

Table T08-0029
Individual Income Tax Measures in House Stimulus Proposal
Distribution of Federal Tax Change by Cash Income Percentile, 2008¹
Summary Table

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 (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Lowest Quintile	45.9	0.0	2.6	6.5	-212	-2.5	1.0
Second Quintile	72.8	0.0	2.3	14.3	-453	-2.1	5.5
Middle Quintile	88.4	0.0	2.0	21.0	-666	-1.7	13.0
Fourth Quintile	98.2	0.0	1.8	31.0	-986	-1.5	17.5
Top Quintile	68.3	0.0	0.5	27.1	-861	-0.4	24.6
All	74.6	0.0	1.2	100.0	-635	-0.9	20.3
Addendum							
80-90	85.2	0.0	1.3	17.3	-1,100	-1.0	20.1
90-95	83.0	0.0	0.9	8.6	-1,090	-0.7	22.2
95-99	23.3	0.0	0.1	1.1	-176	-0.1	24.7
Top 1 Percent	5.7	0.0	0.0	0.1	-60	0.0	29.6
Top 0.1 Percent	1.2	0.0	0.0	0.0	-12	0.0	31.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 4.1 Proposal: 4.1

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. The proposal provides an income tax rebate equal to 10 percent of taxable income, up to a maximum of \$600 (\$1,200 for married couples filing a joint return). The rebate is limited by individual income tax after non-refundable credits. But if the tax unit has at least \$3,000 of earned income (defined as the sum of wages and salaries plus any positive amount of self-employment income net of the deduction for self-employment tax), the minimum payment is \$300 (\$600 for married couples filing a joint return). This minimum payment is not limited by income tax liability and is thus fully refundable. For any tax unit with at least \$1 of income tax rebate, the proposal provides an additional, fully refundable, \$300 rebate for each qualifying child. A qualifying child is one that is eligible for the child tax credit. The total value of the income tax rebate and the child rebate would be phased out at a rate of 5 percent of AGI in excess of \$75,000 for singles, \$150,000 for couples. Our estimates are based on 2008 incomes; the proposal actually allows the rebate to be based on 2007 income if it results in a higher amount.

(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% \$14,385, 40% \$27,645, 60% \$48,311, 80% \$85,905, 90% \$126,802, 95% \$179,038, 99% \$437,351, 99.5% \$683,621, and 99.9% 2,001,713.

(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.

Table T08-0029
Individual Income Tax Measures in House Stimulus Proposal
Distribution of Federal Tax Change by Cash Income Percentile, 2008 ¹
Detail Table

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	45.9	0.0	2.6	6.5	-212	-71.0	-0.3	0.1	-2.5	1.0
Second Quintile	72.8	0.0	2.3	14.3	-453	-27.7	-0.5	1.7	-2.1	5.5
Middle Quintile	88.4	0.0	2.0	21.0	-666	-11.7	-0.6	7.1	-1.7	13.0
Fourth Quintile	98.2	0.0	1.8	31.0	-986	-7.7	-0.6	16.7	-1.5	17.5
Top Quintile	68.3	0.0	0.5	27.1	-861	-1.6	2.0	74.2	-0.4	24.6
All	74.6	0.0	1.2	100.0	-635	-4.3	0.0	100.0	-0.9	20.3
Addendum										
80-90	85.2	0.0	1.3	17.3	-1,100	-4.8	-0.1	15.3	-1.0	20.1
90-95	83.0	0.0	0.9	8.6	-1,090	-3.1	0.2	12.1	-0.7	22.2
95-99	23.3	0.0	0.1	1.1	-176	-0.3	0.7	18.3	-0.1	24.7
Top 1 Percent	5.7	0.0	0.0	0.1	-60	0.0	1.2	28.5	0.0	29.6
Top 0.1 Percent	1.2	0.0	0.0	0.0	-12	0.0	0.6	14.5	0.0	31.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2008 ¹

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-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Pre- Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Lowest Quintile	29,579	19.6	8,477	298	8,178	3.5	2.4	2.9	0.4
Second Quintile	30,169	20.0	21,597	1,634	19,963	7.6	6.2	7.3	2.2
Middle Quintile	30,172	20.0	38,857	5,705	33,152	14.7	11.1	12.1	7.7
Fourth Quintile	30,178	20.0	67,869	12,878	54,991	19.0	19.4	20.0	17.4
Top Quintile	30,174	20.0	213,996	53,576	160,420	25.0	61.3	58.3	72.2
All	150,867	100.0	69,872	14,845	55,027	21.3	100.0	100.0	100.0
Addendum									
80-90	15,087	10.0	108,117	22,806	85,311	21.1	15.5	15.5	15.4
90-95	7,544	5.0	154,967	35,537	119,430	22.9	11.1	10.9	12.0
95-99	6,034	4.0	264,051	65,321	198,730	24.7	15.1	14.5	17.6
Top 1 Percent	1,509	1.0	1,367,765	404,512	963,253	29.6	19.6	17.5	27.3
Top 0.1 Percent	151	0.1	6,480,962	2,053,813	4,427,149	31.7	9.3	8.1	13.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 4.1 Proposal: 4.1

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. The proposal provides an income tax rebate equal to 10 percent of taxable income, up to a maximum of \$600 (\$1,200 for married couples filing a joint return). The rebate is limited by individual income tax after non-refundable credits. But if the tax unit has at least \$3,000 of earned income (defined as the sum of wages and salaries plus any positive amount of self-employment income net of the deduction for self-employment tax), the minimum payment is \$300 (\$600 for married couples filing a joint return). This minimum payment is not limited by income tax liability and is thus fully refundable. For any tax unit with at least \$1 of income tax rebate, the proposal provides an additional, fully refundable, \$300 rebate for each qualifying child. A qualifying child is one that is eligible for the child tax credit. The total value of the income tax rebate and the child rebate would be phased out at a rate of 5 percent of AGI in excess of \$75,000 for singles, \$150,000 for couples. Our estimates are based on 2008 incomes; the proposal actually allows the rebate to be based on 2007 income if it results in a higher amount.

(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% \$14,385, 40% \$27,645, 60% \$48,311, 80% \$85,905, 90% \$126,802, 95% \$179,038, 99% \$437,351, 99.5% \$683,621, and 99.9% 2,001,713.

(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.