

2-May-03

**Table T03-0020**  
**Administration Stimulus Proposal**  
**Distribution of Individual Income Tax Change by Percentiles, 2003<sup>1</sup>**

AGI Class <sup>2</sup>	Percent of Returns with Tax Cut	Percent Change in After-Tax Income <sup>3</sup>	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate <sup>4</sup>	
					Current Law	Proposal
Lowest Quintile	0.2	*	*	-1	-10.1	-10.2
Second Quintile	34.7	0.3	1.1	-41	-4.9	-5.2
Middle Quintile	89.0	0.9	6.1	-227	4.4	3.6
Fourth Quintile	96.2	1.1	13.7	-510	8.9	7.9
Next 10 Percent	99.7	1.9	17.8	-1,319	11.4	9.7
Next 5 Percent	99.8	2.4	15.0	-2,224	14.2	12.2
Next 4 Percent	99.9	2.3	18.2	-3,374	18.6	16.7
Top 1 Percent	98.6	3.6	28.0	-20,762	27.8	25.2
All	64.0	1.8	100.0	-742	13.3	11.7

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0503-1).

\* Less than 0.05 percent.

(1) Calendar year. Includes the following provisions: accelerate 2006 rate cuts; dividend exclusion; accelerate marriage-penalty relief; accelerate child tax credit increase; accelerate expansion of 10-percent bracket; increase AMT exemption. Estimates for the dividend exclusion portion of the proposal assume that the details of the proposal effectively limit tax-sheltering activity. That assumption may turn out to be over-optimistic and the long-run revenue cost could turn out to be much greater.

(2) Returns with negative AGI are excluded from the lowest quintile but are included in the totals. Includes both filing and non-filing units. Returns of individuals who are dependents of other taxpayers are excluded from the analysis.

(3) After-tax income is AGI less individual income tax net of refundable credits.

(4) Average income tax, net of refundable credits, as a percentage of average AGI.