

Revised Estimates: January 14, 2003

Table T03-0022
Administration Stimulus Proposal:
Distribution of Income Tax Change by Percentiles, 2010¹

AGI Class ²	Percent Change in After-Tax Income ³	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate ⁴	
				Current Law	Proposal
Lowest Quintile	*	0.2	-3	-8.0	-8.1
Second Quintile	0.1	1.8	-30	-3.4	-3.6
Middle Quintile	0.2	4.9	-82	5.6	5.4
Fourth Quintile	0.3	9.8	-165	10.3	10.0
Next 10 Percent	0.3	8.7	-292	13.4	13.1
Next 5 Percent	0.5	9.3	-635	16.3	15.9
Next 4 Percent	0.9	22.4	-1,886	21.2	20.4
Top 1 Percent	1.6	42.8	-14,412	25.9	24.7
All	0.6	100.0	-336	14.5	14.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

* Less than 0.05 percent.

(1) Calendar year. Table measures the impact of the dividend exclusion provision and the acceleration of the increase in, and indexing of, the ten-percent bracket. Estimates for the dividend exclusion portion of the proposal assume that the details of the proposal effectively limit tax-sheltering activity. That assumption may turn out to be over-optimistic and the long-run revenue cost could turn out to be much greater.

(2) Returns with negative AGI are excluded from the lowest quintile but are included in the totals. The income thresholds are (in 2001\$): second quintile, \$9,939; middle quintile, \$21,746; fourth quintile, \$39,512; next 10 percent, \$74,656; next 5 percent, \$109,944; next 4 percent, \$150,560; and top 1 percent, \$346,186.

(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.