

Table T07-0189
Repeal State and Local Tax Deduction
Distribution of Federal Tax Change by Cash Income Percentile, 2011¹

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	0.3	0.0	0.0	0	0.1	0.0	0.4	0.0	4.0
Second Quintile	0.1	3.5	-0.1	0.3	11	0.5	-0.1	2.5	0.0	9.8
Middle Quintile	0.1	15.1	-0.2	2.1	65	0.9	-0.2	7.7	0.2	16.9
Fourth Quintile	0.5	43.7	-0.6	11.4	362	2.2	-0.2	17.3	0.5	21.8
Top Quintile	0.4	75.9	-1.6	86.2	2,727	4.1	0.5	72.0	1.2	29.5
All	0.2	27.7	-1.1	100.0	633	3.4	0.0	100.0	0.8	24.8
Addendum										
Top 10 Percent	0.4	82.7	-1.8	70.3	4,451	4.3	0.5	56.2	1.3	31.0
Top 5 Percent	0.4	83.6	-2.0	55.6	7,032	4.4	0.4	43.8	1.4	32.2
Top 1 Percent	0.7	83.2	-2.2	33.7	21,348	4.5	0.3	26.0	1.5	34.7
Top 0.5 Percent	0.5	83.8	-2.2	25.8	32,630	4.2	0.2	21.0	1.5	35.6
Top 0.1 Percent	0.5	86.4	-2.1	13.7	86,831	3.7	0.0	12.7	1.3	37.4

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2011¹

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	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	
Lowest Quintile	30,704	19.6	9,721	392	9,329	4.0	2.5	3.1	0.4
Second Quintile	31,300	20.0	24,460	2,378	22,082	9.7	6.4	7.5	2.6
Middle Quintile	31,297	20.0	43,383	7,284	36,098	16.8	11.3	12.3	7.9
Fourth Quintile	31,305	20.0	75,537	16,126	59,410	21.4	19.6	20.3	17.5
Top Quintile	31,299	20.0	233,599	66,057	167,542	28.3	60.7	57.2	71.5
All	156,502	100.0	77,021	18,477	58,544	24.0	100.0	100.0	100.0
Addendum									
Top 10 Percent	15,650	10.0	346,579	102,868	243,711	29.7	45.0	41.6	55.7
Top 5 Percent	7,825	5.0	520,288	160,411	359,878	30.8	33.8	30.7	43.4
Top 1 Percent	1,565	1.0	1,430,531	474,754	955,776	33.2	18.6	16.3	25.7
Top 0.5 Percent	783	0.5	2,252,206	770,155	1,482,051	34.2	14.6	12.7	20.8
Top 0.1 Percent	157	0.1	6,508,651	2,347,952	4,160,699	36.1	8.5	7.1	12.7

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

Number of AMT Taxpayers (millions). Baseline: 18.5 Proposal: 11.3

(1) Calendar year. Baseline is current law. Proposal repeals the state and local tax deduction. Taxation of state tax refunds is unaffected.

(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% \$15,384, 40% \$29,083, 60% \$50,348, 80% \$89,737, 90% \$132,504, 95% \$186,771, 99% \$447,567, 99.5% \$697,094, 99.9% \$1,996,728.

(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.