

**DISTRIBUTIONAL EFFECTS OF
A PROVISION TO PROVIDE TAX CREDITS FOR INDIVIDUAL TAXPAYERS AS CONTAINED IN
THE "ECONOMIC STIMULUS ACT OF 2008,"
AS PASSED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE ON FEBRUARY 7, 2008 (1)**

Calendar Year 2008

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Average Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present	Proposal
							Law	Proposal
Less than \$10,000.....	-\$4,856	-117.5%	\$4	0.2%	-\$1	(5)	3.7%	-0.6%
\$10,000 to \$20,000.....	-\$10,112	-72.7%	\$14	0.7%	\$4	0.2%	3.7%	1.0%
\$20,000 to \$30,000.....	-\$9,617	-24.0%	\$40	1.9%	\$31	1.5%	9.2%	7.0%
\$30,000 to \$40,000.....	-\$10,274	-15.2%	\$67	3.2%	\$57	2.9%	12.1%	10.2%
\$40,000 to \$50,000.....	-\$9,921	-11.3%	\$88	4.2%	\$78	3.9%	14.3%	12.7%
\$50,000 to \$75,000.....	-\$21,652	-8.6%	\$252	12.0%	\$230	11.5%	16.3%	14.9%
\$75,000 to \$100,000.....	-\$16,014	-6.3%	\$254	12.1%	\$238	11.9%	18.4%	17.2%
\$100,000 to \$200,000....	-\$20,199	-3.3%	\$608	28.9%	\$588	29.4%	22.4%	21.7%
\$200,000 and over.....	-\$50	(5)	\$776	36.9%	\$776	38.8%	25.8%	25.8%
Total, All Taxpayers.....	-\$102,696	-4.9%	\$2,103	100.0%	\$2,001	100.0%	19.6%	18.6%

Source: Joint Committee on Taxation

Details may not add to total due to rounding.

- (1) Distributes the effect of the tax credit for tax year 2008. Does not include amounts paid in rebates to individuals not eligible for the credit in tax year 2008. Taxpayers eligible for the credit because they receive VA disability income or VA DIC income are not included in the analysis. For this particular proposal, the distributional analysis does not include all behavioral effects.
- (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 2006 levels.
- (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.
- (4) The average tax rate is equal to Federal taxes described in footnote (3) divided by income described in footnote (2).
- (5) Less than 0.05%.

**DISTRIBUTIONAL EFFECTS BY FILING STATUS OF
A PROVISION TO PROVIDE TAX CREDITS FOR INDIVIDUAL TAXPAYERS AS CONTAINED IN
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AS PASSED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE ON FEBRUARY 7, 2008 (1)**

Calendar Year 2008

INCOME CATEGORY (2)	NUMBER OF RETURNS AFFECTED AND CHANGE IN FEDERAL TAXES (MILLIONS OF RETURNS AND DOLLARS)							
	Single Returns		Joint Returns		H of H Returns		Total Returns	
	Returns	Dollars	Returns	Dollars	Returns	Dollars	Returns	Dollars
Less than \$10,000.....	8.8	-\$2,845	1.1	-\$723	2.0	-\$1,288	11.8	-\$4,856
\$10,000 to \$20,000....	16.2	-\$5,858	2.1	-\$1,782	3.6	-\$2,472	22.0	-\$10,112
\$20,000 to \$30,000....	9.1	-\$4,554	2.5	-\$2,199	3.6	-\$2,864	15.2	-\$9,617
\$30,000 to \$40,000....	7.7	-\$4,252	3.3	-\$3,311	3.2	-\$2,711	14.2	-\$10,274
\$40,000 to \$50,000....	6.3	-\$3,701	3.8	-\$4,148	2.3	-\$2,072	12.4	-\$9,921
\$50,000 to \$75,000....	8.7	-\$5,187	11.2	-\$13,824	3.1	-\$2,642	23.0	-\$21,652
\$75,000 to \$100,000....	2.5	-\$1,096	10.4	-\$14,237	1.0	-\$681	14.0	-\$16,014
\$100,000 to \$200,000....	0.1	-\$32	15.2	-\$20,146	0.1	-\$22	15.4	-\$20,199
\$200,000 and over.....	(3)	-\$1	0.1	-\$49	(3)	(4)	0.1	-\$50
Total, All Taxpayers.....	59.4	-\$27,525	49.7	-\$60,419	19.0	-\$14,752	128.0	-\$102,696

Source: Joint Committee on Taxation

Details may not add to total due to rounding.

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(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 2006 levels. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(3) Less than 50,000.

(4) Decrease of less than \$500,000.