

**Table T07-0166**  
**Repeal State and Local Tax Deduction**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2007<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Percent of Tax Units <sup>4</sup>		Percent Change in After-Tax Income <sup>5</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points	Under the Proposal	Change (%) Points	Under the Proposal
Lowest Quintile	0.0	0.2	0.0	0.0	0	0.1	0.0	0.4	0.0	3.4
Second Quintile	0.1	3.2	0.0	0.4	6	0.4	0.0	2.0	0.0	7.3
Middle Quintile	0.1	14.4	-0.1	2.8	44	0.8	-0.1	7.3	0.1	14.5
Fourth Quintile	0.3	41.2	-0.5	16.1	255	2.1	0.0	16.9	0.4	19.2
Top Quintile	2.8	61.3	-0.9	80.7	1,279	2.4	0.2	73.2	0.6	26.5
All	0.6	24.1	-0.6	100.0	317	2.2	0.0	100.0	0.5	22.2
<b>Addendum</b>										
Top 10 Percent	2.2	57.7	-0.9	61.9	1,962	2.4	0.1	57.6	0.7	28.0
Top 5 Percent	0.9	49.7	-1.0	50.3	3,191	2.4	0.1	45.5	0.7	29.2
Top 1 Percent	0.5	72.8	-1.5	42.6	13,495	3.5	0.3	27.4	1.1	31.4
Top 0.5 Percent	0.3	77.3	-1.6	35.8	22,719	3.6	0.3	22.4	1.1	32.3
Top 0.1 Percent	0.3	81.3	-1.5	19.7	62,259	3.2	0.1	13.8	1.0	33.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2007<sup>1</sup>**

Cash Income Percentile <sup>2,3</sup>	Tax Units <sup>4</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>5</sup> (Dollars)	Average Federal Tax Rate <sup>6</sup>	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	
Lowest Quintile	29,273	19.6	8,074	277	7,796	3.4	2.4	2.9	0.4
Second Quintile	29,866	20.0	20,521	1,492	19,029	7.3	6.2	7.3	2.1
Middle Quintile	29,865	20.0	37,071	5,338	31,732	14.4	11.2	12.2	7.4
Fourth Quintile	29,866	20.0	64,859	12,214	52,645	18.8	19.5	20.2	17.0
Top Quintile	29,866	20.0	203,046	52,552	150,494	25.9	61.1	57.8	73.0
All	149,332	100.0	66,439	14,401	52,039	21.7	100.0	100.0	100.0
<b>Addendum</b>									
Top 10 Percent	14,933	10.0	302,839	82,871	219,968	27.4	45.6	42.3	57.6
Top 5 Percent	7,465	5.0	458,039	130,619	327,420	28.5	34.5	31.5	45.3
Top 1 Percent	1,493	1.0	1,284,199	390,231	893,968	30.4	19.3	17.2	27.1
Top 0.5 Percent	747	0.5	2,037,114	635,340	1,401,774	31.2	15.3	13.5	22.1
Top 0.1 Percent	149	0.1	6,011,426	1,969,393	4,042,033	32.8	9.1	7.8	13.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-1).

Number of AMT Taxpayers (millions). Baseline: 23.4 Proposal: 19.3

(1) Calendar year. Baseline is current law. Proposal repeals the state and local tax deduction but retains taxation of state tax refunds deducted in 2006.

(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% \$13,944, 40% \$26,887, 60% \$47,151, 80% \$83,902, 90% \$123,792, 95% \$174,283, 99% \$425,614, 99.5% \$663,650, 99.9% \$1,925,007.

(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.