

Table T04-0023
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, 2011¹

Cash Income Class (thousands of 2003 dollars) ²	Tax Units ³		Percent Change in After-Tax Income ⁴	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate ⁵	
	Number (thousands)	Percent of Total				Baseline	Proposal
Less than 10	20,896	13.2	1.5	-2.2	-98	2.9	1.4
10-20	28,583	18.1	0.5	-2.3	-77	5.0	4.5
20-30	21,608	13.7	0.3	-1.7	-73	10.9	10.7
30-40	16,776	10.6	0.1	-0.9	-49	14.8	14.7
40-50	12,408	7.9	*	-0.2	-18	16.8	16.8
50-75	20,269	12.8	*	0.2	11	19.6	19.7
75-100	12,969	8.2	-0.1	0.6	41	21.7	21.8
100-200	17,689	11.2	-0.3	6.9	369	24.2	24.4
200-500	4,805	3.0	-1.2	15.1	2,976	26.7	27.5
500-1,000	817	0.5	-4.3	21.6	25,135	26.2	29.3
More than 1,000	388	0.2	-6.6	62.6	153,211	29.2	33.8
All	157,762	100.0	-1.0	100.0	602	21.7	22.5

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

* Less than 0.05 percent.

(1) Calendar year. Baseline is current law plus the Administration's FY2005 Budget Proposal that proposes extending provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA) affecting the following: marginal tax rates; the 10-percent bracket; the child tax credit; the child and dependent care credit; the limitation on itemized deductions (Pease); the personal exemption phaseout (PEP); the standard deduction, 15-percent bracket, and EITC for married couples; pension and IRA provisions; estate tax exemption, rates, and state death tax credit; 15 percent tax rate on qualified dividends and capital gains (0 percent for lower-income taxpayers). The Kerry plan contains the following additional 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; eliminate the repeal of the limitation on itemized deductions (Pease) and the personal exemption phaseout (PEP); enact the College Opportunity Tax Credit; and eliminate the repeal of the estate tax: set top estate tax rate at 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.