

Table T07-0170
Repeal State and Local Tax Deduction
Distribution of Federal Tax Change by Cash Income Percentile for Single Tax Units, 2007¹

Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	0.0	0.3	0.0	0.0	0	0.1	0.0	2.0	0.0	6.8
Second Quintile	0.1	4.6	-0.1	1.2	9	0.3	-0.1	7.4	0.0	12.9
Middle Quintile	0.1	17.3	-0.2	6.6	59	0.8	-0.3	17.8	0.2	19.5
Fourth Quintile	0.1	41.9	-0.7	29.5	353	2.5	0.1	26.8	0.6	23.5
Top Quintile	0.1	70.4	-1.2	62.8	1,625	3.1	0.4	45.8	0.9	29.3
All	0.1	16.4	-0.6	100.0	186	2.2	0.0	100.0	0.5	22.4
Addendum										
Top 10 Percent	0.1	74.2	-1.2	41.4	2,516	2.8	0.2	32.8	0.9	30.7
Top 5 Percent	0.2	70.5	-1.1	28.1	3,649	2.5	0.1	25.2	0.8	32.0
Top 1 Percent	0.4	69.4	-1.4	19.0	11,968	2.8	0.1	15.4	0.9	34.7
Top 0.5 Percent	0.3	72.1	-1.4	15.4	18,576	2.7	0.1	12.6	0.9	35.4
Top 0.1 Percent	0.6	75.2	-1.4	8.3	53,828	2.4	0.0	7.6	0.9	37.1

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2007¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	20,280	31.7	7,993	542	7,451	6.8	6.7	7.9	2.1
Second Quintile	15,533	24.3	20,164	2,588	17,576	12.8	12.9	14.3	7.6
Middle Quintile	13,311	20.8	37,270	7,214	30,057	19.4	20.4	21.0	18.0
Fourth Quintile	9,925	15.5	62,655	14,348	48,307	22.9	25.5	25.2	26.7
Top Quintile	4,601	7.2	185,029	52,576	132,453	28.4	35.0	32.0	45.4
All	63,946	100.0	38,093	8,327	29,766	21.9	100.0	100.0	100.0
Addendum									
Top 10 Percent	1,959	3.1	297,010	88,566	208,444	29.8	23.9	21.5	32.6
Top 5 Percent	918	1.4	467,081	145,928	321,153	31.2	17.6	15.5	25.2
Top 1 Percent	189	0.3	1,279,572	431,596	847,976	33.7	10.0	8.4	15.4
Top 0.5 Percent	98	0.2	1,971,836	678,488	1,293,348	34.4	8.0	6.7	12.5
Top 0.1 Percent	18	0.0	6,091,074	2,205,280	3,885,793	36.2	4.6	3.7	7.6

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

Number of single AMT Taxpayers (millions). Baseline: 1.2 Proposal: 0.5

(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. Single tax units include all tax units filing a single return and non-filing units who would file a single return if they filed. Tax units eligible for head of household status are not included.

(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. Percentiles are calculated using the distribution of all tax units.

(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.