

**DISTRIBUTIONAL EFFECTS OF
A PROPOSAL TO PROVIDE TAX CREDITS FOR INDIVIDUAL TAXPAYERS AS CONTAINED IN H.R. 5140,
THE "RECOVERY REBATE AND ECONOMIC STIMULUS FOR THE AMERICAN PEOPLE ACT OF 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 Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$3,443	-78.2%	\$4	0.2%	\$1	(5)	3.9%	0.9%
\$10,000 to \$20,000....	-\$7,419	-51.8%	\$14	0.7%	7	0.3%	3.8%	1.8%
\$20,000 to \$30,000....	-\$9,305	-22.9%	\$41	1.9%	31	1.6%	9.3%	7.2%
\$30,000 to \$40,000....	-\$10,385	-15.3%	\$68	3.2%	58	2.9%	12.1%	10.3%
\$40,000 to \$50,000....	-\$9,927	-11.2%	\$89	4.2%	79	3.9%	14.4%	12.8%
\$50,000 to \$75,000....	-\$21,568	-8.5%	\$253	12.0%	232	11.5%	16.3%	15.0%
\$75,000 to \$100,000....	-\$16,062	-6.3%	\$255	12.1%	239	11.9%	18.4%	17.3%
\$100,000 to \$200,000....	-\$20,259	-3.3%	\$609	28.9%	589	29.3%	22.5%	21.8%
\$200,000 and over.....	-\$50	(5)	\$776	36.8%	776	38.6%	25.9%	25.9%
Total, All Taxpayers.....	-\$98,417	-4.7%	\$2,110	100.0%	\$2,011	100.0%	19.6%	18.7%

Source: Joint Committee on Taxation

Details may not add to total due to rounding.

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- (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. For this particular proposal, the distributional analysis does not include 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 effective 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 PROPOSAL TO PROVIDE TAX CREDITS FOR INDIVIDUAL TAXPAYERS AS CONTAINED IN H.R. 5140,
THE "RECOVERY REBATE AND ECONOMIC STIMULUS FOR THE AMERICAN PEOPLE ACT OF 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.....	4.1	-\$1,455	1.0	-\$687	2.0	-\$1,301	7.1	-\$3,443
\$10,000 to \$20,000.....	7.1	-\$3,144	1.8	-\$1,695	3.8	-\$2,581	12.7	-\$7,419
\$20,000 to \$30,000.....	7.1	-\$3,962	2.5	-\$2,317	3.8	-\$3,025	13.4	-\$9,305
\$30,000 to \$40,000.....	7.1	-\$4,087	3.3	-\$3,469	3.3	-\$2,829	13.7	-\$10,385
\$40,000 to \$50,000.....	6.1	-\$3,651	3.6	-\$4,171	2.3	-\$2,105	12.1	-\$9,927
\$50,000 to \$75,000.....	8.5	-\$5,152	10.7	-\$13,728	3.2	-\$2,688	22.4	-\$21,568
\$75,000 to \$100,000.....	2.5	-\$1,091	10.4	-\$14,289	1.0	-\$681	13.9	-\$16,062
\$100,000 to \$200,000.....	0.1	-\$27	15.3	-\$20,209	0.1	-\$22	15.4	-\$20,259
\$200,000 and over.....	(3)	-\$1	0.1	-\$49	(3)	(4)	0.1	-\$50
Total, All Taxpayers.....	42.6	-\$22,571	48.7	-\$60,614	19.4	-\$15,232	110.7	-\$98,417

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. For this particular proposal, the distributional analysis does not include 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.

Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(3) Less than 50,000.

(4) A decrease in taxes less than \$500,000.