

**Table T06-0117**  
**Reported Baucus Estate Tax Compromise -- Extremely Preliminary**  
**Distribution of Federal Tax Change by Economic Income Class, 2011 <sup>1</sup>**

| Economic 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   | 0.0                               | 0.0               | 0.0   | 0.0                               | 0                          | 0.0     | 0.0                    | 0.3                | 0.0                                   | 5.6                |
| 10-20  | 0.0                               | 0.0               | 0.0   | 0.0                               | 0                          | 0.0     | 0.0                    | 2.1                | 0.0                                   | 8.7                |
| 20-30  | 0.0                               | 0.0               | 0.0   | 0.0                               | 0                          | 0.0     | 0.1                    | 5.0                | 0.0                                   | 14.6               |
| 30-40  | 0.0                               | 0.0               | 0.0   | 0.0                               | 0                          | 0.0     | 0.1                    | 6.6                | 0.0                                   | 17.6               |
| 40-50  | 0.0                               | 0.0               | 0.0   | 0.1                               | -1                         | 0.0     | 0.1                    | 7.3                | 0.0                                   | 20.3               |
| 50-75  | 0.0                               | 0.0               | 0.0   | 0.8                               | -11                        | -0.1    | 0.2                    | 16.0               | 0.0                                   | 22.1               |
| 75-100   | 0.0                               | 0.0               | 0.1   | 2.6                               | -77                        | -0.2    | 0.1                    | 11.1               | -0.1                                  | 23.3               |
| 100-200  | 0.1                               | 0.0               | 0.4   | 21.5                              | -609                       | -1.2    | 0.0                    | 18.7               | -0.3                                  | 23.1               |
| 200-500  | 0.4                               | 0.0               | 0.9   | 37.1                              | -3,376                     | -3.0    | -0.3                   | 12.7               | -0.7                                  | 23.1               |
| 500-1,000  | 0.7                               | 0.0               | 1.1   | 17.6                              | -9,226                     | -3.1    | -0.1                   | 5.7                | -0.8                                  | 25.6               |
| More than 1,000  | 1.0                               | 0.0               | 0.5   | 20.2                              | -19,370                    | -1.5    | -0.1                   | 14.1               | -0.4                                  | 25.5               |
| All  | 0.0                               | 0.0               | 0.3   | 100.0                             | -190                       | -1.0    | 0.0                    | 100.0              | -0.2                                  | 21.2               |

**Baseline Distribution of Income and Federal Taxes**  
**by Economic Income Class, 2011 <sup>1</sup>**

| Economic 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-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   | 19,892                 | 12.8             | 8,391                    | 466                                  | 7,924   | 5.6                                   | 1.3                     | 1.5                      | 0.3                    |
| 10-20  | 29,710                 | 19.1             | 22,969                   | 1,996                                | 20,973  | 8.7                                   | 5.1                     | 6.0                      | 2.1                    |
| 20-30  | 25,713                 | 16.5             | 37,580                   | 5,480                                | 32,100  | 14.6                                  | 7.3                     | 7.9                      | 5.0                    |
| 30-40  | 19,488                 | 12.5             | 54,174                   | 9,539                                | 44,635  | 17.6                                  | 8.0                     | 8.3                      | 6.5                    |
| 40-50  | 14,654                 | 9.4              | 69,398                   | 14,055                               | 55,343  | 20.3                                  | 7.7                     | 7.8                      | 7.2                    |
| 50-75  | 21,240                 | 13.6             | 96,219                   | 21,282                               | 74,937  | 22.1                                  | 15.4                    | 15.3                     | 15.9                   |
| 75-100   | 9,751                  | 6.3              | 138,307                  | 32,256                               | 106,052   | 23.3                                  | 10.2                    | 9.9                      | 11.1                   |
| 100-200  | 10,453                 | 6.7              | 218,417                  | 51,107                               | 167,309   | 23.4                                  | 17.2                    | 16.8                     | 18.8                   |
| 200-500  | 3,261                  | 2.1              | 474,020                  | 112,860                              | 361,160   | 23.8                                  | 11.7                    | 11.3                     | 12.9                   |
| 500-1,000  | 565                    | 0.4              | 1,111,260                | 293,658                              | 817,602   | 26.4                                  | 4.7                     | 4.4                      | 5.8                    |
| More than 1,000  | 309                    | 0.2              | 5,045,581                | 1,308,205                            | 3,737,376                                       | 25.9                                  | 11.7                    | 11.1                     | 14.2                   |
| All  | 155,984                | 100.0            | 85,093                   | 18,250                               | 66,843  | 21.5                                  | 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; replace the state death tax credit with a deduction for state estate taxes paid; and repeal the 5-percent surtax.

(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.