
Top 0.1 Percent	125	0.2	5,947,978	1,917,944	4,030,034	32.3	11.4	10.0	16.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

Number of married AMT Taxpayers (millions): Baseline: 19.2 Proposal: 16.2

(1) Calendar year. Baseline is current law. Proposal repeals the state and local tax deduction but retains taxation of state tax refunds deducted in 2006. Joint tax units include all tax units filing a joint return and non-filing units who would file a joint return if they filed.

(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) The cash income percentile breaks used in this table are (in 2006 dollars): 20% \$13,944, 40% \$26,887, 60% \$47,151, 80% \$83,902, 90% \$123,792, 95% \$174,283, 99% \$425,614, 99.5% \$663,650, 99.9% \$1,925,007. Percentiles are calculated using the distribution of all tax units.

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

(5) 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.

(6) 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.