

**Table T09-0077**  
**"The American Recovery and Reinvestment Tax Act of 2009"**  
**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2009 <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>                | 72.3                              | 0.0               | 4.7   | 9.6                               | -477                            | -4.4                                  | 0.2                |
| <b>Second Quintile</b>                | 91.9                              | 0.0               | 2.7   | 11.3                              | -670                            | -2.4                                  | 8.2                |
| <b>Middle Quintile</b>                | 97.6                              | 0.0               | 1.8   | 11.7                              | -760                            | -1.5                                  | 15.3               |
| <b>Fourth Quintile</b>                | 98.7                              | 0.0               | 1.9   | 17.2                              | -1,332                          | -1.5                                  | 18.3               |
| <b>Top Quintile</b>                   | 98.1                              | 0.1               | 2.1   | 50.1                              | -4,381                          | -1.6                                  | 24.7               |
| <b>All</b>                            | 89.9                              | 0.0               | 2.2   | 100.0                             | -1,298                          | -1.7                                  | 20.0               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                                 |                                       |                    |
| <b>80-90</b>                          | 97.4                              | 0.1               | 2.6   | 15.9                              | -2,750                          | -2.0                                  | 20.6               |
| <b>90-95</b>                          | 99.2                              | 0.0               | 2.9   | 11.6                              | -4,172                          | -2.2                                  | 22.2               |
| <b>95-99</b>                          | 98.6                              | 0.2               | 2.3   | 13.2                              | -5,782                          | -1.7                                  | 24.7               |
| <b>Top 1 Percent</b>                  | 96.7                              | 0.1               | 1.2   | 9.3                               | -16,110                         | -0.9                                  | 28.7               |
| <b>Top 0.1 Percent</b>                | 99.2                              | 0.0               | 1.6   | 5.6                               | -95,375                         | -1.1                                  | 30.3               |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-7).

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

Number of AMT Taxpayers (millions). Baseline: 30.339

Proposal: 4.636

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with

exception for TARP recipients. Plus the extension of the AMT patch for 2009 for which exemptions are increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

(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 classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2008 dollars): 20% \$18,981, 40% \$37,595, 60% \$66,354, 80% \$111,645, 90% \$160,972, 95% \$226,918, 99% \$603,402, 99.9% \$2,871,682.

(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 T09-0077**  
**"The American Recovery and Reinvestment Tax Act of 2009"**  
**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2009<sup>1</sup>**  
**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>                | 72.3                              | 0.0               | 4.7   | 9.6                               | -477                       | -95.1   | -0.8                   | 0.0                | -4.4                                  | 0.2                |
| <b>Second Quintile</b>                | 91.9                              | 0.0               | 2.7   | 11.3                              | -670                       | -22.5   | -0.6                   | 3.4                | -2.4                                  | 8.2                |
| <b>Middle Quintile</b>                | 97.6                              | 0.0               | 1.8   | 11.7                              | -760                       | -8.7    | -0.1                   | 10.6               | -1.5                                  | 15.3               |
| <b>Fourth Quintile</b>                | 98.7                              | 0.0               | 1.9   | 17.2                              | -1,332                     | -7.7    | 0.1                    | 17.9               | -1.5                                  | 18.3               |
| <b>Top Quintile</b>                   | 98.1                              | 0.1               | 2.1   | 50.1                              | -4,381                     | -6.0    | 1.4                    | 68.0               | -1.6                                  | 24.7               |
| <b>All</b>                            | 89.9                              | 0.0               | 2.2   | 100.0                             | -1,298                     | -8.0    | 0.0                    | 100.0              | -1.7                                  | 20.0               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 97.4                              | 0.1               | 2.6   | 15.9                              | -2,750                     | -9.0    | -0.2                   | 13.9               | -2.0                                  | 20.6               |
| <b>90-95</b>                          | 99.2                              | 0.0               | 2.9   | 11.6                              | -4,172                     | -8.9    | -0.1                   | 10.3               | -2.2                                  | 22.2               |
| <b>95-99</b>                          | 98.6                              | 0.2               | 2.3   | 13.2                              | -5,782                     | -6.4    | 0.3                    | 16.6               | -1.7                                  | 24.7               |
| <b>Top 1 Percent</b>                  | 96.7                              | 0.1               | 1.2   | 9.3                               | -16,110                    | -2.9    | 1.4                    | 27.2               | -0.9                                  | 28.7               |
| <b>Top 0.1 Percent</b>                | 99.2                              | 0.0               | 1.6   | 5.6                               | -95,375                    | -3.4    | 0.6                    | 13.7               | -1.1                                  | 30.3               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2009<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 Percent of Total | Share of Post-Tax Income Percent of Total | Share of Federal Taxes Percent of Total |
|---------------------------------------|------------------------|------------------|--------------------------|--------------------------------------|---|---------------------------------------|--|---|---|
|                                       | Number (thousands)     | Percent of Total |                          |                                      |   |                                       |  |   |   |
| <b>Lowest Quintile</b>                | 39,102                 | 26.0             | 10,744                   | 501                                  | 10,243  | 4.7                                   | 3.7                                      | 4.5                                       | 0.8                                     |
| <b>Second Quintile</b>                | 32,942                 | 21.9             | 28,057                   | 2,980                                | 25,076  | 10.6                                  | 8.2                                      | 9.3                                       | 4.0                                     |
| <b>Middle Quintile</b>                | 30,075                 | 20.0             | 51,924                   | 8,717                                | 43,207  | 16.8                                  | 13.8                                     | 14.7                                      | 10.7                                    |
| <b>Fourth Quintile</b>                | 25,152                 | 16.7             | 87,992                   | 17,415                               | 70,577  | 19.8                                  | 19.6                                     | 20.0                                      | 17.9                                    |
| <b>Top Quintile</b>                   | 22,287                 | 14.8             | 279,244                  | 73,229                               | 206,015   | 26.2                                  | 55.0                                     | 51.8                                      | 66.5                                    |
| <b>All</b>                            | 150,241                | 100.0            | 75,289                   | 16,327                               | 58,962  | 21.7                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| <b>80-90</b>                          | 11,264                 | 7.5              | 135,143                  | 30,642                               | 104,500   | 22.7                                  | 13.5                                     | 13.3                                      | 14.1                                    |
| <b>90-95</b>                          | 5,439                  | 3.6              | 192,266                  | 46,915                               | 145,351   | 24.4                                  | 9.3                                      | 8.9                                       | 10.4                                    |
| <b>95-99</b>                          | 4,454                  | 3.0              | 340,985                  | 89,899                               | 251,086   | 26.4                                  | 13.4                                     | 12.6                                      | 16.3                                    |
| <b>Top 1 Percent</b>                  | 1,131                  | 0.8              | 1,889,937                | 558,384                              | 1,331,553                                       | 29.6                                  | 18.9                                     | 17.0                                      | 25.7                                    |
| <b>Top 0.1 Percent</b>                | 114                    | 0.1              | 8,929,410                | 2,798,307                            | 6,131,103                                       | 31.3                                  | 9.0                                      | 7.9                                       | 13.0                                    |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Number of AMT Taxpayers (millions). Baseline: 30.339 Proposal: 4.636

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. Business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients. Plus the extension of the AMT patch for 2009 for which e. increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

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(3) The cash income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2008 dollars): 20% \$18,981, 40% \$37,595, 60% \$66,354, 80% \$111,645, 90% \$160,972, 95% \$226,918, 99% \$603,402, 99.9% \$2,871,682.

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(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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**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009<sup>1</sup>**  
**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>                | 74.7                              | 0.0               | 6.2   | 10.3                              | -618                       | -549.5  | -0.9                   | -0.7               | -6.1                                  | -5.0               |
| <b>Second Quintile</b>                | 85.1                              | 0.0               | 2.7   | 9.7                               | -613                       | -28.3   | -0.6                   | 2.1                | -2.4                                  | 6.1                |
| <b>Middle Quintile</b>                | 96.2                              | 0.0               | 2.0   | 11.6                              | -777                       | -10.7   | -0.3                   | 8.4                | -1.7                                  | 14.0               |
| <b>Fourth Quintile</b>                | 98.4                              | 0.0               | 2.2   | 19.5                              | -1,334                     | -8.9    | -0.2                   | 17.2               | -1.7                                  | 17.7               |
| <b>Top Quintile</b>                   | 97.9                              | 0.1               | 1.9   | 48.7                              | -3,335                     | -5.5    | 1.9                    | 73.0               | -1.4                                  | 24.6               |
| <b>All</b>                            | 89.9                              | 0.0               | 2.2   | 100.0                             | -1,298                     | -8.0    | 0.0                    | 100.0              | -1.7                                  | 20.0               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 99.3                              | 0.0               | 2.3   | 15.3                              | -2,084                     | -8.0    | 0.0                    | 15.3               | -1.8                                  | 20.9               |
| <b>90-95</b>                          | 95.9                              | 0.1               | 2.3   | 10.4                              | -2,817                     | -7.1    | 0.1                    | 11.7               | -1.7                                  | 22.4               |
| <b>95-99</b>                          | 97.1                              | 0.1               | 2.1   | 13.1                              | -4,564                     | -6.0    | 0.4                    | 17.7               | -1.6                                  | 24.4               |
| <b>Top 1 Percent</b>                  | 96.4                              | 0.4               | 1.2   | 9.9                               | -14,171                    | -2.9    | 1.5                    | 28.3               | -0.9                                  | 28.6               |
| <b>Top 0.1 Percent</b>                | 99.1                              | 0.0               | 1.6   | 5.8                               | -84,220                    | -3.4    | 0.7                    | 14.2               | -1.1                                  | 30.2               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2009<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 Percent of Total | Share of Post-Tax Income Percent of Total | Share of Federal Taxes Percent of Total |
|---------------------------------------|------------------------|------------------|--------------------------|--------------------------------------|---|---------------------------------------|--|---|---|
|                                       | Number (thousands)     | Percent of Total |                          |                                      |   |                                       |  |   |   |
| <b>Lowest Quintile</b>                | 32,429                 | 21.6             | 10,059                   | 112                                  | 9,946   | 1.1                                   | 2.9                                      | 3.6                                       | 0.2                                     |
| <b>Second Quintile</b>                | 30,972                 | 20.6             | 25,261                   | 2,162                                | 23,100  | 8.6                                   | 6.9                                      | 8.1                                       | 2.7                                     |
| <b>Middle Quintile</b>                | 29,186                 | 19.4             | 46,073                   | 7,242                                | 38,832  | 15.7                                  | 11.9                                     | 12.8                                      | 8.6                                     |
| <b>Fourth Quintile</b>                | 28,494                 | 19.0             | 76,773                   | 14,943                               | 61,830  | 19.5                                  | 19.3                                     | 19.9                                      | 17.4                                    |
| <b>Top Quintile</b>                   | 28,475                 | 19.0             | 235,357                  | 61,187                               | 174,170   | 26.0                                  | 59.3                                     | 56.0                                      | 71.0                                    |
| <b>All</b>                            | 150,241                | 100.0            | 75,289                   | 16,327                               | 58,962  | 21.7                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| <b>80-90</b>                          | 14,316                 | 9.5              | 115,555                  | 26,212                               | 89,342  | 22.7                                  | 14.6                                     | 14.4                                      | 15.3                                    |
| <b>90-95</b>                          | 7,191                  | 4.8              | 163,422                  | 39,476                               | 123,946   | 24.2                                  | 10.4                                     | 10.1                                      | 11.6                                    |
| <b>95-99</b>                          | 5,606                  | 3.7              | 292,160                  | 75,889                               | 216,271   | 26.0                                  | 14.5                                     | 13.7                                      | 17.3                                    |
| <b>Top 1 Percent</b>                  | 1,362                  | 0.9              | 1,640,591                | 482,916                              | 1,157,676                                       | 29.4                                  | 19.8                                     | 17.8                                      | 26.8                                    |
| <b>Top 0.1 Percent</b>                | 135                    | 0.1              | 7,862,950                | 2,460,647                            | 5,402,303                                       | 31.3                                  | 9.4                                      | 8.2                                       | 13.5                                    |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Number of AMT Taxpayers (millions). Baseline: 30.339 Proposal: 4.636

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients. Plus the extension of the AMT patch for 2009 for which e increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

(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 classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used 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 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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 T09-0077**  
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**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009<sup>1</sup>**  
**Detail Table - Single Tax Units**

| 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 |
| Lowest Quintile                       | 68.1                              | 0.0               | 4.4   | 16.9                              | -316                       | -61.3   | -0.9                   | 0.7                | -4.1                                  | 2.6                |
| Second Quintile                       | 77.2                              | 0.0               | 2.1   | 15.5                              | -353                       | -17.0   | -0.6                   | 4.6                | -1.9                                  | 9.0                |
| Middle Quintile                       | 95.1                              | 0.0               | 1.8   | 18.2                              | -487                       | -8.2    | -0.3                   | 12.5               | -1.5                                  | 16.3               |
| Fourth Quintile                       | 97.6                              | 0.0               | 1.2   | 16.3                              | -520                       | -4.6    | 0.3                    | 20.9               | -1.0                                  | 19.9               |
| Top Quintile                          | 94.2                              | 0.1               | 1.1   | 33.0                              | -1,274                     | -3.2    | 1.6                    | 61.3               | -0.8                                  | 25.6               |
| All                                   | 83.6                              | 0.0               | 1.6   | 100.0                             | -519                       | -5.8    | 0.0                    | 100.0              | -1.2                                  | 20.2               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                                 | 98.2                              | 0.0               | 1.0   | 8.2                               | -601                       | -3.1    | 0.4                    | 15.7               | -0.7                                  | 22.8               |
| 90-95                                 | 87.2                              | 0.3               | 0.7   | 4.1                               | -628                       | -2.2    | 0.4                    | 11.1               | -0.5                                  | 23.9               |
| 95-99                                 | 92.0                              | 0.3               | 1.4   | 9.7                               | -2,064                     | -4.0    | 0.3                    | 14.2               | -1.0                                  | 24.4               |
| Top 1 Percent                         | 94.9                              | 0.0               | 1.5   | 11.0                              | -10,939                    | -3.2    | 0.5                    | 20.4               | -1.0                                  | 30.6               |
| Top 0.1 Percent                       | 98.4                              | 0.0               | 1.8   | 5.8                               | -65,497                    | -3.4    | 0.3                    | 10.1               | -1.2                                  | 33.6               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2009<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 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                       | 17,979                 | 27.7             | 7,650                    | 516                                  | 7,135   | 6.7                                   | 5.0                                      | 6.0                                       | 1.6                                     |
| Second Quintile                       | 14,788                 | 22.8             | 19,082                   | 2,070                                | 17,012  | 10.9                                  | 10.3                                     | 11.7                                      | 5.2                                     |
| Middle Quintile                       | 12,570                 | 19.4             | 33,514                   | 5,946                                | 27,569  | 17.7                                  | 15.4                                     | 16.1                                      | 12.8                                    |
| Fourth Quintile                       | 10,552                 | 16.2             | 54,870                   | 11,411                               | 43,459  | 20.8                                  | 21.2                                     | 21.4                                      | 20.6                                    |
| Top Quintile                          | 8,719                  | 13.4             | 151,432                  | 39,958                               | 111,475   | 26.4                                  | 48.3                                     | 45.3                                      | 59.6                                    |
| All                                   | 64,958                 | 100.0            | 42,053                   | 8,992                                | 33,060  | 21.4                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| 80-90                                 | 4,605                  | 7.1              | 82,197                   | 19,332                               | 62,864  | 23.5                                  | 13.9                                     | 13.5                                      | 15.2                                    |
| 90-95                                 | 2,193                  | 3.4              | 116,199                  | 28,380                               | 87,819  | 24.4                                  | 9.3                                      | 9.0                                       | 10.7                                    |
| 95-99                                 | 1,584                  | 2.4              | 201,882                  | 51,224                               | 150,659   | 25.4                                  | 11.7                                     | 11.1                                      | 13.9                                    |
| Top 1 Percent                         | 338                    | 0.5              | 1,087,643                | 343,531                              | 744,112   | 31.6                                  | 13.5                                     | 11.7                                      | 19.9                                    |
| Top 0.1 Percent                       | 30                     | 0.1              | 5,550,592                | 1,927,489                            | 3,623,103                                       | 34.7                                  | 6.1                                      | 5.0                                       | 9.9                                     |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients. Plus the increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

(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 classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used 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 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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 T09-0077**  
**"The American Recovery and Reinvestment Tax Act of 2009"**  
**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009<sup>1</sup>**  
**Detail Table - Married Tax Units Filing Jointly**

| 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 |
| Lowest Quintile                       | 76.2                              | 0.0               | 6.6   | 4.3                               | -877                       | -767.3  | -0.4                   | -0.3               | -6.6                                  | -5.7               |
| Second Quintile                       | 88.7                              | 0.0               | 3.3   | 6.2                               | -981                       | -37.7   | -0.4                   | 0.9                | -3.0                                  | 5.0                |
| Middle Quintile                       | 96.2                              | 0.0               | 2.2   | 9.0                               | -1,101                     | -12.9   | -0.3                   | 5.3                | -1.9                                  | 12.5               |
| Fourth Quintile                       | 98.9                              | 0.0               | 2.6   | 21.2                              | -1,935                     | -11.1   | -0.5                   | 14.8               | -2.1                                  | 16.6               |
| Top Quintile                          | 99.6                              | 0.0               | 2.1   | 59.1                              | -4,395                     | -6.1    | 1.6                    | 79.2               | -1.6                                  | 24.3               |
| All                                   | 94.5                              | 0.0               | 2.4   | 100.0                             | -2,272                     | -8.0    | 0.0                    | 100.0              | -1.8                                  | 20.8               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                                 | 99.8                              | 0.0               | 2.8   | 18.9                              | -2,932                     | -9.8    | -0.3                   | 15.2               | -2.2                                  | 20.1               |
| 90-95                                 | 99.9                              | 0.0               | 2.7   | 13.5                              | -3,877                     | -8.6    | -0.1                   | 12.4               | -2.1                                  | 22.0               |
| 95-99                                 | 99.2                              | 0.1               | 2.3   | 15.9                              | -5,687                     | -6.6    | 0.3                    | 19.8               | -1.7                                  | 24.4               |
| Top 1 Percent                         | 97.6                              | 0.0               | 1.2   | 10.8                              | -15,074                    | -2.9    | 1.7                    | 31.8               | -0.8                                  | 28.1               |
| Top 0.1 Percent                       | 99.3                              | 0.0               | 1.5   | 6.4                               | -88,833                    | -3.4    | 0.8                    | 15.7               | -1.1                                  | 29.6               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2009<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 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                       | 6,621                  | 11.1             | 13,343                   | 114                                  | 13,229  | 0.9                                   | 1.2                                      | 1.5                                       | 0.0                                     |
| Second Quintile                       | 8,578                  | 14.4             | 32,397                   | 2,601                                | 29,796  | 8.0                                   | 3.7                                      | 4.4                                       | 1.3                                     |
| Middle Quintile                       | 11,027                 | 18.5             | 59,438                   | 8,506                                | 50,932  | 14.3                                  | 8.8                                      | 9.8                                       | 5.6                                     |
| Fourth Quintile                       | 14,829                 | 24.9             | 93,284                   | 17,455                               | 75,829  | 18.7                                  | 18.6                                     | 19.5                                      | 15.4                                    |
| Top Quintile                          | 18,163                 | 30.5             | 278,505                  | 72,051                               | 206,454   | 25.9                                  | 68.0                                     | 65.1                                      | 77.6                                    |
| All                                   | 59,479                 | 100.0            | 125,155                  | 28,353                               | 96,802  | 22.7                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| 80-90                                 | 8,717                  | 14.7             | 134,567                  | 30,028                               | 104,539   | 22.3                                  | 15.8                                     | 15.8                                      | 15.5                                    |
| 90-95                                 | 4,700                  | 7.9              | 186,829                  | 44,909                               | 141,920   | 24.0                                  | 11.8                                     | 11.6                                      | 12.5                                    |
| 95-99                                 | 3,780                  | 6.4              | 332,302                  | 86,888                               | 245,414   | 26.2                                  | 16.9                                     | 16.1                                      | 19.5                                    |
| Top 1 Percent                         | 965                    | 1.6              | 1,813,978                | 525,568                              | 1,288,411                                       | 29.0                                  | 23.5                                     | 21.6                                      | 30.1                                    |
| Top 0.1 Percent                       | 97                     | 0.2              | 8,464,842                | 2,593,746                            | 5,871,096                                       | 30.6                                  | 11.1                                     | 9.9                                       | 14.9                                    |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients. Plus the increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

(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 classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used 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 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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 T09-0077**  
**"The American Recovery and Reinvestment Tax Act of 2009"**  
**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009<sup>1</sup>**  
**Detail Table - Head of Household Tax Units**

| 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 |
| Lowest Quintile                       | 88.6                              | 0.0               | 8.1   | 36.9                              | -1,116                     | 126.6   | -8.7                   | -13.7              | -8.6                                  | -15.4              |
| Second Quintile                       | 96.4                              | 0.0               | 2.6   | 22.4                              | -712                       | -40.7   | -2.7                   | 6.8                | -2.4                                  | -3.5               |
| Middle Quintile                       | 98.7                              | 0.0               | 1.9   | 16.8                              | -790                       | -10.3   | 2.4                    | 30.5               | -1.6                                  | 14.0               |
| Fourth Quintile                       | 98.8                              | 0.0               | 2.1   | 13.4                              | -1,237                     | -8.1    | 3.2                    | 31.9               | -1.6                                  | 18.7               |
| Top Quintile                          | 97.9                              | 0.0               | 1.6   | 10.4                              | -2,103                     | -4.6    | 5.9                    | 44.5               | -1.2                                  | 24.2               |
| All                                   | 94.7                              | 0.0               | 2.8   | 100.0                             | -982                       | -17.2   | 0.0                    | 100.0              | -2.4                                  | 11.7               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| 80-90                                 | 99.2                              | 0.0               | 1.7   | 4.7                               | -1,460                     | -5.7    | 2.0                    | 16.2               | -1.3                                  | 22.2               |
| 90-95                                 | 95.8                              | 0.0               | 1.9   | 1.9                               | -2,115                     | -5.8    | 0.8                    | 6.6                | -1.4                                  | 23.2               |
| 95-99                                 | 96.7                              | 0.0               | 1.5   | 2.2                               | -3,114                     | -4.5    | 1.3                    | 9.5                | -1.1                                  | 23.9               |
| Top 1 Percent                         | 88.8                              | 0.0               | 1.1   | 1.6                               | -11,946                    | -2.7    | 1.8                    | 12.2               | -0.8                                  | 28.4               |
| Top 0.1 Percent                       | 98.6                              | 0.0               | 1.5   | 0.9                               | -78,341                    | -3.3    | 0.8                    | 5.8                | -1.0                                  | 30.0               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2009<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 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                       | 7,558                  | 32.5             | 12,952                   | -882                                 | 13,834  | -6.8                                  | 10.4                                     | 13.0                                      | -5.0                                    |
| Second Quintile                       | 7,198                  | 30.9             | 29,592                   | 1,748                                | 27,844  | 5.9                                   | 22.7                                     | 24.8                                      | 9.5                                     |
| Middle Quintile                       | 4,877                  | 20.9             | 49,284                   | 7,665                                | 41,618  | 15.6                                  | 25.6                                     | 25.2                                      | 28.2                                    |
| Fourth Quintile                       | 2,482                  | 10.7             | 75,584                   | 15,365                               | 60,219  | 20.3                                  | 20.0                                     | 18.5                                      | 28.7                                    |
| Top Quintile                          | 1,128                  | 4.8              | 179,427                  | 45,427                               | 134,000   | 25.3                                  | 21.5                                     | 18.7                                      | 38.6                                    |
| All                                   | 23,292                 | 100.0            | 40,351                   | 5,702                                | 34,650  | 14.1                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| 80-90                                 | 730                    | 3.1              | 109,967                  | 25,852                               | 84,115  | 23.5                                  | 8.6                                      | 7.6                                       | 14.2                                    |
| 90-95                                 | 209                    | 0.9              | 149,881                  | 36,811                               | 113,070   | 24.6                                  | 3.3                                      | 2.9                                       | 5.8                                     |
| 95-99                                 | 158                    | 0.7              | 276,495                  | 69,076                               | 207,418   | 25.0                                  | 4.7                                      | 4.1                                       | 8.2                                     |
| Top 1 Percent                         | 31                     | 0.1              | 1,510,258                | 441,162                              | 1,069,096                                       | 29.2                                  | 5.0                                      | 4.1                                       | 10.4                                    |
| Top 0.1 Percent                       | 3                      | 0.0              | 7,770,538                | 2,410,886                            | 5,359,652                                       | 31.0                                  | 2.3                                      | 1.8                                       | 5.0                                     |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. The business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://jct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to 50. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients. Plus the increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

(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

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(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 T09-0077**  
**"The American Recovery and Reinvestment Tax Act of 2009"**  
**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009<sup>1</sup>**  
**Detail Table - Tax Units with Children**

| 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>                | 93.3                              | 0.0               | 8.9   | 12.8                              | -1,374                     | 112.6   | -1.7                   | -2.8               | -9.7                                  | -18.3              |
| <b>Second Quintile</b>                | 99.4                              | 0.0               | 3.4   | 10.4                              | -1,058                     | -51.9   | -1.0                   | 1.1                | -3.2                                  | 2.9                |
| <b>Middle Quintile</b>                | 99.6                              | 0.0               | 2.3   | 11.9                              | -1,182                     | -12.4   | -0.2                   | 9.9                | -1.9                                  | 13.7               |
| <b>Fourth Quintile</b>                | 99.8                              | 0.0               | 3.1   | 23.3                              | -2,530                     | -12.3   | -0.4                   | 19.6               | -2.5                                  | 17.9               |
| <b>Top Quintile</b>                   | 99.3                              | 0.0               | 2.3   | 41.5                              | -5,250                     | -6.4    | 3.2                    | 72.1               | -1.7                                  | 25.2               |
| <b>All</b>                            | 98.2                              | 0.0               | 2.9   | 100.0                             | -2,155                     | -10.5   | 0.0                    | 100.0              | -2.3                                  | 19.2               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 99.7                              | 0.0               | 3.5   | 16.9                              | -4,082                     | -11.2   | -0.1                   | 15.9               | -2.7                                  | 21.2               |
| <b>90-95</b>                          | 100.0                             | 0.0               | 3.4   | 10.3                              | -5,449                     | -9.8    | 0.1                    | 11.1               | -2.5                                  | 23.0               |
| <b>95-99</b>                          | 98.2                              | 0.1               | 2.0   | 8.7                               | -5,705                     | -5.3    | 1.0                    | 18.1               | -1.5                                  | 25.7               |
| <b>Top 1 Percent</b>                  | 95.8                              | 0.2               | 1.0   | 5.7                               | -15,579                    | -2.4    | 2.3                    | 27.1               | -0.7                                  | 29.3               |
| <b>Top 0.1 Percent</b>                | 99.2                              | 0.0               | 1.5   | 3.7                               | -103,338                   | -3.2    | 1.0                    | 13.0               | -1.0                                  | 30.1               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2009<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 Percent of Total | Share of Post-Tax Income Percent of Total | Share of Federal Taxes Percent of Total |
|---------------------------------------|------------------------|------------------|--------------------------|--------------------------------------|---|---------------------------------------|--|---|---|
|                                       | Number (thousands)     | Percent of Total |                          |                                      |   |                                       |  |   |   |
| <b>Lowest Quintile</b>                | 9,648                  | 20.1             | 14,150                   | -1,220                               | 15,370  | -8.6                                  | 3.0                                      | 4.1                                       | -1.2                                    |
| <b>Second Quintile</b>                | 10,138                 | 21.1             | 33,628                   | 2,036                                | 31,591  | 6.1                                   | 7.4                                      | 8.9                                       | 2.1                                     |
| <b>Middle Quintile</b>                | 10,440                 | 21.7             | 61,157                   | 9,541                                | 51,616  | 15.6                                  | 13.9                                     | 15.0                                      | 10.1                                    |
| <b>Fourth Quintile</b>                | 9,539                  | 19.8             | 101,199                  | 20,635                               | 80,564  | 20.4                                  | 21.1                                     | 21.4                                      | 20.0                                    |
| <b>Top Quintile</b>                   | 8,194                  | 17.0             | 306,666                  | 82,662                               | 224,004   | 27.0                                  | 54.8                                     | 51.0                                      | 68.9                                    |
| <b>All</b>                            | 48,094                 | 100.0            | 95,281                   | 20,453                               | 74,827  | 21.5                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| <b>80-90</b>                          | 4,292                  | 8.9              | 153,064                  | 36,572                               | 116,491   | 23.9                                  | 14.3                                     | 13.9                                      | 16.0                                    |
| <b>90-95</b>                          | 1,951                  | 4.1              | 218,471                  | 55,618                               | 162,854   | 25.5                                  | 9.3                                      | 8.8                                       | 11.0                                    |
| <b>95-99</b>                          | 1,572                  | 3.3              | 392,713                  | 106,796                              | 285,917   | 27.2                                  | 13.5                                     | 12.5                                      | 17.1                                    |
| <b>Top 1 Percent</b>                  | 379                    | 0.8              | 2,144,629                | 644,140                              | 1,500,489                                       | 30.0                                  | 17.7                                     | 15.8                                      | 24.8                                    |
| <b>Top 0.1 Percent</b>                | 37                     | 0.1              | 10,295,847               | 3,201,831                            | 7,094,016                                       | 31.1                                  | 8.3                                      | 7.3                                       | 12.0                                    |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Note: Tax units with children are those claiming an exemption for children at home or away from home.

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. Business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

(1) Calendar year. Baseline is current law. For a description of "The American Recovery and Reinvestment Tax Act of 2009" see <http://fct.gov/x-5-09.pdf>. Provisions include the Making Work Pay Credit equal to 6.2% of earned income up to a maximum credit of \$500 (\$1,000 for joint filers) phased out above AGI \$75,000 (\$150,000 for joint filers). The earned income tax credit percentage for families with three or more qualifying children is increased to 45 percent and the threshold phase-out amount for joint filers is increased to \$5,000 above the phase-out threshold for single and head of household tax units. The child tax credit refundability threshold is reduced to \$0. The HOPE credit is made available for four years at a rate of 100% of the first \$2,000 of qualified expenses and 25% of the next \$2,000. The phase-out thresholds are increased to AGI \$80,000 (\$160,000 for joint filers), textbooks are made a qualifying expense and the credit is allowable against the AMT. Forty percent of the credit is made refundable. Tax incentives for businesses include special allowance for certain property acquired during 2009, temporary increase in limitation on expensing of certain depreciable business assets, and a 5 year carryback with 10 percent cutback for 2008 and 2009 NOLs with exception for TARP recipients. Plus the extension of the AMT patch for 2009 for which e: increased to \$46,700 (\$70,950 for joint filers) and personal credits are made allowable against AMT liability.

(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 classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used 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 2008 dollars): 20% \$12,921, 40% \$24,393, 60% \$41,924, 80% \$67,748, 90% \$96,780, 95% \$137,143, 99% \$359,711, 99.9% \$1,730,730.

(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 T09-0077**  
**"The American Recovery and Reinvestment Tax Act of 2009"**  
**As Reported by House Ways and Means Plus 2009 AMT Patch**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2009<sup>1</sup>**  
**Detail Table - Elderly Tax Units**

| 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>                | 36.0                              | 0.0               | 0.9   | 1.8                               | -84                        | -37.0   | -0.1                   | 0.2                | -0.8                                  | 1.4                |
| <b>Second Quintile</b>                | 57.7                              | 0.0               | 0.7   | 4.2                               | -145                       | -16.7   | -0.2                   | 1.4                | -0.7                                  | 3.4                |
| <b>Middle Quintile</b>                | 83.6                              | 0.0               | 0.8   | 5.4                               | -322                       | -11.6   | -0.2                   | 2.8                | -0.8                                  | 6.0                |
| <b>Fourth Quintile</b>                | 94.2                              | 0.0               | 1.0   | 13.0                              | -635                       | -7.4    | -0.1                   | 11.1               | -0.9                                  | 11.4               |
| <b>Top Quintile</b>                   | 98.0                              | 0.0               | 1.9   | 75.5                              | -3,457                     | -5.8    | 0.6                    | 84.4               | -1.4                                  | 22.9               |
| <b>All</b>                            | 72.1                              | 0.0               | 1.5   | 100.0                             | -910                       | -6.4    | 0.0                    | 100.0              | -1.2                                  | 17.5               |
| <b>Addendum</b>                       |                                   |                   |   |                                   |                            |         |                        |                    |                                       |                    |
| <b>80-90</b>                          | 97.9                              | 0.0               | 1.5   | 12.7                              | -1,324                     | -7.4    | -0.1                   | 10.9               | -1.3                                  | 15.8               |
| <b>90-95</b>                          | 96.5                              | 0.0               | 1.7   | 11.7                              | -2,066                     | -7.1    | -0.1                   | 10.4               | -1.4                                  | 18.2               |
| <b>95-99</b>                          | 99.6                              | 0.1               | 2.4   | 24.9                              | -4,884                     | -7.8    | -0.3                   | 20.2               | -1.8                                  | 21.7               |
| <b>Top 1 Percent</b>                  | 99.1                              | 0.2               | 1.7   | 26.2                              | -17,493                    | -4.0    | 1.1                    | 42.9               | -1.2                                  | 28.7               |
| <b>Top 0.1 Percent</b>                | 99.7                              | 0.0               | 1.9   | 13.4                              | -88,075                    | -4.0    | 0.5                    | 21.9               | -1.3                                  | 31.0               |

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2009<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 Percent of Total | Share of Post-Tax Income Percent of Total | Share of Federal Taxes Percent of Total |
|---------------------------------------|------------------------|------------------|--------------------------|--------------------------------------|---|---------------------------------------|--|---|---|
|                                       | Number (thousands)     | Percent of Total |                          |                                      |   |                                       |  |   |   |
| <b>Lowest Quintile</b>                | 5,675                  | 19.8             | 9,958                    | 227                                  | 9,731   | 2.3                                   | 2.6                                      | 3.1                                       | 0.3                                     |
| <b>Second Quintile</b>                | 7,562                  | 26.4             | 21,260                   | 867                                  | 20,393  | 4.1                                   | 7.4                                      | 8.8                                       | 1.6                                     |
| <b>Middle Quintile</b>                | 4,371                  | 15.3             | 41,175                   | 2,776                                | 38,398  | 6.7                                   | 8.3                                      | 9.5                                       | 3.0                                     |
| <b>Fourth Quintile</b>                | 5,321                  | 18.6             | 69,880                   | 8,567                                | 61,313  | 12.3                                  | 17.2                                     | 18.5                                      | 11.2                                    |
| <b>Top Quintile</b>                   | 5,689                  | 19.9             | 246,281                  | 59,798                               | 186,483   | 24.3                                  | 64.6                                     | 60.2                                      | 83.8                                    |
| <b>All</b>                            | 28,639                 | 100.0            | 75,721                   | 14,178                               | 61,543  | 18.7                                  | 100.0                                    | 100.0                                     | 100.0                                   |
| <b>Addendum</b>                       |                        |                  |                          |                                      |   |                                       |  |   |   |
| <b>80-90</b>                          | 2,500                  | 8.7              | 105,353                  | 17,930                               | 87,423  | 17.0                                  | 12.1                                     | 12.4                                      | 11.0                                    |
| <b>90-95</b>                          | 1,471                  | 5.1              | 147,862                  | 28,932                               | 118,931   | 19.6                                  | 10.0                                     | 9.9                                       | 10.5                                    |
| <b>95-99</b>                          | 1,329                  | 4.6              | 266,234                  | 62,613                               | 203,621   | 23.5                                  | 16.3                                     | 15.4                                      | 20.5                                    |
| <b>Top 1 Percent</b>                  | 391                    | 1.4              | 1,451,124                | 434,456                              | 1,016,668                                       | 29.9                                  | 26.1                                     | 22.5                                      | 41.8                                    |
| <b>Top 0.1 Percent</b>                | 40                     | 0.1              | 6,768,885                | 2,184,214                            | 4,584,672                                       | 32.3                                  | 12.4                                     | 10.3                                      | 21.3                                    |

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0308-07).

Note: Elderly tax units are those with either head or spouse (if filing jointly) age 65 or older.

NOTE: Table shows the impact of the individual income tax measures on 2009 calendar year tax liability. Some individuals may not actually receive the benefits of the provisions until filing their 2009 tax returns in April of 2010. business tax provisions are measured on a net present value basis. For more discussion of the proposals, see the TPC's Tax Stimulus Report Card: Ways and Means bill, available at <http://www.taxpolicycenter.org/publications/url.cfm?ID=411827>.

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