

Table T06-0110
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
Distribution of Federal Tax Change by Economic Income Percentile, 2007¹

Economic Income Percentile ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Lowest Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	0.4	0.0	2.7
Second Quintile	0.0	0.0	0.0	0.0	0	0.0	0.0	2.9	0.0	8.0
Middle Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	8.5	0.0	14.1
Fourth Quintile	0.0	0.0	0.0	0.0	0	0.0	0.1	18.3	0.0	18.4
Top Quintile	0.1	0.0	0.2	99.7	-376	-0.8	-0.2	69.7	-0.2	21.7
All	0.0	0.0	0.1	100.0	-75	-0.5	0.0	100.0	-0.1	18.9
Addendum										
Top 10 Percent	0.1	0.0	0.3	99.3	-749	-1.0	-0.3	53.8	-0.2	22.0
Top 5 Percent	0.2	0.0	0.4	98.7	-1,488	-1.3	-0.3	41.7	-0.3	22.2
Top 1 Percent	0.6	0.0	0.6	82.1	-6,189	-1.8	-0.3	24.2	-0.4	23.0
Top 0.5 Percent	0.7	0.0	0.5	63.3	-9,547	-1.7	-0.2	19.5	-0.4	23.2
Top 0.1 Percent	1.0	0.0	0.4	26.5	-19,991	-1.3	-0.1	11.4	-0.3	23.0

Baseline Distribution of Income and Federal Taxes
by Economic Income Percentile, 2007¹

Economic Income Percentile ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-Tax Income Percent of Total	Share of Post-Tax Income Percent of Total	Share of Federal Taxes Percent of Total
	Number (thousands)	Percent of Total							
Lowest Quintile	28,730	19.4	10,068	272	9,795	2.7	2.7	3.2	0.4
Second Quintile	29,643	20.0	24,774	1,988	22,786	8.0	6.7	7.7	2.9
Middle Quintile	29,648	20.0	41,914	5,914	36,000	14.1	11.4	12.1	8.5
Fourth Quintile	29,641	20.0	68,708	12,670	56,038	18.4	18.7	18.8	18.2
Top Quintile	29,645	20.0	223,063	48,745	174,319	21.9	60.7	58.5	69.9
All	148,223	100.0	73,524	13,952	59,572	19.0	100.0	100.0	100.0
Addendum									
Top 10 Percent	14,822	10.0	339,045	75,388	263,657	22.2	46.1	44.3	54.0
Top 5 Percent	7,411	5.0	520,759	117,095	403,664	22.5	35.4	33.9	42.0
Top 1 Percent	1,482	1.0	1,465,760	342,530	1,123,230	23.4	19.9	18.9	24.6
Top 0.5 Percent	741	0.5	2,327,317	549,265	1,778,052	23.6	15.8	14.9	19.7
Top 0.1 Percent	148	0.1	6,873,778	1,601,905	5,271,873	23.3	9.4	8.9	11.5

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) Calendar year. Baseline is current law. Provisions include: \$3.5 million effective exemption; statutory rate of 15 percent on taxable estate up to \$5 million, 25 percent on taxable estate between \$5 million and \$10 million, 35 percent on taxable estate greater than \$10 million.

(2) Tax units with negative economic income are excluded from the lowest income class but are included in the totals. For classifier purposes, economic income has been adjusted for family size by dividing by the square root of the number of members of the tax unit. For a further description of economic 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.