

Revised Estimates: January 16, 2003

**Table T03-0030**  
**Administration's Dividend Proposal Plus Tax Capital Gains at Ordinary Rates:**  
**Distribution of Income Tax Change by Percentiles, 2003<sup>1</sup>**

AGI Class <sup>2</sup>	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	*	-0.1	-1	-6.7	-6.8
Second Quintile	*	-0.5	-6	-2.4	-2.4
Middle Quintile	*	-1.2	-13	5.5	5.5
Fourth Quintile	0.1	-2.7	-30	9.6	9.5
Next 10 Percent	0.1	-2.0	-43	12.0	11.9
Next 5 Percent	0.1	-1.7	-76	14.8	14.7
Next 4 Percent	*	-0.7	-37	19.2	19.2
Top 1 Percent	-3.4	109.0	23,857	27.8	30.3
All	-0.5	100.0	219	13.9	14.3

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

\* Less than 0.05 percent.

(1) Calendar year. Baseline is current law. Estimates for the dividend exclusion 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. The income thresholds are (in 2001\$): second quintile, \$9,965; middle quintile, \$21,350; fourth quintile, \$37,835; next 10 percent, \$68,330; next 5 percent, \$98,054; next 4 percent, \$133,859; and top 1 percent, \$316,895.

(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.