

7-May-03

Updated Results Based on Description in JCX-40-03

**Table T03-0079**  
**Chairman Thomas' Economic Growth and Jobs Plan:**  
**Distribution of Income Tax Change by Percentiles, 2004<sup>1</sup>**

AGI Class <sup>2</sup>	Percent of Tax Units with Tax Cut	Percent Change in After-Tax Income <sup>3</sup>	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate <sup>4</sup>	
					Current Law	Proposal
Lowest Quintile	0.2	*	*	-1	-10.4	-10.5
Second Quintile	35.2	0.3	1.2	-41	-5.1	-5.4
Middle Quintile	93.2	0.8	6.6	-227	4.6	3.8
Fourth Quintile	99.2	1.0	13.8	-479	9.0	8.1
Next 10 Percent	99.7	1.7	18.2	-1,261	11.5	9.9
Next 5 Percent	99.9	2.0	14.1	-1,950	14.2	12.5
Next 4 Percent	99.9	2.0	17.4	-3,008	18.6	16.9
Top 1 Percent	98.4	3.2	28.6	-19,823	27.4	25.1
All	65.5	1.7	100.0	-692	13.4	12.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

\* Less than 0.05 percent. \*\* Less than \$1 in absolute value.

(1) Calendar year. Baseline is current law. Includes the following provisions: increase child tax credit to \$1,000; expand size of the 10-percent bracket to \$7,000 for singles and \$14,000 for married couples, indexed for inflation after 2003; expand 15-percent bracket for married couples to twice that for singles; increase standard deduction for married couples to twice that for singles; reduce top four tax rates to 25, 28, 33, and 35 percent; increase AMT exemption by \$15,000 for married couples and \$7,500 for others; reduce the tax rate on dividends and long-term capital gains to 15 percent (the rate for individuals in the 10 and 15-percent tax brackets would be 5 percent; preferential rates would not apply to income that, under current law, is reported as dividends on tax returns but represents distributions of interest income from mutual funds).

(2) Tax units with negative AGI are excluded from the lowest quintile but are included in the totals. Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(3) After-tax income is AGI less individual income tax net of refundable credits.

(4) Average income tax, net of refundable credits, as a percentage of average AGI.