

Table T08-0002
Reduce Lowest Individual Income Tax Rate From 10 to 9 Percent
Distribution of Federal Tax Change by Cash Income Level, 2008¹
Summary Table

Cash Income Level (thousands of 2006 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase				Change (%) Points)	Under the Proposal
Less than 10	2.1	0.0	0.0	0.0	0	0.0	4.1
10-20	28.7	3.1	0.1	4.6	-13	-0.1	4.2
20-30	61.1	2.7	0.2	12.1	-43	-0.2	9.3
30-40	77.5	1.9	0.2	14.3	-68	-0.2	13.5
40-50	85.5	1.0	0.2	14.5	-85	-0.2	16.3
50-75	86.6	0.9	0.2	30.0	-102	-0.2	18.5
75-100	65.6	2.1	0.1	14.9	-81	-0.1	20.4
100-200	29.1	1.3	0.0	8.0	-34	0.0	23.5
200-500	6.9	0.4	0.0	0.6	-8	0.0	26.7
500-1,000	33.5	0.3	0.0	0.6	-53	0.0	27.2
More than 1,000	61.7	0.0	0.0	0.5	-92	0.0	31.0
All	50.5	1.6	0.1	100.0	-49	-0.1	21.7

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

Number of AMT Taxpayers (millions). Baseline: 26.4 Proposal: 27.6

(1) Calendar year. Baseline is current law. Proposal would reduce the lowest statutory individual income tax rate from 10 to 9 percent, effective 01/01/08.

(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.

Table T08-0002
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Distribution of Federal Tax Change by Cash Income Level, 2008 ¹
Detail Table

Cash Income Level (thousands of 2006 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	2.1	0.0	0.0	0.0	0	0.0	0.0	0.2	0.0	4.1
10-20	28.7	3.1	0.1	4.6	-13	-2.0	0.0	0.7	-0.1	4.2
20-30	61.1	2.7	0.2	12.1	-43	-1.8	0.0	2.1	-0.2	9.3
30-40	77.5	1.9	0.2	14.3	-68	-1.4	0.0	3.3	-0.2	13.5
40-50	85.5	1.0	0.2	14.5	-85	-1.1	0.0	4.1	-0.2	16.3
50-75	86.6	0.9	0.2	30.0	-102	-0.9	-0.1	11.2	-0.2	18.5
75-100	65.6	2.1	0.1	14.9	-81	-0.4	0.0	10.8	-0.1	20.4
100-200	29.1	1.3	0.0	8.0	-34	-0.1	0.1	25.3	0.0	23.5
200-500	6.9	0.4	0.0	0.6	-8	0.0	0.1	16.7	0.0	26.7
500-1,000	33.5	0.3	0.0	0.6	-53	0.0	0.0	6.7	0.0	27.2
More than 1,000	61.7	0.0	0.0	0.5	-92	0.0	0.1	18.4	0.0	31.0
All	50.5	1.6	0.1	100.0	-49	-0.3	0.0	100.0	-0.1	21.7

Baseline Distribution of Income and Federal Taxes
by Cash Income Level, 2008 ¹

Cash Income Level (thousands of 2006 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	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
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	671	14,893	4.3	3.7	4.6	0.7
20-30	20,401	13.5	25,811	2,439	23,373	9.5	5.0	5.8	2.2
30-40	15,452	10.2	36,328	4,988	31,340	13.7	5.3	5.9	3.4
40-50	12,430	8.2	46,686	7,696	38,990	16.5	5.5	5.9	4.2
50-75	21,580	14.3	64,226	11,989	52,238	18.7	13.2	13.7	11.3
75-100	13,470	8.9	90,172	18,451	71,721	20.5	11.5	11.7	10.9
100-200	17,502	11.6	140,584	33,073	107,510	23.5	23.3	22.8	25.3
200-500	4,784	3.2	299,277	79,870	219,407	26.7	13.6	12.7	16.7
500-1,000	793	0.5	707,298	192,542	514,756	27.2	5.3	5.0	6.7
More than 1,000	421	0.3	3,228,212	999,809	2,228,403	31.0	12.9	11.4	18.4
All	150,867	100.0	69,872	15,177	54,695	21.7	100.0	100.0	100.0

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

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