

Table T08-0009
Tax Benefits of Select Tax Expenditures for Economic Mobility
Distribution of Federal Tax Change by Cash Income Percentile, 2006¹
Summary Table

Cash Income Level (thousands of 2006 dollars) ²	Percent of Tax Units ³		Benefit as Percent of After-Tax Income ⁴	Share of Total Benefits	Average Benefit	Average Federal Tax Rate ⁵	
	With Benefit	Without Benefit				With Benefits	Without Benefits
Lowest Quintile	34.9	65.1	5.6	3.4	417	3.4	8.8
Second Quintile	61.3	38.7	5.3	8.0	961	7.2	12.1
Middle Quintile	71.8	28.2	3.0	7.7	925	14.3	16.9
Fourth Quintile	83.1	16.9	2.9	12.3	1,471	18.6	20.9
Top Quintile	95.8	4.2	5.6	68.6	8,223	25.3	29.5
All	69.3	30.7	4.8	100.0	2,398	21.3	25.0
Addendum							
80-90	93.8	6.2	3.9	12.7	3,039	20.8	23.8
90-95	97.3	2.7	5.1	11.6	5,539	22.7	26.6
95-99	98.3	1.7	5.7	17.4	10,428	24.9	29.2
Top 1 Percent	98.7	1.3	7.5	27.0	64,651	30.7	35.9
Top 0.1 Percent	99.2	0.8	9.8	16.1	386,028	33.3	39.8

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

Number of AMT Taxpayers (millions). Baseline:

3.6 Proposal: 2.9

(1) Calendar year. Baseline is current law. Alternative repeals the Hope and Lifetime Learning credits, the student loan interest deduction, the home mortgage interest deduction, the state and local property tax deduction, the self-employed health insurance deduction, the earned income tax credit, the child and dependent care credit, the preferential rates on capital gains and dividends, the partial exclusion for Social Security benefits, and the exclusions and deductions for IRAs, Keogh plans, and defined contribution retirement savings plans.

(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) The cash income percentile breaks used in this table are (in 2006 dollars): 20% \$13,640, 40% \$26,417, 60% \$46,362, 80% \$82,316, 90% \$121,201, 95% \$170,900, 99% \$418,664, 99.5% \$655,488, and 99.9% 1,907,342.

(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 T08-0009
Tax Benefits of Select Tax Expenditures for Economic Mobility
Distribution of Federal Tax Change by Cash Income Percentile, 2006¹
Detail Table

Cash Income Class (thousands of 2006 dollars) ²	Percent of Tax Units ³		Benefit as Percent of After-Tax Income ⁴	Share of Total Benefits	Average Benefit		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Benefit	Without Benefit			Dollars	As Percent of Tax	With Benefits	Without Benefits	With Benefits	Without Benefits
Lowest Quintile	34.9	65.1	5.6	3.4	417	157.3	0.4	0.8	3.4	8.8
Second Quintile	61.3	38.7	5.3	8.0	961	67.6	2.1	3.0	7.2	12.1
Middle Quintile	71.8	28.2	3.0	7.7	925	18.2	7.5	7.5	14.3	16.9
Fourth Quintile	83.1	16.9	2.9	12.3	1,471	12.7	17.0	16.3	18.6	20.9
Top Quintile	95.8	4.2	5.6	68.6	8,223	16.6	72.8	72.2	25.3	29.5
All	69.3	30.7	4.8	100.0	2,398	17.6	100.0	100.0	21.3	25.0
Addendum										
80-90	93.8	6.2	3.9	12.7	3,039	14.8	15.1	14.8	20.8	23.8
90-95	97.3	2.7	5.1	11.6	5,539	17.2	11.8	11.8	22.7	26.6
95-99	98.3	1.7	5.7	17.4	10,428	17.4	17.7	17.6	24.9	29.2
Top 1 Percent	98.7	1.3	7.5	27.0	64,651	16.8	28.2	28.0	30.7	35.9
Top 0.1 Percent	99.2	0.8	9.8	16.1	386,028	19.7	14.4	14.7	33.3	39.8

Baseline Distribution of Income and Federal Taxes
by Cash Income Percentile, 2006¹

Cash Income Percentile ^{2,3}	Tax Units ⁴		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After- Tax Income ⁵ (Dollars)	Average Federal Tax Rate ⁶	Share of Pre- Tax Income Percent of Total	Share of Post- Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	28,860	19.6	7,727	265	7,462	3.4	2.4	2.9	0.4
Second Quintile	29,449	20.0	19,690	1,421	18,269	7.2	6.2	7.3	2.1
Middle Quintile	29,448	20.0	35,657	5,092	30,565	14.3	11.2	12.1	7.5
Fourth Quintile	29,448	20.0	62,346	11,569	50,777	18.6	19.5	20.2	17.0
Top Quintile	29,447	20.0	195,755	49,539	146,215	25.3	61.2	58.1	72.8
All	147,237	100.0	63,974	13,603	50,371	21.3	100.0	100.0	100.0
Addendum									
80-90	14,724	10.0	99,138	20,585	78,553	20.8	15.5	15.6	15.1
90-95	7,362	5.0	141,716	32,133	109,582	22.7	11.1	10.9	11.8
95-99	5,889	4.0	241,655	60,113	181,542	24.9	15.1	14.4	17.7
Top 1 Percent	1,472	1.0	1,248,587	383,838	864,749	30.7	19.5	17.2	28.2
Top 0.1 Percent	147	0.1	5,889,414	1,959,921	3,929,493	33.3	9.2	7.8	14.4

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

Number of AMT Taxpayers (millions). Baseline:

3.6

Proposal:

2.9

(1) Calendar year. Baseline is current law. Alternative repeals the Hope and Lifetime Learning credits, the student loan interest deduction, the home mortgage interest deduction, the state and local property tax deduction, the self-employed health insurance deduction, the earned income tax credit, the child and dependent care credit, the preferential rates on capital gains and dividends, the partial exclusion for Social Security benefits, and the exclusions and deductions for IRAs, Keogh plans, and defined contribution retirement savings plans.

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