

**Table T04-0021**  
**Kerry Plan with College Tax Credit vs. Current-Law Baseline:**  
**Distribution of Individual Income and Estate Tax Change by Cash Income Class, 2011<sup>1</sup>**

Cash Income Class (thousands of 2003 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate <sup>5</sup>	
	Number (thousands)	Percent of Total				Current Law	Proposal
<b>Less than 10</b>	20,896	0.4	1.6	1.4	-103	3.0	1.4
<b>10-20</b>	28,583	13.3	1.7	5.2	-286	6.2	4.5
<b>20-30</b>	21,608	18.1	2.6	8.9	-654	12.9	10.7
<b>30-40</b>	16,776	13.7	2.1	7.8	-733	16.5	14.7
<b>40-50</b>	12,408	10.6	2.0	6.8	-866	18.4	16.8
<b>50-75</b>	20,269	7.9	2.1	15.5	-1,212	21.3	19.7
<b>75-100</b>	12,969	12.9	2.2	14.3	-1,740	23.5	21.8
<b>100-200</b>	17,689	8.2	2.0	25.9	-2,316	25.9	24.4
<b>200-500</b>	4,805	11.2	1.4	10.0	-3,303	28.5	27.5
<b>500-1,000</b>	817	3.1	1.2	3.4	-6,653	30.2	29.3
<b>More than 1,000</b>	388	0.5	0.1	0.8	-3,061	33.9	33.8
<b>All</b>	157,762	100.0	1.8	100.0	-1,003	23.9	22.5

Sources: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-4).

(1) Calendar year. Baseline is current law. Kerry Plan includes extending the provisions proposed in the Administration's FY2005 Budget with the following exceptions: increase top two marginal tax rates to 36 and 39.6 percent; increase tax rate on capital gains to 20 percent for taxpayers in the top two tax brackets; increase tax rate on dividends to 36 and 39.6 percent for taxpayers in the top two tax brackets; eliminate the repeal of the limitation on itemized deductions (Pease) and the personal exemption phaseout (PEP); enact College Opportunity Tax Credit; and eliminate the repeal of the estate tax and institute an estate tax exemption of \$2 million per individual, a top estate tax rate of 48 percent, and a maximum Qualified Family-Owned Business Interest (QFOBI) exemption of \$5 million per individual.

(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. Tax units that are dependents of other taxpayers are excluded from the analysis.

(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 (individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax) as a percentage of average cash income.