

**Table T09-0265**  
**Replace Employer Sponsored Health Insurance Income and Payroll Tax Exclusion, with Refundable Credit**  
**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2010 <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 (%) Points)	Under the Proposal
<b>Lowest Quintile</b>	23.8	0.5	4.4	21.4	-525	-4.4	-3.0
<b>Second Quintile</b>	44.3	4.0	2.4	23.6	-649	-2.1	7.4
<b>Middle Quintile</b>	60.1	7.7	1.8	26.8	-827	-1.5	14.2
<b>Fourth Quintile</b>	57.4	16.1	1.1	19.8	-730	-0.9	17.5
<b>Top Quintile</b>	48.9	24.8	0.2	7.9	-322	-0.1	23.5
<b>All</b>	45.1	9.0	1.1	100.0	-619	-0.9	18.3
<b>Addendum</b>							
<b>80-90</b>	51.5	24.6	0.4	4.5	-367	-0.3	20.5
<b>90-95</b>	50.1	25.3	0.2	1.9	-323	-0.2	22.6
<b>95-99</b>	42.1	26.4	0.1	0.8	-168	-0.1	24.1
<b>Top 1 Percent</b>	43.8	18.6	0.1	0.6	-483	0.0	26.2
<b>Top 0.1 Percent</b>	41.8	18.3	0.0	0.1	-470	0.0	28.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0309-3).

Number of AMT Taxpayers (millions). Baseline: 29.9

Proposal: 35.9

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored health insurance exclusion with a refundable tax credit of \$2,300 for single coverage and \$5,700 for family coverage in 2010. For subsequent years, the credit levels are indexed by the average growth between CPI and medical expenses.

(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 2009 dollars): 20% \$20,986, 40% \$40,343, 60% \$67,722, 80% \$103,623, 90% \$148,058, 95% \$202,764, 99% \$522,842, 99.9% \$2,211,666.

(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.

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**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile, 2010<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
Lowest Quintile	23.8	0.5	4.4	21.4	-525	-313.6	-1.0	-0.7	-4.4	-3.0
Second Quintile	44.3	4.0	2.4	23.6	-649	-22.5	-0.9	3.9	-2.1	7.4
Middle Quintile	60.1	7.7	1.8	26.8	-827	-9.7	-0.7	11.9	-1.5	14.2
Fourth Quintile	57.4	16.1	1.1	19.8	-730	-4.7	0.0	19.3	-0.9	17.5
Top Quintile	48.9	24.8	0.2	7.9	-322	-0.6	2.6	65.5	-0.1	23.5
All	45.1	9.0	1.1	100.0	-619	-4.6	0.0	100.0	-0.9	18.3
<b>Addendum</b>										
80-90	51.5	24.6	0.4	4.5	-367	-1.4	0.5	14.8	-0.3	20.5
90-95	50.1	25.3	0.2	1.9	-323	-0.8	0.4	11.4	-0.2	22.6
95-99	42.1	26.4	0.1	0.8	-168	-0.2	0.7	16.8	-0.1	24.1
Top 1 Percent	43.8	18.6	0.1	0.6	-483	-0.1	1.0	22.6	0.0	26.2
Top 0.1 Percent	41.8	18.3	0.0	0.1	-470	0.0	0.5	10.7	0.0	28.2

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile, 2010<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	38,620	25.2	12,010	167	11,843	1.4	4.3	5.2	0.3	
Second Quintile	34,448	22.5	30,261	2,886	27,375	9.5	9.6	10.8	4.8	
Middle Quintile	30,669	20.0	54,014	8,506	45,508	15.8	15.3	15.9	12.6	
Fourth Quintile	25,643	16.7	85,507	15,672	69,835	18.3	20.2	20.4	19.3	
Top Quintile	23,114	15.1	238,906	56,530	182,377	23.7	50.9	48.1	62.9	
All	153,231	100.0	70,800	13,560	57,240	19.2	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	11,591	7.6	123,471	25,667	97,804	20.8	13.2	12.9	14.3	
90-95	5,700	3.7	174,901	39,804	135,098	22.8	9.2	8.8	10.9	
95-99	4,645	3.0	297,819	71,968	225,852	24.2	12.8	12.0	16.1	
Top 1 Percent	1,178	0.8	1,451,896	380,199	1,071,697	26.2	15.8	14.4	21.6	
Top 0.1 Percent	118	0.1	6,359,855	1,796,537	4,563,317	28.3	6.9	6.1	10.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

Number of AMT Taxpayers (millions). Baseline: 29.9 Proposal: 35.9

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored health insurance exclusion with a refundable tax credit of \$2,300 for single coverage and \$5,700 for family coverage in 2010. For subsequent years, the credit levels are indexed by the average growth between CPI and medical expenses.

(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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(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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**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2010<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
Lowest Quintile	24.0	1.1	5.1	20.0	-596	143.8	-1.0	-1.6	-5.3	-9.0
Second Quintile	37.7	3.8	2.5	21.2	-640	-30.7	-0.9	2.3	-2.3	5.3
Middle Quintile	58.5	4.4	2.2	27.6	-892	-12.8	-0.9	9.0	-1.9	12.6
Fourth Quintile	59.2	14.4	1.0	18.9	-609	-4.5	0.0	19.0	-0.8	17.3
Top Quintile	48.7	22.1	0.2	11.6	-361	-0.8	2.7	71.2	-0.2	23.3
All	45.1	9.0	1.1	100.0	-619	-4.6	0.0	100.0	-0.9	18.3
<b>Addendum</b>										
80-90	52.1	21.6	0.5	6.3	-384	-1.8	0.5	16.9	-0.4	20.6
90-95	46.8	25.2	0.3	2.8	-352	-1.1	0.5	12.7	-0.2	22.5
95-99	43.6	20.7	0.1	1.8	-279	-0.5	0.8	18.2	-0.1	23.8
Top 1 Percent	43.1	15.6	0.1	0.7	-491	-0.2	1.0	23.5	0.0	25.9
Top 0.1 Percent	40.0	15.8	0.0	0.1	-454	0.0	0.5	11.1	0.0	28.0

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2010<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	31,830	20.8	11,250	-415	11,664	-3.7	3.3	4.2	-0.6	
Second Quintile	31,446	20.5	27,404	2,087	25,317	7.6	7.9	9.1	3.2	
Middle Quintile	29,288	19.1	48,065	6,951	41,113	14.5	13.0	13.7	9.8	
Fourth Quintile	29,391	19.2	74,458	13,455	61,003	18.1	20.2	20.4	19.0	
Top Quintile	30,538	19.9	198,493	46,623	151,870	23.5	55.9	52.9	68.5	
All	153,231	100.0	70,800	13,560	57,240	19.2	100.0	100.0	100.0	
<b>Addendum</b>										
80-90	15,520	10.1	104,652	21,915	82,736	20.9	15.0	14.6	16.4	
90-95	7,595	5.0	146,874	33,393	113,481	22.7	10.3	9.8	12.2	
95-99	5,993	3.9	253,328	60,573	192,755	23.9	14.0	13.2	17.5	
Top 1 Percent	1,430	0.9	1,261,141	326,533	934,608	25.9	16.6	15.2	22.5	
Top 0.1 Percent	141	0.1	5,569,131	1,562,106	4,007,025	28.1	7.2	6.4	10.6	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

Number of AMT Taxpayers (millions). Baseline: 29.9 Proposal: 35.9

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(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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(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 2009 dollars): 20% \$14,360, 40% \$26,282, 60% \$42,360, 80% \$64,720, 90% \$90,216, 95% \$125,349, 99% \$320,382, 99.9% \$1,352,100.

(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 T09-0265**  
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**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2010<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	19.1	0.3	4.1	24.8	-329	-97.6	-1.0	0.0	-4.0	0.1
Second Quintile	29.6	0.7	1.7	22.3	-322	-15.3	-0.7	5.3	-1.5	8.6
Middle Quintile	53.7	0.5	1.7	27.7	-490	-8.9	-0.6	12.1	-1.4	14.5
Fourth Quintile	59.1	9.9	0.7	15.1	-302	-2.9	0.3	21.8	-0.6	18.9
Top Quintile	44.7	20.3	0.2	9.3	-197	-0.7	2.1	60.7	-0.2	22.9
All	38.8	5.2	1.0	100.0	-333	-4.1	0.0	100.0	-0.8	18.2
<b>Addendum</b>										
80-90	49.5	19.7	0.3	4.8	-191	-1.1	0.6	18.2	-0.3	21.7
90-95	38.7	29.1	0.2	2.0	-168	-0.7	0.4	12.4	-0.2	23.0
95-99	40.7	11.9	0.2	2.1	-243	-0.6	0.5	14.8	-0.1	22.6
Top 1 Percent	36.3	9.3	0.0	0.4	-260	-0.1	0.6	15.4	0.0	24.8
Top 0.1 Percent	35.0	9.3	0.0	0.0	-261	0.0	0.3	7.0	0.0	27.8

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2010<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	16,716	25.1	8,315	337	7,978	4.1	4.9	5.8	1.0
Second Quintile	15,339	23.0	20,852	2,108	18,744	10.1	11.2	12.4	6.0
Middle Quintile	12,559	18.9	34,633	5,501	29,132	15.9	15.2	15.8	12.8
Fourth Quintile	11,060	16.6	53,881	10,509	43,373	19.5	20.9	20.7	21.5
Top Quintile	10,501	15.8	130,745	30,164	100,581	23.1	48.1	45.7	58.6
All	66,570	100.0	42,880	8,121	34,760	18.9	100.0	100.0	100.0
<b>Addendum</b>									
80-90	5,602	8.4	77,279	16,986	60,293	22.0	15.2	14.6	17.6
90-95	2,645	4.0	105,590	24,447	81,143	23.2	9.8	9.3	12.0
95-99	1,877	2.8	180,688	41,099	139,589	22.8	11.9	11.3	14.3
Top 1 Percent	378	0.6	852,030	211,396	640,634	24.8	11.3	10.5	14.8
Top 0.1 Percent	34	0.1	3,807,598	1,056,848	2,750,750	27.8	4.6	4.1	6.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

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(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.

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**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2010<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	29.8	1.3	6.3	13.3	-982	149.8	-0.5	-0.8	-6.6	-11.0
Second Quintile	45.1	4.0	3.0	17.2	-1,013	-43.3	-0.6	0.8	-2.8	3.7
Middle Quintile	60.9	6.2	2.2	26.8	-1,178	-14.4	-0.8	6.0	-1.9	11.3
Fourth Quintile	59.4	16.7	1.1	24.6	-811	-5.2	-0.3	16.7	-0.9	16.3
Top Quintile	51.8	22.6	0.3	17.3	-473	-0.8	2.2	77.2	-0.2	23.4
All	52.0	12.9	0.9	100.0	-828	-3.6	0.0	100.0	-0.7	19.4
<b>Addendum</b>										
80-90	54.9	22.2	0.5	9.3	-526	-2.1	0.3	16.2	-0.4	19.9
90-95	52.0	22.9	0.4	4.3	-469	-1.2	0.3	13.3	-0.3	22.3
95-99	45.8	24.7	0.2	2.5	-324	-0.5	0.7	20.4	-0.1	24.2
Top 1 Percent	46.6	17.6	0.1	1.2	-606	-0.2	0.9	27.2	0.0	26.0
Top 0.1 Percent	43.4	17.2	0.0	0.1	-585	0.0	0.5	12.7	0.0	28.0

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2010<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	6,775	11.3	14,926	-655	15,581	-4.4	1.5	1.9	-0.3
Second Quintile	8,451	14.0	35,863	2,340	33,524	6.5	4.4	5.2	1.4
Middle Quintile	11,320	18.8	62,109	8,194	53,915	13.2	10.3	11.2	6.7
Fourth Quintile	15,128	25.1	90,198	15,488	74,710	17.2	19.9	20.7	17.0
Top Quintile	18,263	30.3	240,302	56,611	183,691	23.6	64.1	61.4	75.0
All	60,204	100.0	113,658	22,891	90,767	20.1	100.0	100.0	100.0
<b>Addendum</b>									
80-90	8,793	14.6	123,255	25,064	98,191	20.3	15.8	15.8	16.0
90-95	4,619	7.7	171,822	38,705	133,116	22.5	11.6	11.3	13.0
95-99	3,856	6.4	290,460	70,626	219,833	24.3	16.4	15.5	19.8
Top 1 Percent	995	1.7	1,397,625	364,056	1,033,569	26.1	20.3	18.8	26.3
Top 0.1 Percent	99	0.2	6,085,197	1,707,062	4,378,136	28.1	8.8	7.9	12.2

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

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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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**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2010<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	29.3	2.0	5.2	27.1	-840	46.1	-10.9	-23.5	-5.9	-18.6
Second Quintile	47.2	8.5	3.1	27.0	-930	-56.3	-4.6	5.7	-3.0	2.3
Middle Quintile	71.1	3.4	3.5	29.1	-1,536	-19.8	0.7	32.1	-3.0	12.1
Fourth Quintile	69.2	10.7	1.9	12.2	-1,156	-8.1	5.5	37.6	-1.6	17.8
Top Quintile	53.9	9.7	0.8	4.5	-902	-2.5	9.4	48.1	-0.6	23.0
All	48.6	5.6	2.9	100.0	-1,043	-21.5	0.0	100.0	-2.6	9.4
<b>Addendum</b>										
80-90	57.1	10.1	1.2	3.1	-934	-4.1	3.6	19.7	-0.9	21.7
90-95	50.1	10.9	0.8	0.8	-836	-2.6	1.5	7.9	-0.6	23.1
95-99	46.4	6.8	0.5	0.6	-848	-1.6	2.0	9.6	-0.4	22.1
Top 1 Percent	39.8	6.6	0.1	0.1	-854	-0.3	2.3	10.9	-0.1	26.7
Top 0.1 Percent	38.1	6.0	0.0	0.0	-811	-0.1	1.0	4.8	0.0	28.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2010<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	8,055	33.7	14,269	-1,821	16,090	-12.8	11.9	15.2	-12.6
Second Quintile	7,226	30.2	31,520	1,652	29,868	5.2	23.6	25.4	10.3
Middle Quintile	4,714	19.7	51,250	7,750	43,500	15.1	25.0	24.1	31.5
Fourth Quintile	2,621	11.0	73,741	14,243	59,498	19.3	20.0	18.3	32.1
Top Quintile	1,238	5.2	154,432	36,350	118,082	23.5	19.8	17.2	38.7
All	23,905	100.0	40,468	4,860	35,608	12.0	100.0	100.0	100.0
<b>Addendum</b>									
80-90	813	3.4	101,814	22,997	78,816	22.6	8.6	7.5	16.1
90-95	229	1.0	136,253	32,292	103,961	23.7	3.2	2.8	6.4
95-99	164	0.7	242,819	54,393	188,426	22.4	4.1	3.6	7.7
Top 1 Percent	32	0.1	1,171,450	313,063	858,387	26.7	3.9	3.2	8.6
Top 0.1 Percent	3	0.0	5,203,211	1,479,700	3,723,510	28.4	1.6	1.3	3.8

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored health insurance exclusion with a refundable tax credit of \$2,300 for single coverage and \$5,700 for family coverage in 2010. For subsequent years, the credit levels are indexed by the average growth between CPI and medical expenses.

(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 2009 dollars): 20% \$14,360, 40% \$26,282, 60% \$42,360, 80% \$64,720, 90% \$90,216, 95% \$125,349, 99% \$320,382, 99.9% \$1,352,100.

(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 T09-0265**  
**Replace Employer Sponsored Health Insurance Income and Payroll Tax Exclusion, with Refundable Credit**  
**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2010<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
Lowest Quintile	31.2	2.8	5.2	25.0	-923	39.2	-1.4	-4.5	-6.0	-21.3
Second Quintile	49.9	10.0	2.7	25.3	-928	-49.1	-1.2	1.3	-2.6	2.6
Middle Quintile	69.6	8.7	2.3	35.4	-1,276	-13.5	-1.2	11.6	-2.0	12.8
Fourth Quintile	61.2	25.7	0.7	13.1	-521	-2.8	0.5	23.1	-0.5	18.5
Top Quintile	48.3	36.7	0.0	0.6	-31	-0.1	3.3	68.4	0.0	25.3
All	52.2	15.3	1.1	100.0	-787	-4.9	0.0	100.0	-0.9	17.9
<b>Addendum</b>										
80-90	51.4	36.1	0.1	0.8	-77	-0.2	0.8	16.3	-0.1	22.6
90-95	46.7	38.5	0.0	-0.3	67	0.1	0.6	12.5	0.0	24.3
95-99	42.6	37.7	0.0	-0.1	33	0.0	0.9	17.3	0.0	25.8
Top 1 Percent	47.5	28.7	0.0	0.3	-336	-0.1	1.1	22.4	0.0	27.9
Top 0.1 Percent	42.7	28.7	0.0	0.0	-287	0.0	0.5	10.4	0.0	29.4

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2010<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	10,443	21.3	15,423	-2,355	17,777	-15.3	3.8	5.5	-3.1
Second Quintile	10,511	21.5	36,450	1,892	34,559	5.2	9.1	10.7	2.5
Middle Quintile	10,705	21.8	64,053	9,459	54,594	14.8	16.3	17.2	12.8
Fourth Quintile	9,689	19.8	97,306	18,480	78,826	19.0	22.5	22.4	22.6
Top Quintile	7,527	15.4	270,797	68,504	202,293	25.3	48.5	44.7	65.1
All	49,010	100.0	85,705	16,163	69,542	18.9	100.0	100.0	100.0
<b>Addendum</b>									
80-90	3,798	7.8	143,251	32,494	110,757	22.7	13.0	12.3	15.6
90-95	1,938	4.0	199,087	48,340	150,747	24.3	9.2	8.6	11.8
95-99	1,431	2.9	351,828	90,753	261,075	25.8	12.0	11.0	16.4
Top 1 Percent	359	0.7	1,685,391	469,952	1,215,438	27.9	14.4	12.8	21.3
Top 0.1 Percent	35	0.1	7,514,841	2,208,581	5,306,259	29.4	6.4	5.5	9.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

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

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored health insurance exclusion with a refundable tax credit of \$2,300 for single coverage and \$5,700 for family coverage in 2010. For subsequent years, the credit levels are indexed by the average growth between CPI and medical expenses.

(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 2009 dollars): 20% \$14,360, 40% \$26,282, 60% \$42,360, 80% \$64,720, 90% \$90,216, 95% \$125,349, 99% \$320,382, 99.9% \$1,352,100.

(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 T09-0265**  
**Replace Employer Sponsored Health Insurance Income and Payroll Tax Exclusion, with Refundable Credit**  
**Credit Indexed by the Average Growth of CPI and Medical Expenses**  
**Distribution of Federal Tax Change by Cash Income Percentile Adjusted for Family Size, 2010<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
Lowest Quintile	6.8	0.2	1.6	13.6	-174	-81.6	-0.3	0.1	-1.6	0.4
Second Quintile	6.4	0.1	0.6	14.7	-134	-19.3	-0.3	1.2	-0.6	2.4
Middle Quintile	13.6	1.2	0.6	17.4	-247	-13.4	-0.3	2.2	-0.6	3.8
Fourth Quintile	22.0	6.1	0.5	27.4	-326	-4.8	-0.3	10.5	-0.5	9.5
Top Quintile	21.7	7.8	0.2	26.9	-239	-0.6	1.1	86.1	-0.1	19.8
All	14.3	3.3	0.3	100.0	-220	-1.9	0.0	100.0	-0.3	15.0
<b>Addendum</b>										
80-90	23.6	7.5	0.3	14.5	-283	-2.0	0.0	13.4	-0.3	14.1
90-95	21.8	6.8	0.2	6.6	-244	-1.0	0.1	12.1	-0.2	17.2
95-99	18.4	9.6	0.1	4.1	-151	-0.3	0.4	24.5	-0.1	20.4
Top 1 Percent	19.8	7.2	0.0	1.8	-248	-0.1	0.6	36.1	0.0	24.1
Top 0.1 Percent	18.0	6.5	0.0	0.1	-200	0.0	0.3	16.7	0.0	26.5

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Percentile Adjusted for Family Size, 2010<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	4,951	17.1	11,173	214	10,959	1.9	2.5	2.9	0.3
Second Quintile	6,980	24.2	23,058	692	22,365	3.0	7.3	8.3	1.4
Middle Quintile	4,477	15.5	41,813	1,845	39,968	4.4	8.4	9.5	2.4
Fourth Quintile	5,339	18.5	69,198	6,868	62,330	9.9	16.7	17.7	10.8
Top Quintile	7,138	24.7	202,900	40,349	162,551	19.9	65.3	61.7	85.0
All	28,907	100.0	76,779	11,728	65,051	15.3	100.0	100.0	100.0
<b>Addendum</b>									
80-90	3,254	11.3	97,204	13,937	83,267	14.3	14.3	14.4	13.4
90-95	1,705	5.9	137,094	23,843	113,250	17.4	10.5	10.3	12.0
95-99	1,729	6.0	231,394	47,287	184,107	20.4	18.0	16.9	24.1
Top 1 Percent	450	1.6	1,107,290	267,279	840,011	24.1	22.5	20.1	35.5
Top 0.1 Percent	43	0.2	4,840,556	1,284,068	3,556,488	26.5	9.4	8.2	16.4

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version0309-1).

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

(1) Calendar year. Baseline is current law. Proposal replaces the employer sponsored health insurance exclusion with a refundable tax credit of \$2,300 for single coverage and \$5,700 for family coverage in 2010. For subsequent years, the credit levels are indexed by the average growth between CPI and medical expenses.

(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 2009 dollars): 20% \$14,360, 40% \$26,282, 60% \$42,360, 80% \$64,720, 90% \$90,216, 95% \$125,349, 99% \$320,382, 99.9% \$1,352,100.

(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.