

Revised Estimates: January 16, 2003

Table T03-0032
Administration Stimulus Proposal Plus Tax Capital Gains at Ordinary Rates:
Distribution of Income Tax Change by Percentiles, 2003¹

AGI Class ²	Percent Change in After-Tax Income ³	Percent of Total Income Tax Change	Average Tax Change (\$)	Average Income Tax Rate ⁴	
				Current Law	Proposal
Lowest Quintile	0.0	0.1	-3	-6.7	-6.8
Second Quintile	0.4	2.5	-67	-2.4	-2.8
Middle Quintile	0.9	9.2	-250	5.5	4.7
Fourth Quintile	1.1	20.1	-545	9.6	8.6
Next 10 Percent	2.0	27.9	-1,509	12.0	10.2
Next 5 Percent	2.2	20.2	-2,193	14.8	12.9
Next 4 Percent	1.8	21.0	-2,839	19.2	17.8
Top 1 Percent	-0.1	-1.1	580	27.8	27.9
All	1.2	100.0	-542	13.9	12.9

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

(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. 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.