

Table T06-0113
Reported Baucus Estate Tax Compromise -- Extremely Preliminary
Distribution of Federal Tax Change by Economic Income Class, 2010 ¹

Economic Income Class (thousands of 2005 dollars) 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
Less than 10	0.0	0.0	0.0	0.0	0	0.0	0.0	0.3	0.0	4.0
10-20	0.0	0.0	0.0	0.0	0	0.0	0.0	1.7	0.0	6.4
20-30	0.0	0.0	0.0	0.0	0	0.0	0.0	4.8	0.0	12.7
30-40	0.0	0.0	0.0	0.0	0	0.0	0.0	6.6	0.0	16.1
40-50	0.0	0.0	0.0	0.0	0	0.0	0.0	7.5	0.0	18.8
50-75	0.0	0.0	0.0	0.0	0	0.0	-0.1	16.4	0.0	20.7
75-100	0.0	0.0	0.0	0.0	0	0.0	-0.1	11.3	0.0	22.0
100-200	0.0	0.0	0.0	0.1	1	0.0	-0.1	19.0	0.0	22.1
200-500	0.0	0.1	-0.1	7.5	238	0.2	0.0	12.8	0.1	22.0
500-1,000	0.0	0.5	-0.4	17.2	3,149	1.3	0.1	5.6	0.3	23.4
More than 1,000	0.0	0.7	-0.7	74.5	24,751	2.2	0.2	13.9	0.5	23.5
All	0.0	0.0	-0.1	100.0	64	0.4	0.0	100.0	0.1	19.7

Baseline Distribution of Income and Federal Taxes
by Economic Income Class, 2010 ¹

Economic Income Class (thousands of 2005 dollars) 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	Share of Post-Tax Income	Share of Federal Taxes
	Number (thousands)	Percent of Total					Percent of Total	Percent of Total	Percent of Total
Less than 10	20,043	13.0	8,222	325	7,897	4.0	1.3	1.6	0.3
10-20	29,801	19.3	22,446	1,443	21,003	6.4	5.3	6.2	1.7
20-30	25,465	16.5	36,880	4,680	32,200	12.7	7.4	8.1	4.8
30-40	19,207	12.5	53,100	8,555	44,545	16.1	8.1	8.4	6.6
40-50	14,499	9.4	68,215	12,794	55,420	18.8	7.8	7.9	7.5
50-75	20,890	13.6	94,421	19,520	74,901	20.7	15.6	15.4	16.5
75-100	9,408	6.1	135,605	29,841	105,765	22.0	10.1	9.8	11.3
100-200	9,961	6.5	213,671	47,308	166,363	22.1	16.8	16.3	19.0
200-500	3,110	2.0	464,881	102,059	362,822	22.0	11.4	11.1	12.8
500-1,000	544	0.4	1,090,064	251,437	838,628	23.1	4.7	4.5	5.5
More than 1,000	299	0.2	4,928,523	1,132,731	3,795,792	23.0	11.7	11.2	13.7
All	154,170	100.0	82,056	16,069	65,987	19.6	100.0	100.0	100.0

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.