

**Table T08-0033**  
**Individual Income Tax Measures in H.R. 5140:**  
**The Recovery Rebates and Economic Stimulus for the American People Act of 2008**  
**Distribution of Federal Tax Change by Cash Income Level, 2008 <sup>1</sup>**  
**Summary Table**

| Cash Income Level<br>(thousands of 2006<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                      | Percent<br>Change in<br>After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average<br>Federal Tax<br>Change (\$) | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|----------------------|--|---|---------------------------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax<br>Increase |  |   |                                       | Change (%)<br>Points)                 | Under the<br>Proposal |
| <b>Less than 10</b>  | 41.6                              | 0.0                  | 3.3  | 3.4                                     | -185                                  | -3.2                                  | 0.9                   |
| <b>10-20</b>   | 62.6                              | 0.0                  | 2.4  | 9.0                                     | -357                                  | -2.3                                  | 2.1                   |
| <b>20-30</b>   | 81.3                              | 0.0                  | 2.4  | 11.5                                    | -563                                  | -2.2                                  | 7.4                   |
| <b>30-40</b>   | 87.8                              | 0.0                  | 2.2  | 10.8                                    | -697                                  | -1.9                                  | 12.0                  |
| <b>40-50</b>   | 93.3                              | 0.0                  | 2.1  | 10.0                                    | -803                                  | -1.7                                  | 14.9                  |
| <b>50-75</b>   | 98.3                              | 0.0                  | 1.9  | 21.6                                    | -1,002                                | -1.6                                  | 17.1                  |
| <b>75-100</b>  | 94.7                              | 0.0                  | 1.5  | 14.9                                    | -1,106                                | -1.2                                  | 18.9                  |
| <b>100-200</b>   | 80.0                              | 0.0                  | 1.0  | 18.3                                    | -1,044                                | -0.7                                  | 21.7                  |
| <b>200-500</b>   | 10.6                              | 0.0                  | 0.0  | 0.4                                     | -93                                   | 0.0                                   | 25.2                  |
| <b>500-1,000</b>   | 7.2                               | 0.0                  | 0.0  | 0.1                                     | -77                                   | 0.0                                   | 27.0                  |
| <b>More than 1,000</b>   | 3.0                               | 0.0                  | 0.0  | 0.0                                     | -34                                   | 0.0                                   | 30.9                  |
| <b>All</b>   | 75.5                              | 0.0                  | 1.2  | 100.0                                   | -663                                  | -1.0                                  | 20.3                  |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

Number of AMT Taxpayers (millions). Baseline: 4.1 Proposal: 4.1

(1) Calendar year. Baseline is 2008 current law assuming extension and indexation for inflation of the 2007 AMT patch. The proposal provides a refundable basic credit equal to the greater of: (1) income tax liability net of non-refundable credits (other than the child tax credit) not to exceed \$600 (\$1,200 for married couples filing a joint return); and (2) \$300 (\$600 for joint returns) if the individual has: (a) at least \$3,000 of earned income; or (b) income tax liability net of non-refundable credits (other than the child tax credit) of at least \$1 and gross income greater than the sum of the applicable basic standard deduction and one personal exemption (2 exemptions for joint returns). For any tax unit with at least \$1 of basic credit, the proposal provides an additional, refundable, \$300 credit for each child-tax-credit-eligible child. The total value of the credit (basic plus child credit) is phased out at a rate of 5 percent of AGI in excess of \$75,000 for singles, \$150,000 for couples. Our estimates are based on 2008 incomes; the proposal actually allows the credit to be based on 2007 income if it results in a higher amount. Our estimates assume that all potential beneficiaries claim the credit.

(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 but excludes those that are dependents of other tax units.

(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.

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**Distribution of Federal Tax Change by Cash Income Level, 2008 <sup>1</sup>**  
**Detail Table**

| Cash Income Level<br>(thousands of 2006<br>dollars) <sup>2</sup> | Percent of Tax Units <sup>3</sup> |                      | Percent<br>Change in<br>After-Tax<br>Income <sup>4</sup> | Share of Total<br>Federal Tax<br>Change | Average Federal Tax Change |         | Share of Federal Taxes |                       | Average Federal Tax Rate <sup>5</sup> |                       |
|--|-----------------------------------|----------------------|--|---|----------------------------|---------|------------------------|-----------------------|---------------------------------------|-----------------------|
|  | With Tax Cut                      | With Tax<br>Increase |  |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| Less than 10   | 41.6                              | 0.0                  | 3.3  | 3.4                                     | -185                       | -78.2   | -0.2                   | 0.0                   | -3.2                                  | 0.9                   |
| 10-20  | 62.6                              | 0.0                  | 2.4  | 9.0                                     | -357                       | -52.3   | -0.4                   | 0.4                   | -2.3                                  | 2.1                   |
| 20-30  | 81.3                              | 0.0                  | 2.4  | 11.5                                    | -563                       | -22.7   | -0.4                   | 1.8                   | -2.2                                  | 7.4                   |
| 30-40  | 87.8                              | 0.0                  | 2.2  | 10.8                                    | -697                       | -13.8   | -0.3                   | 3.1                   | -1.9                                  | 12.0                  |
| 40-50  | 93.3                              | 0.0                  | 2.1  | 10.0                                    | -803                       | -10.3   | -0.3                   | 4.0                   | -1.7                                  | 14.9                  |
| 50-75  | 98.3                              | 0.0                  | 1.9  | 21.6                                    | -1,002                     | -8.3    | -0.5                   | 11.1                  | -1.6                                  | 17.1                  |
| 75-100   | 94.7                              | 0.0                  | 1.5  | 14.9                                    | -1,106                     | -6.1    | -0.2                   | 10.7                  | -1.2                                  | 18.9                  |
| 100-200  | 80.0                              | 0.0                  | 1.0  | 18.3                                    | -1,044                     | -3.3    | 0.3                    | 25.0                  | -0.7                                  | 21.7                  |
| 200-500  | 10.6                              | 0.0                  | 0.0  | 0.4                                     | -93                        | -0.1    | 0.7                    | 16.8                  | 0.0                                   | 25.2                  |
| 500-1,000  | 7.2                               | 0.0                  | 0.0  | 0.1                                     | -77                        | 0.0     | 0.3                    | 7.1                   | 0.0                                   | 27.0                  |
| More than 1,000  | 3.0                               | 0.0                  | 0.0  | 0.0                                     | -34                        | 0.0     | 0.9                    | 19.6                  | 0.0                                   | 30.9                  |
| All  | 75.5                              | 0.0                  | 1.2  | 100.0                                   | -663                       | -4.5    | 0.0                    | 100.0                 | -1.0                                  | 20.3                  |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Level, 2008 <sup>1</sup>**

| Cash Income Level<br>(thousands of 2006<br>dollars) <sup>2</sup> | Tax Units <sup>3</sup> |                     | Average<br>Income<br>(Dollars) | Average<br>Federal Tax<br>Burden<br>(Dollars) | Average After-<br>Tax Income <sup>4</sup><br>(Dollars) | Average<br>Federal Tax<br>Rate <sup>5</sup> | Share of Pre-<br>Tax Income | Share of Post-<br>Tax Income | Share of<br>Federal Taxes |
|--|------------------------|---------------------|--------------------------------|---|--|---|-----------------------------|------------------------------|---------------------------|
|  | Number<br>(thousands)  | Percent of<br>Total |                                |   |  |   | Percent of<br>Total         | Percent of<br>Total          | Percent of<br>Total       |
| Less than 10   | 18,164                 | 12.0                | 5,810                          | 236   | 5,574  | 4.1   | 1.0                         | 1.2                          | 0.2                       |
| 10-20  | 25,275                 | 16.8                | 15,564                         | 682   | 14,883   | 4.4   | 3.7                         | 4.5                          | 0.8                       |
| 20-30  | 20,401                 | 13.5                | 25,811                         | 2,475   | 23,337   | 9.6   | 5.0                         | 5.7                          | 2.3                       |
| 30-40  | 15,452                 | 10.2                | 36,328                         | 5,047   | 31,281   | 13.9  | 5.3                         | 5.8                          | 3.5                       |
| 40-50  | 12,430                 | 8.2                 | 46,686                         | 7,759   | 38,927   | 16.6  | 5.5                         | 5.8                          | 4.3                       |
| 50-75  | 21,580                 | 14.3                | 64,226                         | 12,013  | 52,213   | 18.7  | 13.2                        | 13.6                         | 11.6                      |
| 75-100   | 13,470                 | 8.9                 | 90,172                         | 18,157  | 72,016   | 20.1  | 11.5                        | 11.7                         | 10.9                      |
| 100-200  | 17,502                 | 11.6                | 140,584                        | 31,589  | 108,995  | 22.5  | 23.3                        | 23.0                         | 24.7                      |
| 200-500  | 4,784                  | 3.2                 | 299,277                        | 75,417  | 223,860  | 25.2  | 13.6                        | 12.9                         | 16.1                      |
| 500-1,000  | 793                    | 0.5                 | 707,298                        | 190,972                                       | 516,325  | 27.0  | 5.3                         | 4.9                          | 6.8                       |
| More than 1,000  | 421                    | 0.3                 | 3,228,212                      | 997,936                                       | 2,230,277  | 30.9  | 12.9                        | 11.3                         | 18.8                      |
| All  | 150,867                | 100.0               | 69,872                         | 14,845  | 55,027   | 21.3  | 100.0                       | 100.0                        | 100.0                     |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 1006-2).

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4.1

Proposal:

4.1

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