

**Table T08-0056**  
**Individual Income Tax Measures in Senate Stimulus Proposal**  
**As Reported Out of Committee**  
**Distribution of Federal Tax Change by Economic Income Percentile Adjusted for Family Size, 2008<sup>1</sup>**  
**Summary Table**

Economic 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 (%) Points)	Under the Proposal
<b>Lowest Quintile</b>	75.5	0.0	5.6	14.4	-575	-5.5	-2.9
<b>Second Quintile</b>	96.1	0.0	3.2	19.5	-756	-2.9	5.0
<b>Middle Quintile</b>	98.6	0.0	2.2	21.4	-830	-1.9	11.9
<b>Fourth Quintile</b>	99.4	0.0	1.5	22.7	-880	-1.2	16.9
<b>Top Quintile</b>	90.8	0.0	0.5	21.9	-848	-0.4	21.3
<b>All</b>	91.8	0.0	1.2	100.0	-775	-1.0	17.8
<b>Addendum</b>							
<b>80-90</b>	99.3	0.0	1.0	11.8	-918	-0.8	19.2
<b>90-95</b>	98.4	0.0	0.7	6.0	-932	-0.6	20.0
<b>95-99</b>	78.6	0.0	0.3	3.8	-745	-0.2	20.3
<b>Top 1 Percent</b>	15.7	0.0	0.0	0.2	-138	0.0	24.2
<b>Top 0.1 Percent</b>	5.4	0.0	0.0	0.0	-55	0.0	25.0

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 income are excluded from the lowest income class but are included in the totals. For a description of economic 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% \$13,467, 40% \$24,205, 60% \$38,777, 80% \$64,528, 90% \$95,509, 95% \$139,295, 99% \$356,534, 99.5% \$544,904, and 99.9% 1,632,689.

(4) Includes both filing and non-filing units but excludes those that are dependents of other tax units.

(5) After-tax income is economic 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 economic income.

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**Detail Table**

Economic 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
Lowest Quintile	75.5	0.0	5.6	14.4	-575	-213.6	-0.8	-0.4	-5.5	-2.9
Second Quintile	96.1	0.0	3.2	19.5	-756	-36.9	-0.9	1.8	-2.9	5.0
Middle Quintile	98.6	0.0	2.2	21.4	-830	-13.7	-0.7	7.5	-1.9	11.9
Fourth Quintile	99.4	0.0	1.5	22.7	-880	-6.7	-0.3	17.5	-1.2	16.9
Top Quintile	90.8	0.0	0.5	21.9	-848	-1.6	2.7	73.4	-0.4	21.3
All	91.8	0.0	1.2	100.0	-775	-5.2	0.0	100.0	-1.0	17.8
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80-90	99.3	0.0	1.0	11.8	-918	-4.0	0.2	15.7	-0.8	19.2
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Top 1 Percent	15.7	0.0	0.0	0.2	-138	0.0	1.4	27.7	0.0	24.2
Top 0.1 Percent	5.4	0.0	0.0	0.0	-55	0.0	0.7	13.6	0.0	25.0

**Baseline Distribution of Income and Federal Taxes**  
**by Economic Income Percentile Adjusted for Family Size, 2008 <sup>1</sup>**

Economic 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	Percent of Total
Lowest Quintile	29,250	19.4	10,544	269	10,275	2.6	2.6	3.1	0.4
Second Quintile	30,172	20.0	26,030	2,047	23,982	7.9	6.6	7.5	2.8
Middle Quintile	30,172	20.0	44,142	6,074	38,068	13.8	11.2	11.9	8.2
Fourth Quintile	30,175	20.0	72,721	13,189	59,532	18.1	18.4	18.6	17.8
Top Quintile	30,173	20.0	242,233	52,396	189,837	21.6	61.4	59.2	70.7
All	150,867	100.0	78,953	14,831	64,122	18.8	100.0	100.0	100.0
<b>Addendum</b>									
80-90	15,087	10.0	115,028	23,034	91,994	20.0	14.6	14.4	15.5
90-95	7,543	5.0	170,735	35,024	135,711	20.5	10.8	10.6	11.8
95-99	6,035	4.0	308,061	63,116	244,946	20.5	15.6	15.3	17.0
Top 1 Percent	1,508	1.0	1,608,730	390,065	1,218,665	24.3	20.4	19.0	26.3
Top 0.1 Percent	151	0.1	7,629,109	1,903,976	5,725,134	25.0	9.7	8.9	12.8

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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