

**Table T08-0028**  
**Individual Income Tax Measures in House Stimulus Proposal**  
**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>  | 40.6                              | 0.0                  | 3.2  | 3.4                                     | -177                                  | -3.0                                  | 1.0                   |
| <b>10-20</b>   | 60.7                              | 0.0                  | 2.3  | 9.0                                     | -340                                  | -2.2                                  | 2.2                   |
| <b>20-30</b>   | 79.7                              | 0.0                  | 2.2  | 11.0                                    | -516                                  | -2.0                                  | 7.6                   |
| <b>30-40</b>   | 87.0                              | 0.0                  | 2.1  | 10.4                                    | -644                                  | -1.8                                  | 12.1                  |
| <b>40-50</b>   | 92.5                              | 0.0                  | 1.9  | 9.6                                     | -740                                  | -1.6                                  | 15.0                  |
| <b>50-75</b>   | 98.1                              | 0.0                  | 1.8  | 21.7                                    | -963                                  | -1.5                                  | 17.2                  |
| <b>75-100</b>  | 94.7                              | 0.0                  | 1.5  | 15.4                                    | -1,094                                | -1.2                                  | 18.9                  |
| <b>100-200</b>   | 80.0                              | 0.0                  | 1.0  | 19.0                                    | -1,041                                | -0.7                                  | 21.7                  |
| <b>200-500</b>   | 10.6                              | 0.0                  | 0.0  | 0.5                                     | -92                                   | 0.0                                   | 25.2                  |
| <b>500-1,000</b>   | 7.2                               | 0.0                  | 0.0  | 0.1                                     | -76                                   | 0.0                                   | 27.0                  |
| <b>More than 1,000</b>   | 2.9                               | 0.0                  | 0.0  | 0.0                                     | -32                                   | 0.0                                   | 30.9                  |
| <b>All</b>   | 74.6                              | 0.0                  | 1.2  | 100.0                                   | -635                                  | -0.9                                  | 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 an income tax rebate equal to 10 percent of taxable income, up to a maximum of \$600 (\$1,200 for married couples filing a joint return). The rebate is limited by individual income tax after non-refundable credits. But if the tax unit has at least \$3,000 of earned income (defined as the sum of wages and salaries plus any positive amount of self-employment income net of the deduction for self-employment tax), the minimum payment is \$300 (\$600 for married couples filing a joint return). This minimum payment is not limited by income tax liability and is thus fully refundable. For any tax unit with at least \$1 of income tax rebate, the proposal provides an additional, fully refundable, \$300 rebate for each qualifying child. A qualifying child is one that is eligible for the child tax credit. The total value of the income tax rebate and the child rebate would be 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 rebate to be based on 2007 income if it results in a higher amount.

(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 Increase |  |   | Dollars                    | Percent | Change (%<br>Points)   | Under the<br>Proposal | Change (%<br>Points)                  | Under the<br>Proposal |
| <b>Less than 10</b>  | 40.6                              | 0.0               | 3.2  | 3.4                                     | -177                       | -74.7   | -0.1                   | 0.1                   | -3.0                                  | 1.0                   |
| <b>10-20</b>   | 60.7                              | 0.0               | 2.3  | 9.0                                     | -340                       | -49.9   | -0.4                   | 0.4                   | -2.2                                  | 2.2                   |
| <b>20-30</b>   | 79.7                              | 0.0               | 2.2  | 11.0                                    | -516                       | -20.9   | -0.4                   | 1.9                   | -2.0                                  | 7.6                   |
| <b>30-40</b>   | 87.0                              | 0.0               | 2.1  | 10.4                                    | -644                       | -12.8   | -0.3                   | 3.2                   | -1.8                                  | 12.1                  |
| <b>40-50</b>   | 92.5                              | 0.0               | 1.9  | 9.6                                     | -740                       | -9.5    | -0.2                   | 4.1                   | -1.6                                  | 15.0                  |
| <b>50-75</b>   | 98.1                              | 0.0               | 1.8  | 21.7                                    | -963                       | -8.0    | -0.5                   | 11.1                  | -1.5                                  | 17.2                  |
| <b>75-100</b>  | 94.7                              | 0.0               | 1.5  | 15.4                                    | -1,094                     | -6.0    | -0.2                   | 10.7                  | -1.2                                  | 18.9                  |
| <b>100-200</b>   | 80.0                              | 0.0               | 1.0  | 19.0                                    | -1,041                     | -3.3    | 0.3                    | 24.9                  | -0.7                                  | 21.7                  |
| <b>200-500</b>   | 10.6                              | 0.0               | 0.0  | 0.5                                     | -92                        | -0.1    | 0.7                    | 16.8                  | 0.0                                   | 25.2                  |
| <b>500-1,000</b>   | 7.2                               | 0.0               | 0.0  | 0.1                                     | -76                        | 0.0     | 0.3                    | 7.1                   | 0.0                                   | 27.0                  |
| <b>More than 1,000</b>   | 2.9                               | 0.0               | 0.0  | 0.0                                     | -32                        | 0.0     | 0.8                    | 19.6                  | 0.0                                   | 30.9                  |
| <b>All</b>   | 74.6                              | 0.0               | 1.2  | 100.0                                   | -635                       | -4.3    | 0.0                    | 100.0                 | -0.9                                  | 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       |
| <b>Less than 10</b>  | 18,164                 | 12.0                | 5,810                          | 236   | 5,574  | 4.1   | 1.0                         | 1.2                          | 0.2                       |
| <b>10-20</b>   | 25,275                 | 16.8                | 15,564                         | 682   | 14,883   | 4.4   | 3.7                         | 4.5                          | 0.8                       |
| <b>20-30</b>   | 20,401                 | 13.5                | 25,811                         | 2,475   | 23,337   | 9.6   | 5.0                         | 5.7                          | 2.3                       |
| <b>30-40</b>   | 15,452                 | 10.2                | 36,328                         | 5,047   | 31,281   | 13.9  | 5.3                         | 5.8                          | 3.5                       |
| <b>40-50</b>   | 12,430                 | 8.2                 | 46,686                         | 7,759   | 38,927   | 16.6  | 5.5                         | 5.8                          | 4.3                       |
| <b>50-75</b>   | 21,580                 | 14.3                | 64,226                         | 12,013  | 52,213   | 18.7  | 13.2                        | 13.6                         | 11.6                      |
| <b>75-100</b>  | 13,470                 | 8.9                 | 90,172                         | 18,157  | 72,016   | 20.1  | 11.5                        | 11.7                         | 10.9                      |
| <b>100-200</b>   | 17,502                 | 11.6                | 140,584                        | 31,589  | 108,995  | 22.5  | 23.3                        | 23.0                         | 24.7                      |
| <b>200-500</b>   | 4,784                  | 3.2                 | 299,277                        | 75,417  | 223,860  | 25.2  | 13.6                        | 12.9                         | 16.1                      |
| <b>500-1,000</b>   | 793                    | 0.5                 | 707,298                        | 190,972                                       | 516,325  | 27.0  | 5.3                         | 4.9                          | 6.8                       |
| <b>More than 1,000</b>   | 421                    | 0.3                 | 3,228,212                      | 997,936                                       | 2,230,277  | 30.9  | 12.9                        | 11.3                         | 18.8                      |
| <b>All</b>   | 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).

Number of AMT Taxpayers (millions). Baseline:

4.1

Proposal:

4.1

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