

WHO PAYS THE INDIVIDUAL AMT?

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ABSTRACT

The individual AMT was intended to apply to only the relatively few high-income taxpayers that Congress believed were not paying their fair share of taxes. But between 2000 and 2010, the number of AMT taxpayers is expected to grow at an annual rate of almost 30 percent. This growth will occur primarily because of design flaws in the AMT. By 2010, under current law, almost 16 percent of all taxpayers will be subject to the AMT. Most of the taxpayers added to the AMT in the future will be taxpayers the AMT was not originally designed to affect. These taxpayers will be added to the AMT simply because they have many dependents, live in high-tax states, or are heads of household.

INTRODUCTION

Since its inception, the objective of the minimum tax has been to ensure that high-income taxpayers did not overuse certain tax deductions, exclusions, and credits to avoid paying their fair share of taxes. An add-on minimum tax (the precursor to the current individual alternative minimum tax (AMT)) was enacted following the furor that resulted from a statement in January 1969 by outgoing Treasury Secretary Joseph Barr that there were 155 individual income returns in 1967 with AGI above \$200,000 on which no federal income taxes were paid.¹

The current AMT is a substitute tax rather than an add-on tax. Because of design flaws, it increasingly affects many taxpayers not traditionally viewed as taking aggressive tax positions or abusing the system. Unless legislation is enacted, the number of affected taxpayers will increase dramatically. From 2000 to 2010, the percentage of taxpayers subject to the AMT will increase elevenfold, from 1.3 percent to 15.7 percent.²

The AMT is essentially a parallel income tax to the regular individual tax. The AMT is structured similarly to the regular tax, but the AMT is based on a broader measure of income, lower tax rates, a higher exemption, and fewer allowable tax credits.

The primary reason for the increase in the number of AMT taxpayers is that AMT parameters (i.e., the AMT exemption, the starting point of the phase-out of the AMT exemption, and the starting point of the 28-percent AMT rate) are not indexed for inflation whereas regular-tax parameters are indexed.³ Because of regular-tax indexation, inflation reduces regular-tax liability on a given amount of income, but the lack of AMT indexing causes no similar reduction in tax liability under the AMT. As a result, more taxpayers become subject to the AMT.

¹ Statement of Joseph W. Barr, January 17, 1969, in Hearings on the 1969 Economic Report of the President before the Joint Economic Committee, Committee Print, Hearings before the Joint Economic Committee (Government Printing Office, 1969), p. 46.

² For estimates in this paper, a couple filing a joint return counts as one taxpayer.

The lack of indexing exposes other AMT design flaws. For example, because the AMT does not allow deductions for personal exemptions, taxpayers with large families are more likely to be affected by the AMT than taxpayers with small families. Similarly, because the AMT does not allow deductions for state and local taxes paid, taxpayers living in high-tax states are more likely to be affected by the AMT than taxpayers living in low-tax states.⁴

Policy makers have taken some steps to correct problems with the AMT, but no long-term solution has yet been enacted. A temporary provision, enacted in 1998, prevented taxpayers from having their personal tax credits limited by the AMT. Although extended once, this provision expires December 31, 2001. The Clinton Administration, in its FY2001 budget, proposed that personal exemptions for dependents be deductible under the AMT.⁵ In 1999, the House of Representatives passed a provision that would have completely repealed the AMT.

The regular tax and the AMT treat many tax-related items (e.g., the use of tax credits and the deductibility of state and local taxes) differently. Previous studies have examined the effect of some of these differences between the regular tax and the AMT. Some studies have examined the interaction between the AMT and the child and education tax credits.⁶ Other studies have shown the relationship between the AMT and the total amount of regular-tax deductions disallowed by the AMT.⁷

³ Regular income tax parameters have been indexed for inflation since 1985.

⁴ These design flaws may not have been viewed as significant when most taxpayers subject to the AMT had tax-shelter type preferences; they are more troublesome when even taxpayers with no preferences of that type are subject to the AMT.

⁵ The Clinton Administration proposal would allow AMT deductions for (1) all but two dependent exemptions in 2000 through 2007, (2) all but one dependent exemption in 2008 and 2009, and (3) all dependent exemptions in 2010 and after. The Clinton Administration also proposed to allow the regular-tax standard deduction to be deductible under the AMT in 2000 and 2001.

⁶ See, for example, Joint Committee on Taxation, "Overview of Present Law and Issues Relating to Individual Income Taxes," JCX-18-99, April 14, 1999, pp. 41-49, or Robert Rebelein and Jerry Tempalski, "Effects of TRA '97 on the Individual AMT," *Tax Notes*, August 10, 1998, pp. 717-726.

⁷ See, for example, Beth B. Kern, "Inflation and the Individual Alternative Minimum Tax," *Tax Notes*, May 3, 1999, pp. 731-734, or David S. Hulse, "AMT Boundaries for Individuals in 1998," *Tax Notes*, September 28, 1998, pp. 1598-1600.

Studies have not yet examined the effect on taxpayers of all the major differences between the AMT and the regular tax. In this study, we attempt to fill in some of these missing pieces. After a brief discussion of how the AMT works and the costs of fixing the AMT problems, we examine why taxpayers become subject to the AMT, focusing on three important factors: (1) number of personal exemptions, (2) filing status, and (3) the taxpayer's state of residence.

All estimates in this paper were made using the Treasury Department's Individual Tax Model (ITM) in combination with the Clinton Administration's economic forecast from the FY01 Budget.⁸ The current ITM is based on the IRS's Statistics of Income (SOI) sample of tax returns for Tax Year 1995. The SOI sample is a stratified random sample of roughly 100,000 individual tax returns. The sample is weighted to produce results representative of the population filing individual tax returns in 1995. The returns in the sample are extrapolated using the FY01 Budget economic forecast to project the data characteristics of individual tax returns through 2010. A computer program uses the data in the tax returns of the extrapolated sample to calculate the tax liability of the returns for any given set of tax laws.

STRUCTURE OF THE AMT

A taxpayer's AMT liability is the excess of the taxpayer's tentative AMT (TAMT) over the taxpayer's regular income tax liability (excluding any interaction with the AMT). TAMT is the tax liability a taxpayer would have when calculated using AMT income (AMTI), the AMT

⁸ For a detailed description of the ITM, see James Cilke, The Treasury Individual Income Tax Simulation Model, Department of the Treasury, Office of Tax Analysis, April 1994. For a listing of the major items in the economic forecast of the Clinton Administration FY01 Budget, see the "Analytical Perspectives" volume of the Budget of the United States Government, Fiscal Year 2001, pg. 9.

exemption, AMT tax rates, and allowable AMT credits.⁹

AMTI is the sum of taxable income under the regular tax (as calculated on Form 1040) plus the many AMT preferences and adjustments.¹⁰ AMT preferences are items excluded from taxable income under the regular tax but included in AMTI. There are 28 AMT preferences and adjustments in 2000, with 3 items accounting for over 90 percent (in dollar terms) of total AMT preferences: state and local tax deductions (54 percent), personal exemptions (23 percent), and miscellaneous deductions above the 2-percent floor (20 percent).

The AMT exemption is \$45,000 for joint returns (\$33,750 for singles and heads-of-household (HH)); the exemption is not adjusted for inflation nor is it based on the number of dependents. The exemption is phased out at the rate of \$0.25 per \$1 of AMTI above \$150,000 for joint returns (\$112,500 for singles and HH). The AMT tax rate is 26 percent on the first \$175,000 of AMTI above the AMT exemption, and 28 percent on AMTI more than \$175,000 above the exemption.¹¹ Neither the starting point of the AMT exemption phase-out nor the starting point of the 28-percent AMT rate are indexed for inflation.

The AMT affects taxpayers primarily in three ways. First, a taxpayer can be directly subject to the AMT by having AMT liability as calculated on the AMT form (Form 6251). The excess of the taxpayer's TAMT over the taxpayer's regular income tax liability (before other taxes and credits, except the foreign tax credit) is the taxpayer's AMT liability from Form 6251.

Second, a taxpayer can be indirectly subject to the AMT because the amount of tax credits usable against regular tax liability can be limited by the AMT. The AMT can limit the

⁹ For a detailed discussion of how the AMT works, see Joint Committee on Taxation, "Present Law and Issues Relating to the Individual Alternative Minimum Tax ("AMT"), February 2, 1998, JCX-3-98, or Robert Harvey and Jerry Tempalski, "The Individual AMT: Why It Matters," National Tax Journal, September 1997, pp. 453-473.

¹⁰ Personal exemptions and disallowed net operating losses are treated here as AMT preferences.

¹¹ For taxpayers in the phase-out range of the AMT exemption, the 26-percent AMT tax rate effectively becomes a 32.5-percent rate and the 28-percent rate becomes a 35-percent rate.

ability of a taxpayer to use tax credits, because the AMT disallows the use of some credits (e.g., general business credit) when calculating TAMT. Put differently, some tax credits cannot be used in calculating a taxpayer's regular tax liability if the credits would push the taxpayer's regular tax liability below his TAMT. The effect of credits "lost" because of this AMT restriction is reflected on the credit forms themselves, rather than on Form 6251.^{12 13}

The number of credits that can be limited by the AMT will increase in 2002 under current law. A temporary provision enacted in 1998 and extended in 1999 eliminates the AMT limitation on the use of personal credits (primarily child and education credits) from 1998 through 2001.¹⁴ Beginning in 2002, however, the use of personal credits will be limited by the AMT unless the provision is extended again. An example illustrates how the child credit could be limited. Suppose a taxpayer has regular-tax liability (before tax credits) of \$1,000 in 2002, \$200 in child credits, and \$600 in TAMT, the taxpayer has a total tax liability of \$800 (\$1,000 less \$200), with no AMT liability. If, instead, the taxpayer has a TAMT of \$1,050, the taxpayer would have a total tax liability of \$1,050. This taxpayer's AMT liability would be \$250, \$50 that would be reported on the Form 6251 (\$1,050 less \$1,000) and \$200 (\$1,000 less \$800) that would be reported on the child credit form as reduced allowable credits.¹⁵

Third, the AMT can significantly complicate filing a tax return for many taxpayers, even though the taxpayers may not have any additional tax liability because of the AMT. The IRS instructions for several tax forms (including Form 1040, Form 1040A, and many tax credit

¹² A few of these "lost" credits, particularly general business credits, can be carried back or carried forward, so they may not be permanently lost.

¹³ It is important in examining IRS data to understand the data does not include the amount of tax credits lost because of the AMT. IRS data only reports AMT liability from Form 6251. Only researchers with access to a microsimulation computer model using actual tax return data can determine the amount of lost credits.

¹⁴ The personal credits affected by the temporary provision are the child, Lifetime Learning, HOPE, child-and-dependent care, adoption, D.C. homebuyer, earned income, elderly, and mortgage interest credits.

forms) instruct many (sometimes all) taxpayers who file the form to fill out a worksheet, which can be up to 12 lines long, to determine if the taxpayer might be subject to the AMT. After filling out the worksheet, some taxpayers are then instructed to fill out the 50-line AMT form to determine if they actually are subject to the AMT. Many taxpayers laboriously fill out both the worksheet and AMT form only to determine they have no additional tax liability because of the AMT.¹⁶

AMT LIABILITY AND THE NUMBER OF AMT TAXPAYERS

The top half of Table 1 shows the number of AMT taxpayers and their AMT liability over the 2000-2010 period under current law, classified by (1) those whose only effect from the AMT is shown on the AMT form, (2) those whose only effect is from lost credits, and (3) those who are affected in both ways. The table shows that the annual growth rate in both the total number of AMT taxpayers and in their AMT liability is 20 percent or more in most years. By 2010, 17 million taxpayers, almost 16 percent of all taxpayers, will be subject to the AMT. The sharp percentage increase in AMT liability and the number of AMT taxpayers in 2002 results from the expiration of the temporary provision that allows personal credits to be used regardless of TAMT.

The bottom half of Table 1 shows that if the AMT parameters had been indexed since 1986, when the AMT was significantly changed, only 0.3 million taxpayers would be subject to

¹⁵ In this paper, the term "AMT taxpayer" includes taxpayers who do not owe additional tax from the AMT form but who do lose the use of tax credits because of the AMT. Similarly, the term "AMT liability" includes both additional tax from the AMT and lost credits.

¹⁶ For a small number of taxpayers, the AMT can affect taxpayers in a fourth way. Because the AMT treats the standard deduction as a preference item, some taxpayers with itemized deductions less than the standard deduction can lower their overall tax liability if they itemize deductions rather than take the standard deduction. This tax-minimizing behavior could occur if most itemized deductions are not AMT preferences (e.g., charitable contributions). For these taxpayers, itemizing increases regular tax liability but lowers AMT liability even more, thus decreasing total tax liability.

the AMT in 2000 and roughly the same number would be subject in 2010.^{17 18} Indexed AMT parameters would result in very few taxpayers being added to the AMT in 2002 after the temporary personal credit provision expires.

Table 1 also shows that AMT liability under current law will rise from \$5.8 billion in 2000 to \$38.2 billion in 2010. If the AMT parameters had been indexed in 1986, AMT liability in 2010 would only be \$5.2 billion.

The sharp projected increase in revenue from the AMT over the next 10 years is a serious barrier to enacting permanent solutions to the AMT problems. Fixing the AMT would be very expensive. As shown in Table 2, repealing the AMT (effective January 1, 2000) would cost \$162 billion over 10 years, while just indexing the AMT parameters would cost \$83 billion over 10 years. Simply extending the temporary provision that allows the use of personal credits would cost \$29 billion over 10 years.

INCOME DISTRIBUTION OF THE AMT

Because the AMT was intended to apply primarily to high-income taxpayers, it should not be too surprising that, for the most part, the percentage of taxpayers subject to the AMT increases as AGI increases. As shown in the top half of Table 3, 2.3 percent of taxpayers with AGI between \$75,000 and \$100,000 will be subject to the AMT in 2000, whereas 18.8 percent of taxpayers with AGI between \$200,000 and \$500,000 will be subject to the AMT. In 2010, 29.3 percent of taxpayers with AGI between \$75,000 and \$100,000 will be subject to the AMT,

¹⁷ The value of the AMT exemption for joint returns in 1986 was \$40,000 (\$30,000 for singles). The exemptions were raised to their current levels in 1993. If the AMT parameters had been indexed since 1986, the value of the AMT exemption for joint returns would be about \$60,000 in 2000.

¹⁸ The major changes made to the AMT in 1986 are (1) increasing the AMT rate from 20 percent to 21 percent, (2) creating the phase-out of the AMT exemption, (3) creating the carryforward of AMT credits, (4) creating six new AMT preference items, and (5) moving the reporting of "lost tax credits" from the AMT tax form to the credit forms.

whereas 64.0 percent of taxpayers with AGI greater than \$200,000 will be subject to the AMT.

But Table 3 also shows that the percentage of taxpayers subject to the AMT actually declines quite significantly as incomes become very high. In 2000 only 7.9 percent of taxpayers with AGI above \$1 million will be subject to the AMT, whereas 18.8 percent of taxpayers with AGI between \$200,000 and \$500,000 will be. In 2010 the respective percentages are 6.0 percent and 64.0 percent. The reason for this apparent anomaly is the difference between the regular tax marginal rates and the AMT marginal rates faced by high-income taxpayers. Under the regular tax, very high-income taxpayers face a regular-tax marginal statutory rate of 36 percent or 39.6 percent. Some of these taxpayers will face a higher effective marginal tax rate because of the phase-outs of personal exemptions and itemized deductions. Under the AMT, very high-income taxpayers face an AMT marginal statutory rate of 28 percent, which increases to 35 percent for taxpayers in the phase-out range of the AMT exemption. Thus, for taxpayers in the highest income classes, the regular-tax marginal rate is higher than the AMT marginal rate. As a result, as the income of these taxpayers increases, their regular tax liability increases by more than their TAMT, and thus, they are less likely to be on the AMT.

The bottom half of Table 3 shows the distribution of AMT taxpayers by AGI class in 2000 dollars. Like the distribution in current dollars, the distribution in 2000 dollars shows that the percentage of taxpayers subject to the AMT increases as income rises, up to the highest income levels where the percentage begins to drop as income rises.

The top half of Table 4 shows the distribution of AMT liability by AGI class. The table shows that taxpayers with AGI greater than \$200,000 account for the highest percentage of total AMT liability. The significant drop in the percentage of total AMT liability accounted for by taxpayers in this AGI class between 2000 and 2005 is the result of the expiration of the

temporary provision allowing the use of personal credits. Expiration raises the AMT liability of taxpayers in the lower AGI classes but doesn't affect high-income taxpayers because high-income taxpayers are generally ineligible for these credits.

The bottom half of Table 4 shows the distribution of AMT liability by AGI class in 2000 dollars. The table shows the portion of AMT liability accounted for by taxpayers in the \$200,000 and above (in 2000 dollars) AGI class declines substantially over time. In 2005 taxpayers in this AGI class will account for 40 percent of AMT liability, whereas in 2010 they will account for only 27 percent.

AMT ADJUSTMENTS AND PREFERENCES

Table 5 shows the 28 adjustments and preferences added to (or subtracted from) taxable income to calculate AMTI. In 2000, 3 items each account for at least 20 percent of the adjustments to taxable income - state and local tax deductions (54 percent), personal exemptions (23 percent), and miscellaneous deductions above the 2-percent floor (20 percent). By 2010, personal exemptions will be the single biggest adjustment, accounting for 46 percent of the total; state and local tax deductions will be the only other adjustment to account for more than 10 percent, accounting for 44 percent.

LARGEST AMT PREFERENCE BY AGI

An AMT taxpayer's single largest AMT preference item generally is related to the taxpayer's income level. For lower-income AMT taxpayers, personal exemptions are generally the largest single AMT preference. For higher-income AMT taxpayers, state and local taxes paid

are generally the largest AMT preference.¹⁹ This is not too surprising, because state and local taxes paid generally increase as income goes up, whereas the value of personal exemptions are unaffected by income until a taxpayer reaches the starting point of the phase-out of personal exemptions, at which point the value of personal exemptions declines.

As Table 6 shows, in 2000, state and local taxes paid will be the single biggest AMT preference for about half of all AMT taxpayers; personal exemptions and miscellaneous deductions each will be the biggest preference for about 20 percent of AMT taxpayers. By 2005, however, the story will be very different. Personal exemptions will be the biggest preference for 58 percent of AMT taxpayers, whereas state and local taxes deductions will be the biggest for 31 percent. The reason for this different story is the temporary provision allowing the use of personal credits. Many taxpayers with children will not be subject to the AMT in 2000 because of this provision, but they will be subject to it in 2005. As a result, the types of taxpayers subject to the AMT in 2000 will be somewhat different than the types subject in 2005.

For taxpayers with AGIs between \$30,000 and \$75,000, personal exemptions are the single biggest AMT preference item in 2000, 2005, and 2010. In 2000, personal exemptions are the biggest preference for about half of the AMT taxpayers in this income range, whereas in 2005 and 2010, personal exemptions are the single biggest preference item for over two-thirds of the AMT taxpayers in this income range.

For AMT taxpayers with AGIs between \$100,000 and \$200,000, state and local taxes paid are the single largest preference item in 2000 by a wide margin; in 2005, personal exemptions are the largest by a slight margin; by 2010, personal exemptions are the largest

¹⁹ For AMT preferences that are itemized deductions, the analysis was based on the amounts of the deductions reported on the AMT form and does not include the effect of the phase-out of itemized deductions for high-income taxpayers. The effect of the phase-out could be included in several ways, but analysis shows that the results would change only slightly.

preference by a wide margin. For AMT taxpayers with AGIs greater than \$200,000, state and local taxes paid are the largest preference for over 75 percent of these taxpayers in all years.

NUMBER OF EXEMPTIONS²⁰

The AMT does not allow deductions for personal exemptions. The AMT has its own exemption, but, like the standard deduction, its value depends only on marital status. A taxpayer with many personal exemptions whose tax return is the same in every other respect to a taxpayer with few personal exemptions will have a lower tax liability under the regular tax.²¹ But these two taxpayers will have the same TAMT. Thus, the difference between TAMT and regular-tax liability will be greater for the taxpayer with many exemptions, and hence, that taxpayer is more likely to be subject to the AMT than the taxpayer with fewer exemptions.

As Table 7 shows, it is nearly always true that the percentage of taxpayers subject to the AMT increases with the number of personal exemptions. Moreover the percentage generally increases quite substantially as the number of exemptions increases. In 2000, for example, the AMT will affect 1 percent of taxpayers with 2 exemptions, 3 percent of taxpayers with 5 exemptions, and 13 percent of taxpayers with 7 or more exemptions. The relationship between the AMT and the number of exemptions is even more striking in 2010 - the AMT will affect 7 percent of taxpayers with 2 exemptions, 50 percent of taxpayers with 5 exemptions, and 53 percent of taxpayers with 7 or more exemptions.²²

²⁰ For the story of one married couple with 13 children and \$90,000 in income who were subject to the AMT in 1997, see "Alternative Minimum Tax, Though Aimed at Wealthy, Snags Many in Middle Class," The New York Times, January 10, 1999, Section 3, pg. 1.

²¹ This assumes the personal exemptions are not completely phased out because of high incomes.

²² The reason for the small difference between the percentages for 5 and 7 exemptions in 2010 is that by 2010, most taxpayers with 5 or more exemptions and AGIs above the AMT exemption amount will be subject to the AMT. So two additional exemptions will add relatively few taxpayers to the AMT. A married couple with \$45,000 or less in AGI will never be subject to the AMT regardless of how many children they have because of the \$45,000

As Table 7 also shows, this relationship between the AMT and the number of exemptions also holds when taxpayers in the same income class are compared. For example, in 2000, for taxpayers with between \$100,000 and \$200,000 in AGI, the AMT will affect 3 percent of taxpayers with 2 exemptions, 13 percent of taxpayers with 5 exemptions, and 49 percent of taxpayers with 7 or more exemptions. Similarly, in 2010, for taxpayers in this same income class, the AMT will affect 15 percent of taxpayers with 2 exemptions, 92 percent with 5 exemptions, and 98 percent of taxpayers with 7 or more exemptions.

STATE AND LOCAL TAX DEDUCTION

Unlike the regular tax, the AMT does not allow a deduction for state and local taxes paid. As a result, all other things being equal, a taxpayer who lives in a high-tax state and who itemizes deductions will have a lower regular-tax liability than a taxpayer who lives in a low-tax state. But the two taxpayers will have the same TAMT. Thus, the difference between TAMT and regular-tax liability will be greater for the taxpayer from the higher-tax state, and hence, the taxpayer from the high-tax state is more likely to be subject to the AMT than the taxpayer from the lower-tax state.

To determine the effect of state and local taxes paid on AMT taxpayers, we divided states into three categories – high-tax, middle-tax, and low-tax. The states were ranked by the average state and local tax deduction, as a percentage of income, for itemizers who would continue to itemize if the state and local tax deduction were eliminated. The states were then separated into three categories, with the separations made so that the number of taxpayers (and their tax liability) who reside in the states in each category account for roughly one-third of the total

AMT exemption (unless, of course, the couple has income not subject to the regular tax but subject to the AMT (e.g., stock options)).

number of taxpayers (and total tax liability). For example, low-tax states will have 33 percent of all taxpayers and 31 percent of total liability in 2000. Because the categorization was made based on the number of taxpayers and their liability, the number of states in each category differs. The results from our classification scheme seem somewhat reasonable. For example, New York and California were classified as high-tax states, and Florida and Texas, which have no income taxes, were classified as low-tax states.²³

As Table 8 shows, in each year, the AMT will affect a significantly lower percentage of taxpayers in low-tax states than in middle-tax or high-tax states. Similarly, the AMT will affect a significantly lower percentage of taxpayers in middle-tax states than in high-tax states. In 2000, for example, taxpayers in low-tax states will account for 18 percent of all AMT taxpayers, taxpayers in middle-tax states for 24 percent, and taxpayers in high-tax states for 58 percent. By 2010, high-tax states will account for only 45 percent of all AMT taxpayers. This decline will occur because taxpayers with several personal exemptions will comprise an increasing share of AMT taxpayers, thus reducing the relative importance of state and local taxes paid by AMT taxpayers.

When taxpayers are compared in specific income ranges, the AMT affects a significantly lower percentage of taxpayers in low-tax states than in high-tax states, but the difference declines over time as personal exemptions become an increasingly important reason for taxpayers being subject to the AMT. For example, in 2000, taxpayers in low-tax states in the \$100,000 to

²³ The procedure used to separate states into the three categories provided a straightforward method to analyze the effect of state and local taxes on the AMT based on the mailing addresses of taxpayers and was not intended to provide a detailed comparison of state and local taxes. The high-tax states were California, Connecticut, District of Columbia, Maryland, Massachusetts, Minnesota, New Jersey, New York, Oregon, Rhode Island, and Wisconsin. The middle-tax states were Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, New Hampshire, North Carolina, Ohio, Pennsylvania, Utah, Vermont, and Virginia. The low-tax states were Alabama, Alaska, Arizona, Arkansas, Colorado, Delaware, Florida, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee,

\$200,000 AGI range will account for 28 percent of all taxpayers in that range but will account for only 13 percent of AMT taxpayers in that AGI range, whereas taxpayers in high-tax states in that AGI range account for 41 percent of all taxpayers in that range but account for 65 percent of AMT taxpayers in that AGI range. In 2010, the respective percentages are 28 percent and 18 percent for taxpayers from low-tax states in the \$100,000 to \$200,000 range, whereas the respective percentages for taxpayers from high-tax states are 39 percent and 51 percent.

FILING STATUS

The regular tax essentially has four classifications for filing status – married filing jointly, married filing separately, head of household, and single.²⁴ The AMT has three classifications – married filing jointly, married filing separately, and single; the AMT does not have the head-of-household classification. Because of the structural problems with the AMT, heads of household are much more likely to be affected by the AMT than singles, and married couples with dependents are much more likely to be affected by the AMT than married couples without dependents.

Under the AMT, heads of household are treated as if they were single, and, thus, head-of-household status is implicitly treated as an AMT preference. The AMT eliminates three of the largest regular-tax advantages that head-of-household filers have relative to single filers. First, under the regular tax, the standard deduction for head-of-household filers is about 47 percent greater than the standard deduction for single filers. Under the AMT, the standard deduction is a preference item, and the AMT exemption is the same for singles and heads of household.

Texas, Washington, West Virginia, Wyoming, and all taxpayers not living in the 50 states or District of Columbia (e.g., taxpayers living overseas).

Second, under the regular tax, heads of household use a tax rate schedule that imposes a lower tax liability than the tax rate schedule used by singles for the same amount of taxable income. Under the AMT, heads of household and singles use the same rate schedule. Third, most heads of household have at least one dependent, whereas singles generally have no dependents. Under the regular tax, a head of household can take a personal exemption for each dependent. Under the AMT, there is no deduction for personal exemptions.

As Table 9 shows, for a given amount of AGI, the percentage of heads of household subject to the AMT is greater than the percentage of singles. And the percentage difference grows significantly in future years, particularly after the temporary provision related to the use of personal credits expires. For example, for taxpayers with between \$50,000 and \$75,000 in AGI in 2000, 1 percent of singles will be subject to the AMT, whereas 3 percent of heads of household will be. In 2010, 4 percent of singles in this income range will be subject to the AMT, whereas 49 percent of heads of household will be.

Under the AMT, married couples with dependents lose two tax advantages they have relative to married couples without dependents. First, married couples with dependents can deduct dependent exemptions under the regular tax, but they cannot deduct these exemptions under the AMT. Second, married couples with dependents are more likely than married couples without dependents to use child and education credits against their regular tax. Beginning in 2002, the AMT will limit the ability of some taxpayers to use the child and education credits.

As Table 9 shows, for a given amount of AGI in 2005 and 2010, the percentage of married couples with dependents subject to the AMT is greater than the percentage of married couples without dependents. For example, for taxpayers with between \$100,000 and \$200,000 in

²⁴ The regular tax actually has a fifth classification, qualified widow(er) with dependent child. But this classification is identical to married filing jointly in most respects, including the AMT. So, for purposes of our

AGI in 2005, 5 percent of marrieds without dependents will be subject to the AMT, whereas 24 percent of marrieds with dependents will be. In 2010, 12 percent of marrieds without dependents in this income range will be subject to the AMT, whereas 59 percent of marrieds with dependents will be.

CONCLUSION

Unless significant and costly legislation is enacted, the individual AMT will increasingly affect taxpayers whom policy makers never intended the AMT to affect. In 2010, (1) the number of personal exemptions will be the single most important reason that people are subject to the AMT, (2) more than half of families with 3 or more children will be subject to the AMT, and (3) about half of all heads of household with incomes greater than \$50,000 will be subject to the AMT.

The number of AMT taxpayers will double between 2001 and 2002 when the temporary provision related to the use of personal credits expires at the end of 2001. But even if that provision is made permanent, the number of AMT taxpayers will almost double between 2000 and 2003, and over 12 percent of taxpayers will be subject to the AMT in 2010.

analysis, people in this fifth classification are included in the married filing jointly classification.

TABLE 1 - INDIVIDUAL AMT: LIABILITY AND NUMBER OF TAXPAYERS, 2000-2010

	Calendar years										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CURRENT LAW											
Number of AMT taxpayers (millions of returns)											
Form 6251 only	1.1	1.3	1.0	1.3	1.7	2.1	2.7	3.6	4.7	6.1	7.6
"Lost" credits only	0.1	0.1	1.3	1.7	2.1	2.7	3.3	3.7	4.1	4.2	4.5
Both	0.1	0.1	0.7	0.9	1.2	1.5	1.9	2.5	3.1	4.0	4.9

Total	1.3	1.5	3.0	3.9	4.9	6.3	7.8	9.8	12.0	14.3	17.0
Percentage change from previous year		20%	99%	30%	25%	28%	24%	25%	22%	20%	19%
Percentage of taxable returns with liability from AMT	1.3%	1.6%	3.1%	4.0%	4.9%	6.2%	7.6%	9.4%	11.3%	13.4%	15.7%
AMT liability (\$ billions)											
Form 6251	3.4	3.9	4.5	5.5	6.6	8.2	10.1	12.8	16.4	20.8	26.4
"Lost" credits	2.4	2.5	3.7	4.4	5.1	5.8	6.7	7.9	9.3	10.5	11.8

Total	5.8	6.4	8.3	9.8	11.6	13.9	16.8	20.7	25.7	31.3	38.2
Percentage change from previous year		10%	30%	19%	19%	20%	21%	23%	24%	22%	22%
IF AMT PARAMETERS HAD BEEN INDEXED IN 1986 1/											
Number of AMT taxpayers (millions of returns)											
Form 6251 (also may have lost credits)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
"Lost" credits only	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

Total	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Percentage of taxable returns with liability from AMT	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
AMT liability (\$ billions)											
Form 6251	1.5	1.5	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.1	2.2
"Lost" credits	1.9	1.9	2.0	2.1	2.3	2.3	2.4	2.6	2.8	2.9	3.0

Total	3.4	3.4	3.6	3.7	3.9	3.9	4.2	4.5	4.8	5.0	5.2

Note: 1/ AMT parameters are 1) AMT exemption, 2) starting point of 28% AMT rate, and 3) starting point of AMT exemption phase-out.

TABLE 2 - REVENUE EFFECT OF VARIOUS AMT-RELATED PROVISIONS

	Fiscal years												
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2000-2005	2000-2010
Make permanent the temporary provision that allows personal credits to be used regardless of AMT													
Revenue effect (\$ billions)	0.0	0.0	-0.1	-1.2	-1.7	-2.2	-2.9	-3.6	-4.6	-5.7	-6.7	-5.3	-28.8
Number of AMT taxpayers (millions of returns) 1/	1.3	1.5	1.9	2.4	3.0	3.9	4.9	6.6	8.4	10.8	13.4		
Percentage of taxable returns with liability from AMT	1.3%	1.6%	1.9%	2.4%	3.0%	3.8%	4.8%	6.3%	7.9%	10.1%	12.3%		
Index AMT parameters at 2000 levels 2/													
Revenue effect (\$ billions)	0.0	-0.1	-0.7	-1.8	-3.1	-4.8	-7.1	-9.8	-13.6	-18.3	-24.0	-10.6	-83.3
Number of AMT taxpayers (millions of returns) 1/	1.3	1.3	1.9	2.0	1.9	2.0	1.9	2.0	2.1	2.1	2.1		
Percentage of taxable returns with liability from AMT	1.3%	1.3%	2.0%	2.0%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%		
Repeal the AMT (effective 1/1/00) 3/													
Revenue effect (\$ billions)	-1.2	-6.0	-6.8	-8.7	-10.4	-12.4	-14.9	-18.1	-22.3	-27.6	-33.7	-45.5	-162.1
Number of AMT taxpayers (millions of returns) 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Notes: 1/ Includes taxpayers who only have lost credits.

2/ AMT parameters are 1) AMT exemption, 2) starting point of 28% AMT rate, and 3) starting point of AMT exemption phase-out.

3/ The annual cost of repealing the AMT does not match the annual liability from the AMT given in Table 1 for two reasons. First, the numbers in Table 1 indicate in what year the liability is incurred, whereas the number in Table 2 indicate in what year the liability is paid. (A simple example should clarify. When taxpayers include a check with their 1999 tax returns on April 15, 2000, they are paying off in 2000 a liability incurred in 1999.) Second, the numbers in Table 1 are for calendar years, whereas the numbers in Table 2 are for fiscal years (October 1 - September 30).

TABLE 3 - NUMBER OF AMT TAXPAYERS, BY AGI (in current and constant dollars)

AGI	Total number of taxpayers			Number of AMT taxpayers 1/			% of taxpayers subject to AMT		
	2000	2005	2010	2000	2005	2010	2000	2005	2010
AGI in current dollars									
(current dollars)	(millions of returns)			(millions of returns)					
less than 0	2/	2/	2/	2/	2/	2/	3/	3/	3/
0 to 15,000	15.7	13.6	12.6	2/	2/	2/	0.1%	4/	4/
15,000 to 30,000	20.9	18.6	17.0	2/	2/	2/	4/	0.1%	4/
30,000 to 50,000	22.6	22.9	20.0	2/	0.3	0.6	0.2%	1.5%	2.9%
50,000 to 75,000	16.7	18.4	21.4	0.1	1.1	2.9	0.6%	6.1%	13.5%
75,000 to 100,000	8.6	11.6	13.1	0.2	1.7	3.8	2.3%	14.7%	29.3%
100,000 to 200,000	8.3	13.1	18.6	0.5	2.1	6.6	5.7%	16.1%	35.6%
200,000 to 500,000	1.9	2.8	4.6	0.4	1.0	3.0	18.8%	34.0%	64.0%
500,000 to 1,000,000	0.3	0.4	0.5	0.1	2/	0.1	16.5%	12.6%	13.3%
1,000,000 and up	0.2	0.3	0.4	2/	2/	2/	7.9%	6.6%	6.0%
Total	95.3	101.6	108.4	1.3	6.3	17.0	1.3%	6.2%	15.7%
AGI in constant 2000 dollars									
(2000 dollars)	(millions of returns)			(millions of returns)					
less than 0	2/	2/	2/	2/	2/	2/	3/	3/	3/
0 to 15,000	15.7	16.7	17.8	2/	2/	2/	0.1%	0.1%	4/
15,000 to 30,000	20.9	21.0	21.2	2/	2/	0.1	4/	0.2%	0.7%
30,000 to 50,000	22.6	23.7	24.9	2/	0.6	2.1	0.2%	2.4%	8.5%
50,000 to 75,000	16.7	17.7	18.7	0.1	1.7	4.5	0.6%	9.3%	24.3%
75,000 to 100,000	8.6	9.4	10.2	0.2	1.5	3.3	2.3%	16.4%	32.1%
100,000 to 200,000	8.3	10.4	12.4	0.5	1.8	5.6	5.7%	17.2%	44.8%
200,000 to 500,000	1.9	2.2	2.5	0.4	0.7	1.4	18.8%	27.5%	44.0%
500,000 to 1,000,000	0.3	0.3	0.3	0.1	2/	2/	16.5%	11.2%	10.0%
1,000,000 and up	0.2	0.3	0.3	2/	2/	2/	7.9%	6.6%	5.6%
Total	95.3	101.6	108.4	1.3	6.3	17.0	1.3%	6.2%	15.7%

Note: 1/ Includes taxpayers who only have lost tax credits.
2/ Less than 50,000.
3/ Greater than 75%.
4/ Less than 0.05%.

TABLE 4 - AMT LIABILITY, BY AGI (in current and constant dollars)

AGI	AMT liability 1/			% of total AMT liability		
	2000	2005	2010	2000	2005	2010
AGI in current dollars						
(current dollars)	(\$ billions)					
less than 0	/2	0.1	0.1	0.8%	0.4%	0.2%
0 to 15,000	/2	/2	/2	0.1%	/3	/3
15,000 to 30,000	/2	/2	/2	0.2%	0.1%	/3
30,000 to 50,000	/2	0.2	0.4	0.4%	1.6%	1.1%
50,000 to 75,000	0.1	0.9	2.6	2.2%	6.7%	6.8%
75,000 to 100,000	0.4	1.9	5.1	6.5%	13.7%	13.4%
100,000 to 200,000	1.3	4.3	13.5	22.5%	30.8%	35.5%
200,000 to and up	3.9	6.5	16.4	67.4%	46.7%	43.0%
Total	5.8	13.9	38.2	100.0%	100.0%	100.0%
AGI in 2000 dollars						
(2000 dollars)	(\$ billions)					
less than 0	/2	0.1	0.1	0.8%	0.4%	0.2%
0 to 15,000	/2	/2	/2	0.1%	/3	/3
15,000 to 30,000	/2	/2	0.1	0.2%	0.1%	0.2%
30,000 to 50,000	/2	0.4	1.7	0.4%	2.9%	4.6%
50,000 to 75,000	0.1	1.5	5.5	2.2%	10.8%	14.5%
75,000 to 100,000	0.4	2.1	6.0	6.5%	15.3%	15.7%
100,000 to 200,000	1.3	4.2	14.3	22.5%	30.0%	37.5%
200,000 to and up	3.9	5.6	10.4	67.4%	40.4%	27.3%
Total	5.8	13.9	38.2	100.0%	100.0%	100.0%

Notes: 1/ Includes lost credits.
2/ Less than \$50,000.
3/ Less than 0.05%.

**TABLE 5 - RELATIONSHIP BETWEEN TAXABLE INCOME
AND AMT INCOME FOR AMT TAXPAYERS IN 2000 AND 2010 1/ 2/**

	2000		2010	
	Reported amount (\$ millions)	% of total reconciliation	Reported amount (\$ millions)	% of total reconciliation
I. Taxable income from Form 1040	226,136		1,755,514	
II. Reconciliation of AMT with Form 1040 taxable income				
A. Adjustments and Preferences				
1 State and local tax deductions	22,507	54%	194,036	44%
2 Personal exemptions	9,605	23%	201,240	46%
3 Miscellaneous deductions above the 2-percent floor	8,414	20%	33,868	8%
4 Net operating losses	2,725	7%	6,515	1%
5 Incentive stock options	1,897	5%	4,456	1%
6 Passive activity loss	1,499	4%	2,010	/2
7 Post-1986 depreciation	1,449	3%	2,126	/2
8 Standard deduction	417	1%	21,525	5%
9 Private activity bonds interest	339	1%	801	/2
10 Medical deductions	329	1%	2,239	1%
11 Long-term contracts	320	1%	454	/2
12 Beneficiaries of estates	291	1%	465	/2
13 Installment sales	251	1%	430	/2
14 Pre-1987 accelerated depreciation	151	/2	208	/2
15 Certain home-mortgage interest	104	/2	335	/2
16 Loss limitations	84	/2	84	/2
17 Depletion	80	/2	162	/2
18 Intangible drilling costs	35	/2	74	/2
19 Circulation expenses	3	/2	20	/2
20 Mining costs	3	/2	19	/2
21 R&E expenditures	3	/2	6	/2
22 Related adjustments	1	/2	8	/2
23 Patron's adjustment	1	/2	1	/2
24 Pollution control facilities	/3	/2	/3	/2
25 Tax shelter farm loss	/3	/2	/3	/2
26 Investment interest	-11	/2	-50	/2
27 Adjusted gain or loss	-408	-1%	-695	/2
28 State and local tax refunds	-1,182	-3%	-9,154	-2%
Subtotal (Adjustments and preferences)	48,907	117%	461,183	105%
B. Other reconciliation items				
29 Limitation on itemized deductions under regular tax	-3,751	-9%	-12,374	-3%
30 Negative taxable income not reported on Form 1040	-2,598	-6%	-6,765	-2%
31 Undetermined	-891	-2%	-1,789	/2
Subtotal (Other reconciliation items)	-7,240	-17%	-20,928	-5%
Total reconciliation items:	41,667	100%	440,255	100%
III. AMT income (taxable income plus reconciliation items)	267,803		2,195,769	

Note: 1/ Includes taxpayers who only have lost tax credits.
2/ Less than 0.5%.
3/ Less than \$500,000.

**TABLE 6 - LARGEST SINGLE AMT PREFERENCE ITEM
FOR AMT TAXPAYERS 1/**

AGI	Largest Single AMT Preference Item								Total
	Personal Exemptions	State and Local Taxes	Miscellaneous Deductions	Standard Deduction	Net operating Losses	Passive Losses	Other		
2000									
(in dollars)	(% of AMT tax returns for which the preference item is the single largest preference item)								
less than 0	2/	2/	2/	2/	94%	2/	6%	100%	
0 to 15,000	2/	17%	11%	57%	10%	4%	2/	100%	
15,000 to 30,000	2/	1%	32%	2%	41%	24%	2/	100%	
30,000 to 50,000	47%	11%	36%	1%	2%	3%	2%	100%	
50,000 to 75,000	50%	4%	39%	4%	2/	1%	2%	100%	
75,000 to 100,000	34%	25%	36%	1%	2/	1%	3%	100%	
100,000 to 200,000	23%	53%	19%	1%	2/	1%	3%	100%	
200,000 and up	1%	78%	8%	5%	2/	2%	6%	100%	
Total	20%	51%	20%	3%	1%	1%	4%	100%	
2005									
less than 0	2/	2/	2/	2/	97%	1%	3%	100%	
0 to 15,000	2/	41%	25%	1%	16%	19%	2/	100%	
15,000 to 30,000	43%	28%	2/	23%	6%	1%	2/	100%	
30,000 to 50,000	90%	3%	4%	3%	2/	2/	2/	100%	
50,000 to 75,000	81%	7%	7%	4%	2/	2/	2/	100%	
75,000 to 100,000	85%	7%	7%	2/	2/	2/	2/	100%	
100,000 to 200,000	45%	43%	11%	2/	2/	2/	2%	100%	
200,000 and up	5%	84%	6%	1%	2/	1%	2%	100%	
Total	58%	31%	8%	1%	2/	2/	1%	100%	
2010									
less than 0	2/	2/	2/	2/	99%	2/	1%	100%	
0 to 15,000	2/	55%	26%	2/	9%	10%	2/	100%	
15,000 to 30,000	59%	19%	2/	4%	14%	1%	3%	100%	
30,000 to 50,000	87%	5%	2%	6%	2/	2/	2/	100%	
50,000 to 75,000	66%	9%	6%	20%	2/	2/	2/	100%	
75,000 to 100,000	80%	12%	5%	3%	2/	2/	2/	100%	
100,000 to 200,000	55%	38%	6%	1%	2/	2/	1%	100%	
200,000 and up	10%	84%	3%	1%	2/	2/	2%	100%	
Total	56%	34%	5%	5%	2/	2/	2/	100%	

Notes: 1/ Includes taxpayers who only have lost tax credits.
2/ Less than 0.5%.

**TABLE 7 - PERCENTAGE OF TAXPAYERS ON AMT,
BY NUMBER OF PERSONAL EXEMPTIONS 1/**

AGI (in dollars)	Number of personal exemptions 2/						
	1	2	3	4	5	6	7 or more
2000							
	(% of taxpayers on AMT)						
less than 0	3/	3/	2%	3/	3/	3/	3/
0 to 15,000	3/	3/	3/	3/	3/	3/	3/
15,000 to 30,000	3/	3/	3/	3/	3/	3/	3/
30,000 to 50,000	3/	3/	3/	3/	1%	3/	3/
50,000 to 75,000	1%	3/	1%	1%	1%	3%	6%
75,000 to 100,000	2%	1%	2%	3%	4%	10%	38%
100,000 to 200,000	6%	3%	4%	6%	13%	21%	49%
200,000 and up	18%	14%	18%	16%	28%	23%	4/
Total	3/	1%	1%	2%	3%	4%	13%
2005							
less than 0	3/	3/	2%	3/	3/	3/	3/
0 to 15,000	3/	3/	3/	3/	3/	3/	3/
15,000 to 30,000	3/	3/	3/	3/	3/	3/	3/
30,000 to 50,000	3/	1%	5%	4%	3%	6%	4%
50,000 to 75,000	1%	2%	12%	16%	20%	36%	30%
75,000 to 100,000	3%	2%	10%	39%	48%	72%	85%
100,000 to 200,000	9%	6%	11%	26%	43%	73%	80%
200,000 and up	35%	28%	41%	48%	73%	86%	86%
Total	1%	2%	6%	17%	24%	34%	38%
2010							
less than 0	3/	3/	3%	3/	3/	3/	3/
0 to 15,000	3/	3/	3/	3/	3/	3/	3/
15,000 to 30,000	3/	3/	3/	3/	3/	3/	3/
30,000 to 50,000	3/	2%	11%	9%	5%	8%	9%
50,000 to 75,000	2%	14%	28%	32%	28%	46%	57%
75,000 to 100,000	4%	9%	50%	83%	78%	90%	93%
100,000 to 200,000	18%	15%	34%	70%	92%	98%	98%
200,000 and up	58%	62%	82%	90%	94%	97%	100%
Total	2%	7%	20%	45%	50%	51%	53%

Notes: 1/ Includes taxpayers who only have lost tax credits.
2/ After effect of phase-out of personal exemptions, rounded to nearest whole number.
3/ Less than 0.5%
4/ Sample size is too small to yield meaningful results.

TABLE 8 - RELATIONSHIP BETWEEN AMT AND TAXATION OF STATE OF RESIDENCE

AGI (in dollars)	Percent of All Taxable Returns				Percent of AMT Tax Returns 1/				
	Low-Tax States	Middle-Tax States	High-Tax States	All States	Low-Tax States	Middle-Tax States	High-Tax States	All States	
2000									
less than 0	13%	62%	25%	100%	13%	62%	25%	100%	
0 to 15,000	33%	35%	32%	100%	1%	4%	96%	100%	
15,000 to 30,000	36%	34%	30%	100%	45%	10%	45%	100%	
30,000 to 50,000	33%	34%	33%	100%	37%	53%	10%	100%	
50,000 to 75,000	32%	35%	33%	100%	19%	33%	48%	100%	
75,000 to 100,000	29%	34%	37%	100%	17%	20%	63%	100%	
100,000 to 200,000	28%	31%	41%	100%	13%	22%	65%	100%	
200,000 and up	28%	30%	42%	100%	21%	25%	55%	100%	
Total	33%	34%	34%	100%	18%	24%	58%	100%	
2005									
less than 0	16%	58%	26%	100%	16%	58%	26%	100%	
0 to 15,000	33%	34%	33%	100%	11%	1%	88%	100%	
15,000 to 30,000	36%	35%	29%	100%	1%	72%	27%	100%	
30,000 to 50,000	34%	34%	33%	100%	23%	37%	40%	100%	
50,000 to 75,000	32%	35%	33%	100%	26%	40%	34%	100%	
75,000 to 100,000	31%	34%	35%	100%	25%	32%	43%	100%	
100,000 to 200,000	28%	32%	41%	100%	14%	25%	62%	100%	
200,000 and up	28%	30%	42%	100%	13%	24%	63%	100%	
Total	32%	34%	34%	100%	19%	30%	51%	100%	
2010									
less than 0	21%	50%	29%	100%	21%	50%	30%	100%	
0 to 15,000	33%	34%	33%	100%	9%	1%	90%	100%	
15,000 to 30,000	36%	35%	30%	100%	32%	50%	18%	100%	
30,000 to 50,000	35%	34%	32%	100%	33%	34%	33%	100%	
50,000 to 75,000	32%	34%	34%	100%	30%	33%	37%	100%	
75,000 to 100,000	31%	35%	34%	100%	27%	37%	37%	100%	
100,000 to 200,000	28%	33%	39%	100%	18%	31%	51%	100%	
200,000 and up	27%	30%	43%	100%	16%	30%	54%	100%	
Total	32%	34%	34%	100%	22%	32%	45%	100%	

Note: 1/ Includes taxpayers who only have lost credits.

**TABLE 9 - PERCENTAGE OF TAXPAYERS ON AMT,
BY FILING STATUS 1/**

AGI	Filing Status				
	Married Filing Joint	Married Filing Joint w/ dependents	Married Filing Joint w/o dependents	Single or Married Filing Separate	Head of Household
2000					
(in dollars)	(% of taxpayers on AMT)				
less than 0	2/	2/	2/	2/	2%
0 to 15,000	2/	2/	2/	2/	2/
15,000 to 30,000	2/	2/	2/	2/	2/
30,000 to 50,000	2/	2/	2/	2/	2/
50,000 to 75,000	2/	2/	2/	1%	3%
75,000 to 100,000	2%	3%	1%	2%	4%
100,000 to 200,000	5%	7%	2%	7%	20%
200,000 and up	16%	15%	18%	29%	28%
Total	2%	2%	1%	2/	1%
2005					
less than 0	2/	2/	2/	2/	2%
0 to 15,000	2/	2/	2/	2/	2/
15,000 to 30,000	2/	2/	2/	2/	2/
30,000 to 50,000	2/	2/	2/	1%	4%
50,000 to 75,000	5%	10%	2/	2%	21%
75,000 to 100,000	17%	30%	1%	4%	19%
100,000 to 200,000	16%	24%	5%	10%	34%
200,000 and up	29%	33%	24%	28%	45%
Total	8%	15%	2%	1%	4%
2010					
less than 0	2/	2/	2/	2/	2%
0 to 15,000	2/	2/	2/	2/	2/
15,000 to 30,000	2/	2/	2/	2/	2/
30,000 to 50,000	2/	2/	2/	2%	8%
50,000 to 75,000	8%	17%	1%	4%	49%
75,000 to 100,000	34%	66%	4%	6%	45%
100,000 to 200,000	37%	59%	12%	18%	59%
200,000 and up	58%	65%	49%	32%	69%
Total	21%	39%	7%	1%	12%

Note: 1/ Includes taxpayers who only have lost credits.

2/ Less than 0.5%.