

**Table T05-0172**  
**Option #2: Refundability threshold at \$7,500 and no indexing**  
**Distribution of Federal Tax Benefits by Cash Income Class, 2006 <sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	3.1	0.0	0.1	2.6	-4	-2.1	0.0	0.2	-0.1	3.7
10-20	18.4	0.0	0.6	63.9	-83	-11.5	-0.1	0.8	-0.6	4.2
20-30	9.2	0.0	0.2	26.3	-43	-1.7	0.0	2.6	-0.2	9.8
30-40	2.5	0.0	0.0	5.2	-11	-0.2	0.0	4.1	0.0	14.3
40-50	0.8	0.0	0.0	1.2	-3	0.0	0.0	4.7	0.0	16.7
50-75	0.2	0.0	0.0	0.5	-1	0.0	0.0	12.7	0.0	18.6
75-100	0.0	0.0	0.0	0.0	0	0.0	0.0	11.5	0.0	20.3
100-200	0.0	0.0	0.0	0.0	0	0.0	0.0	24.7	0.0	23.1
200-500	0.0	0.0	0.0	0.0	0	0.0	0.0	15.8	0.0	26.2
500-1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	6.4	0.0	27.1
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	16.4	0.0	30.9
All	5.3	0.0	0.1	100.0	-23	-0.2	0.0	100.0	0.0	21.0

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2006 <sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	Share of Pre-	Share of	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Post-Tax Percent of Total	Federal Percent of Total
Less than 10	18,886	12.9	5,743	217	5,526	3.8	1.2	1.4	0.2
10-20	25,413	17.4	15,208	722	14,486	4.8	4.2	5.1	0.9
20-30	20,374	13.9	25,206	2,521	22,685	10.0	5.6	6.4	2.6
30-40	15,429	10.5	35,525	5,106	30,418	14.4	5.9	6.5	4.1
40-50	11,963	8.2	45,636	7,630	38,006	16.7	5.9	6.3	4.7
50-75	21,121	14.4	62,649	11,628	51,020	18.6	14.4	14.8	12.6
75-100	12,455	8.5	87,930	17,851	70,080	20.3	11.9	12.0	11.5
100-200	15,196	10.4	136,287	31,454	104,832	23.1	22.5	21.9	24.6
200-500	3,988	2.7	292,415	76,569	215,846	26.2	12.7	11.8	15.7
500-1,000	668	0.5	690,594	186,952	503,641	27.1	5.0	4.6	6.4
More than 1,000	345	0.2	2,994,463	924,220	2,070,244	30.9	11.2	9.8	16.4
All	146,417	100.0	62,970	13,266	49,703	21.1	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3a).

(1) Baseline is current law.

(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 (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.