

**Table T05-0261. Option 7: Make CDCTC Fully Refundable; Raise Top Credit Rate to 50 Percent, Phased Out Starting at \$30,000**  
**Distribution of Federal Tax Change by Cash Income Class, 2005<sup>1</sup>**  
**For Tax Units in Cities Only**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Percent of Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate <sup>5</sup>	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	3.2	0.0	0.6	17.4	-30	-21.8	0.0	0.2	-0.5	2.0
10-20	4.1	0.0	0.4	37.4	-52	-7.7	-0.1	1.1	-0.4	4.2
20-30	4.0	0.0	0.2	18.0	-34	-1.3	0.0	3.2	-0.1	10.4
30-40	6.4	0.0	0.1	15.3	-38	-0.7	0.0	5.1	-0.1	15.3
40-50	5.1	0.0	0.1	7.0	-24	-0.3	0.0	5.6	-0.1	17.9
50-75	4.3	0.0	0.0	4.5	-9	-0.1	0.0	13.3	0.0	19.5
75-100	0.1	0.0	0.0	0.0	0	0.0	0.0	10.7	0.0	20.9
100-200	0.1	0.0	0.0	0.2	-1	0.0	0.1	20.3	0.0	22.7
200-500	0.0	0.0	0.0	0.0	0	0.0	0.0	13.4	0.0	25.8
500-1,000	0.0	0.0	0.0	0.0	0	0.0	0.0	5.1	0.0	27.4
More than 1,000	0.0	0.0	0.0	0.0	0	0.0	0.1	21.9	0.0	32.6
All	3.6	0.0	0.1	100.0	-27	-0.2	0.0	100.0	-0.1	21.1

**Baseline Distribution of Income and Federal Taxes**  
**by Cash Income Class, 2005<sup>1</sup>**

Cash Income Class (thousands of 2005 dollars) <sup>2</sup>	Tax Units <sup>3</sup>		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income <sup>4</sup> (Dollars)	Average Federal Tax Rate <sup>5</sup>	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	5,004	16.1	5,447	136	5,310	2.5	1.6	2.0	0.2
10-20	6,129	19.8	14,837	680	14,157	4.6	5.4	6.5	1.2
20-30	4,470	14.4	24,828	2,617	22,211	10.5	6.5	7.4	3.3
30-40	3,409	11.0	34,934	5,391	29,544	15.4	7.0	7.5	5.1
40-50	2,502	8.1	44,667	8,032	36,635	18.0	6.6	6.9	5.6
50-75	4,009	12.9	61,174	11,915	49,259	19.5	14.5	14.8	13.3
75-100	2,123	6.9	86,181	18,050	68,131	20.9	10.8	10.8	10.7
100-200	2,411	7.8	133,111	30,226	102,884	22.7	18.9	18.6	20.3
200-500	656	2.1	283,401	73,013	210,388	25.8	11.0	10.3	13.3
500-1,000	100	0.3	672,959	184,398	488,560	27.4	4.0	3.6	5.1
More than 1,000	65	0.2	3,707,781	1,209,388	2,498,393	32.6	14.2	12.1	21.8
All	31,015	100.0	54,703	11,582	43,122	21.2	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

(1) Calendar year. Baseline is current law. The maximum credit rate would be increased from 35 percent to 50 percent. The credit rate would be reduced by one percentage point for each \$1,000 (or fraction thereof) by which AGI exceeds \$30,000. The credit would be available regardless of tax liability.

(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 (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.