

**Table T08-0055**  
**Individual Income Tax Measures in Senate Stimulus Proposal**  
**As Reported Out of Committee**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2008<sup>1</sup>**  
**Summary Table**

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 (\$)	Average Federal Tax Rate <sup>6</sup>	
	With Tax Cut	With Tax Increase				Change (%)	Under the Proposal
<b>Lowest Quintile</b>	72.5	0.0	6.1	14.3	-564	-6.1	-6.2
<b>Second Quintile</b>	97.3	0.0	3.7	20.1	-778	-3.4	3.6
<b>Middle Quintile</b>	99.0	0.0	2.4	21.7	-843	-2.0	13.0
<b>Fourth Quintile</b>	99.7	0.0	1.6	22.6	-875	-1.3	17.8
<b>Top Quintile</b>	90.9	0.0	0.5	21.2	-822	-0.4	25.1
<b>All</b>	91.8	0.0	1.4	100.0	-775	-1.1	20.1
<b>Addendum</b>							
<b>80-90</b>	99.8	0.0	1.1	11.6	-901	-0.9	21.0
<b>90-95</b>	99.6	0.0	0.8	5.9	-911	-0.6	23.0
<b>95-99</b>	77.7	0.0	0.4	3.6	-695	-0.3	24.7
<b>Top 1 Percent</b>	11.3	0.0	0.0	0.1	-99	0.0	29.6
<b>Top 0.1 Percent</b>	2.5	0.0	0.0	0.0	-23	0.0	31.7

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 of \$500 (\$1,000 for married couples filing a joint return) available to all tax filers with at least \$3000 of earned income and Social Security benefits or at least \$1 of income tax liability after nonrefundable credits excluding the child credit. 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 combined credit phases out at a 5 percent rate above \$150,000 of AGI (\$300,000 for married couples filing jointly). 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. 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) Incomes used in the classification by quintile are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2006 dollars): 20% \$11,679, 40% \$21,348, 60% \$36,933, 80% \$60,839, 90% \$87,007, 95% \$121,716, 99% \$295,855, 99.5% \$462,868, and 99.9% 1,362,091.

(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.

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**Detail Table**

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
<b>Lowest Quintile</b>	72.5	0.0	6.1	14.3	-564	5,753.5	-0.8	-0.8	-6.1	-6.2
<b>Second Quintile</b>	97.3	0.0	3.7	20.1	-778	-48.6	-1.0	1.2	-3.4	3.6
<b>Middle Quintile</b>	99.0	0.0	2.4	21.7	-843	-13.6	-0.7	7.6	-2.0	13.0
<b>Fourth Quintile</b>	99.7	0.0	1.6	22.6	-875	-6.6	-0.3	17.6	-1.3	17.8
<b>Top Quintile</b>	90.9	0.0	0.5	21.2	-822	-1.6	2.8	74.3	-0.4	25.1
<b>All</b>	91.8	0.0	1.4	100.0	-775	-5.2	0.0	100.0	-1.1	20.1
<b>Addendum</b>										
<b>80-90</b>	99.8	0.0	1.1	11.6	-901	-3.9	0.2	15.8	-0.9	21.0
<b>90-95</b>	99.6	0.0	0.8	5.9	-911	-2.6	0.3	12.2	-0.6	23.0
<b>95-99</b>	77.7	0.0	0.4	3.6	-695	-1.1	0.8	18.0	-0.3	24.7
<b>Top 1 Percent</b>	11.3	0.0	0.0	0.1	-99	0.0	1.5	28.3	0.0	29.6
<b>Top 0.1 Percent</b>	2.5	0.0	0.0	0.0	-23	0.0	0.8	14.4	0.0	31.7

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2008 <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	
<b>Lowest Quintile</b>	29,578	19.6	9,201	-10	9,211	-0.1	2.6	3.3	0.0
<b>Second Quintile</b>	30,174	20.0	22,835	1,600	21,235	7.0	6.5	7.7	2.2
<b>Middle Quintile</b>	30,173	20.0	41,216	6,201	35,015	15.1	11.8	12.7	8.4
<b>Fourth Quintile</b>	30,173	20.0	69,170	13,208	55,962	19.1	19.8	20.3	17.8
<b>Top Quintile</b>	30,174	20.0	208,398	53,020	155,377	25.4	59.7	56.5	71.5
<b>All</b>	150,867	100.0	69,872	14,831	55,041	21.2	100.0	100.0	100.0
<b>Addendum</b>									
<b>80-90</b>	15,088	10.0	105,440	23,068	82,373	21.9	15.1	15.0	15.6
<b>90-95</b>	7,543	5.0	149,344	35,280	114,065	23.6	10.7	10.4	11.9
<b>95-99</b>	6,034	4.0	255,691	63,836	191,855	25.0	14.6	13.9	17.2
<b>Top 1 Percent</b>	1,509	1.0	1,344,079	397,984	946,095	29.6	19.2	17.2	26.8
<b>Top 0.1 Percent</b>	151	0.1	6,391,285	2,026,032	4,365,253	31.7	9.2	7.9	13.7

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

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