

Table T08-0053
Individual Income Tax Measures in Senate Stimulus Proposal
As Reported Out of Committee
Distribution of Federal Tax Change by Cash Income Level, 2008 ¹
Summary Table

Cash Income Level (thousands of 2006 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	60.9	0.0	7.0	6.0	-389	-6.7	-2.6
10-20	93.7	0.0	4.4	14.0	-649	-4.2	0.2
20-30	98.3	0.0	3.2	13.0	-747	-2.9	6.7
30-40	99.0	0.0	2.5	10.4	-787	-2.2	11.7
40-50	99.5	0.0	2.1	8.5	-796	-1.7	14.9
50-75	99.8	0.0	1.7	16.5	-895	-1.4	17.3
75-100	99.8	0.0	1.4	11.8	-1,021	-1.1	19.0
100-200	98.5	0.0	1.0	16.2	-1,082	-0.8	21.7
200-500	71.4	0.0	0.4	3.3	-816	-0.3	24.9
500-1,000	12.1	0.0	0.0	0.1	-122	0.0	26.9
More than 1,000	5.0	0.0	0.0	0.0	-49	0.0	30.9
All	91.8	0.0	1.4	100.0	-775	-1.1	20.1

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 a refundable basic credit of \$500 (\$1,000 for married couples filing a joint return) available to all tax filers with at least \$3000 of earned income and Social Security benefits or at least \$1 of income tax liability after nonrefundable credits excluding the child credit. For any tax unit with at least \$1 of basic credit, the proposal provides an additional, refundable, \$300 credit for each child-tax-credit-eligible child. The combined credit phases out at a 5 percent rate above \$150,000 of AGI (\$300,000 for married couples filing jointly). 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. Our estimates assume that all potential beneficiaries claim the credit.

(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.

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Individual Income Tax Measures in Senate Stimulus Proposal
As Reported Out of Committee
Distribution of Federal Tax Change by Cash Income Level, 2008¹
Detail Table

Cash Income Level (thousands of 2006 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	60.9	0.0	7.0	6.0	-389	-164.5	-0.3	-0.1	-6.7	-2.6
10-20	93.7	0.0	4.4	14.0	-649	-95.3	-0.7	0.0	-4.2	0.2
20-30	98.3	0.0	3.2	13.0	-747	-30.2	-0.6	1.7	-2.9	6.7
30-40	99.0	0.0	2.5	10.4	-787	-15.6	-0.4	3.1	-2.2	11.7
40-50	99.5	0.0	2.1	8.5	-796	-10.3	-0.2	4.1	-1.7	14.9
50-75	99.8	0.0	1.7	16.5	-895	-7.5	-0.3	11.3	-1.4	17.3
75-100	99.8	0.0	1.4	11.8	-1,021	-5.6	-0.1	10.9	-1.1	19.0
100-200	98.5	0.0	1.0	16.2	-1,082	-3.4	0.5	25.2	-0.8	21.7
200-500	71.4	0.0	0.4	3.3	-816	-1.1	0.7	16.8	-0.3	24.9
500-1,000	12.1	0.0	0.0	0.1	-122	-0.1	0.4	7.1	0.0	26.9
More than 1,000	5.0	0.0	0.0	0.0	-49	0.0	1.0	19.8	0.0	30.9
All	91.8	0.0	1.4	100.0	-775	-5.2	0.0	100.0	-1.1	20.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2008¹

Cash Income Level (thousands of 2006 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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	Percent of Total
Less than 10	18,164	12.0	5,810	236	5,574	4.1	1.0	1.2	0.2
10-20	25,275	16.8	15,564	681	14,883	4.4	3.7	4.5	0.8
20-30	20,401	13.5	25,811	2,474	23,337	9.6	5.0	5.7	2.3
30-40	15,452	10.2	36,328	5,046	31,281	13.9	5.3	5.8	3.5
40-50	12,430	8.2	46,686	7,758	38,928	16.6	5.5	5.8	4.3
50-75	21,580	14.3	64,226	12,011	52,215	18.7	13.2	13.6	11.6
75-100	13,470	8.9	90,172	18,154	72,018	20.1	11.5	11.7	10.9
100-200	17,502	11.6	140,584	31,563	109,021	22.5	23.3	23.0	24.7
200-500	4,784	3.2	299,277	75,288	223,989	25.2	13.6	12.9	16.1
500-1,000	793	0.5	707,298	190,695	516,603	27.0	5.3	4.9	6.8
More than 1,000	421	0.3	3,228,212	996,442	2,231,770	30.9	12.9	11.3	18.8
All	150,867	100.0	69,872	14,831	55,041	21.2	100.0	100.0	100.0

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 a refundable basic credit of \$500 (\$1,000 for married couples filing a joint return) available to all tax filers with at least \$3000 of earned income and Social Security benefits or at least \$1 of income tax liability after nonrefundable credits excluding the child credit. For any tax unit with at least \$1 of basic credit, the proposal provides an additional, refundable, \$300 credit for each child-tax-credit-eligible child. The combined credit phases out at a 5 percent rate above \$150,000 of AGI (\$300,000 for married couples filing jointly). 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. Our estimates assume that all potential beneficiaries claim the credit.

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