

**Table T04-0019**  
**Kerry Plan with College Tax Credit vs. Administration's FY2005 Budget Proposal Baseline:**  
**Distribution of Individual Income and Estate Tax Change by Cash Income Class, 2005<sup>1</sup>**

Cash Income Class (thousands of 2003 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate <sup>5</sup>	
	Number (thousands)	Percent of Total				Baseline	Proposal
<b>Less than 10</b>	20,301	14.0	1.5	-6.0	-83	3.3	1.9
<b>10-20</b>	26,357	18.1	0.5	-6.2	-66	5.4	4.9
<b>20-30</b>	20,537	14.1	0.3	-4.7	-64	10.7	10.5
<b>30-40</b>	15,633	10.8	0.2	-3.3	-59	14.9	14.7
<b>40-50</b>	11,543	7.9	0.1	-2.1	-52	16.9	16.8
<b>50-75</b>	20,112	13.8	0.1	-3.4	-48	18.9	18.8
<b>75-100</b>	11,773	8.1	0.1	-2.7	-65	20.4	20.4
<b>100-200</b>	14,039	9.7	0.1	-4.9	-98	22.6	22.5
<b>200-500</b>	3,588	2.5	-0.5	13.0	1,023	25.7	26.1
<b>500-1,000</b>	593	0.4	-2.4	25.4	12,089	27.8	29.6
<b>More than 1,000</b>	284	0.2	-4.6	95.0	94,146	31.3	34.5
<b>All</b>	145,321	100.0	-0.4	100.0	194	20.7	21.1

Sources: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-4).

(1) Calendar year. Baseline is current law plus the Administration's 2005FY Budget Proposal which includes extending the following provisions: \$1,000 child tax credit amount; standard deduction and width of 15-percent bracket for married couples twice that of singles; 10-percent bracket applies to first \$14,000 of taxable income for married couples filing jointly (\$7,000 for singles and \$10,000 for heads of household), indexed for inflation after 2003; reduction in third and fourth marginal tax rates to 25 and 28 percent; the use of personal nonrefundable credits regardless of AMT liability; and AMT exemption of \$58,000 for married couples filing jointly (\$40,250 for singles and heads of household).

Kerry Plan includes the following provisions: increase top two marginal tax rates to 36 and 39.6 percent; increase tax rate on capital gains to 20 percent for taxpayers in the top two tax brackets; increase tax rate on dividends to 36 and 39.6 percent for taxpayers in the top two tax brackets; enact the College Opportunity Tax Credit; increase top estate tax rate to 48 percent; set the estate tax exemption at \$2 million per individual; increase the Qualified Family-Owned Business Interest (QFOBI) exemption to \$5 million per individual.

(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) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) 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.

(5) Average federal tax (individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax) as a percentage of average cash income.