Table T08-0061
Individual Income Tax Measures in H.R. 5140, The Economic Stimulus Act of 2008:
As Passed by the House and Senate
Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2008 1
Summary Table

<table>
<thead>
<tr>
<th>Cash Income Percentile 2,3</th>
<th>Percent of Tax Units 4</th>
<th>Percent Change in After-Tax Income 5</th>
<th>Share of Total Federal Tax Change</th>
<th>Average Federal Tax Change ($)</th>
<th>Average Federal Tax Rate 6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>With Tax Cut</td>
<td>With Tax Increase</td>
<td>With Tax Cut</td>
<td>With Tax Increase</td>
<td>With Tax Cut</td>
</tr>
<tr>
<td>Lowest Quintile</td>
<td>71.5</td>
<td>0.0</td>
<td>4.3</td>
<td>10.7</td>
<td>-391</td>
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<tr>
<td>Second Quintile</td>
<td>96.7</td>
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<td>3.0</td>
<td>17.7</td>
<td>-634</td>
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<tr>
<td>Middle Quintile</td>
<td>98.9</td>
<td>0.0</td>
<td>2.5</td>
<td>24.4</td>
<td>-872</td>
</tr>
<tr>
<td>Fourth Quintile</td>
<td>99.4</td>
<td>0.0</td>
<td>1.8</td>
<td>27.9</td>
<td>-998</td>
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<tr>
<td>Top Quintile</td>
<td>68.7</td>
<td>0.0</td>
<td>0.4</td>
<td>19.1</td>
<td>-681</td>
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<tr>
<td>All</td>
<td>86.9</td>
<td>0.0</td>
<td>1.3</td>
<td>100.0</td>
<td>-715</td>
</tr>
<tr>
<td>Addendum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>80-90</td>
<td>97.0</td>
<td>0.0</td>
<td>1.2</td>
<td>13.9</td>
<td>-990</td>
</tr>
<tr>
<td>90-95</td>
<td>65.7</td>
<td>0.0</td>
<td>0.6</td>
<td>4.4</td>
<td>-622</td>
</tr>
<tr>
<td>95-99</td>
<td>17.4</td>
<td>0.0</td>
<td>0.1</td>
<td>0.8</td>
<td>-134</td>
</tr>
<tr>
<td>Top 1 Percent</td>
<td>6.8</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>-66</td>
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<tr>
<td>Top 0.1 Percent</td>
<td>1.4</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>-15</td>
</tr>
</tbody>
</table>


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 joint returns); and (2) $300 ($600 for joint returns) if the individual has: (a) at least $3,000 of earned income plus Social Security benefits; or (b) income tax liability net of non-refundable credits, other than the child tax credit (CTC), 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 CTC-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) 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.
<table>
<thead>
<tr>
<th>Cash Income Percentile</th>
<th>Percent of Tax Units With Tax Cut</th>
<th>Percent Change in After-Tax Income</th>
<th>Share of Total Federal Tax Change</th>
<th>Average Federal Tax Change</th>
<th>Share of Federal Taxes</th>
<th>Average Federal Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dollars</td>
<td>Percent</td>
<td></td>
<td>Change (%) Points</td>
<td>Under the Proposal</td>
<td>Change (%) Points</td>
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<tr>
<td>Lowest Quintile</td>
<td>71.5</td>
<td>0.0</td>
<td>10.7</td>
<td>-391</td>
<td>n/a</td>
<td>-0.5</td>
</tr>
<tr>
<td>Second Quintile</td>
<td>96.7</td>
<td>0.0</td>
<td>24.4</td>
<td>-872</td>
<td>-14.1</td>
<td>-0.8</td>
</tr>
<tr>
<td>Middle Quintile</td>
<td>98.9</td>
<td>0.0</td>
<td>27.9</td>
<td>-998</td>
<td>-7.6</td>
<td>-0.5</td>
</tr>
<tr>
<td>Fourth Quintile</td>
<td>99.4</td>
<td>0.0</td>
<td>19.1</td>
<td>-681</td>
<td>-1.3</td>
<td>2.7</td>
</tr>
<tr>
<td>Top Quintile</td>
<td>86.9</td>
<td>0.0</td>
<td>100.0</td>
<td>-715</td>
<td>-4.8</td>
<td>0.0</td>
</tr>
<tr>
<td>All</td>
<td>86.9</td>
<td>0.0</td>
<td>100.0</td>
<td>0.0</td>
<td>0.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Addendum</td>
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<td></td>
</tr>
<tr>
<td>80-90</td>
<td>97.0</td>
<td>0.0</td>
<td>13.9</td>
<td>-900</td>
<td>-4.3</td>
<td>0.1</td>
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<td>90-95</td>
<td>65.7</td>
<td>0.0</td>
<td>4.4</td>
<td>-622</td>
<td>-1.8</td>
<td>0.4</td>
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<tr>
<td>95-99</td>
<td>17.4</td>
<td>0.0</td>
<td>0.8</td>
<td>-134</td>
<td>-0.2</td>
<td>0.8</td>
</tr>
<tr>
<td>Top 1 Percent</td>
<td>6.8</td>
<td>0.0</td>
<td>0.1</td>
<td>-66</td>
<td>0.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Top 0.1 Percent</td>
<td>1.4</td>
<td>0.0</td>
<td>0.0</td>
<td>-15</td>
<td>0.0</td>
<td>0.7</td>
</tr>
</tbody>
</table>

Baseline Distribution of Income and Federal Taxes by Cash Income Percentile, 2008

<table>
<thead>
<tr>
<th>Cash Income Percentile</th>
<th>Tax Units</th>
<th>Average Income (Dollars)</th>
<th>Average Federal Tax Burden (Dollars)</th>
<th>Average After-Tax Income (Dollars)</th>
<th>Average Federal Tax Rate</th>
<th>Share of Pre-Tax Income</th>
<th>Share of Post-Tax Income</th>
<th>Share of Federal Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number (thousands)</td>
<td>Percent of Total</td>
<td></td>
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<tr>
<td>Lowest Quintile</td>
<td>29,578</td>
<td>19.6</td>
<td>9,201</td>
<td>-10</td>
<td>9,211</td>
<td>-0.1</td>
<td>2.6</td>
<td>3.3</td>
</tr>
<tr>
<td>Second Quintile</td>
<td>30,174</td>
<td>20.0</td>
<td>22,835</td>
<td>1,601</td>
<td>21,234</td>
<td>7.0</td>
<td>6.5</td>
<td>7.7</td>
</tr>
<tr>
<td>Middle Quintile</td>
<td>30,173</td>
<td>20.0</td>
<td>41,216</td>
<td>6,202</td>
<td>35,014</td>
<td>15.1</td>
<td>11.8</td>
<td>12.7</td>
</tr>
<tr>
<td>Fourth Quintile</td>
<td>30,173</td>
<td>20.0</td>
<td>69,170</td>
<td>13,210</td>
<td>55,961</td>
<td>19.1</td>
<td>19.8</td>
<td>20.3</td>
</tr>
<tr>
<td>Top Quintile</td>
<td>30,174</td>
<td>20.0</td>
<td>208,398</td>
<td>53,085</td>
<td>155,312</td>
<td>25.5</td>
<td>59.7</td>
<td>56.5</td>
</tr>
<tr>
<td>All</td>
<td>150,867</td>
<td>100.0</td>
<td>69,872</td>
<td>14,845</td>
<td>55,027</td>
<td>21.3</td>
<td>100.0</td>
<td>100.0</td>
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<tr>
<td>Addendum</td>
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<td></td>
</tr>
<tr>
<td>80-90</td>
<td>15,088</td>
<td>10.0</td>
<td>105,440</td>
<td>23,070</td>
<td>82,370</td>
<td>21.9</td>
<td>15.1</td>
<td>15.0</td>
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<tr>
<td>90-95</td>
<td>7,543</td>
<td>5.0</td>
<td>149,344</td>
<td>35,295</td>
<td>114,050</td>
<td>23.6</td>
<td>10.7</td>
<td>10.4</td>
</tr>
<tr>
<td>95-99</td>
<td>6,034</td>
<td>4.0</td>
<td>255,691</td>
<td>63,941</td>
<td>191,750</td>
<td>25.0</td>
<td>14.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Top 1 Percent</td>
<td>1,509</td>
<td>1.0</td>
<td>1,344,079</td>
<td>398,770</td>
<td>945,309</td>
<td>29.7</td>
<td>19.2</td>
<td>17.2</td>
</tr>
<tr>
<td>Top 0.1 Percent</td>
<td>151</td>
<td>0.1</td>
<td>6,391,285</td>
<td>2,029,711</td>
<td>4,361,574</td>
<td>31.8</td>
<td>9.2</td>
<td>7.9</td>
</tr>
</tbody>
</table>

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