

The Bush Tax Cuts: The Latest CTJ Data

March 2007

Updated estimates on the effects of the Bush tax cuts in 2001 through 2010 are on the next three pages.

Page 2 shows the effects of the enacted tax cuts by income group. It includes:

- a. the total size of the tax cuts (in billions of dollars),
- b. the shares of the total tax cuts,
- c. the average tax cuts, and
- d. the tax cuts as a percent of pretax income.

Page 3 shows the same information, *but with the 2006 AMT relief, indexed for inflation, extended through 2010.*

Page 4 provides detailed cost estimates, including the added interest on the national debt that the tax cuts entail. It also provides information on the average incomes and the income ranges for each income group.

All of the information was calculated by the Institute on Taxation and Economic Policy using its microsimulation tax model.

Effects of the Bush Tax Cuts enacted through 2006 by Income Group (calendar years)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 years
Tax cuts, \$-billions											
Lowest 20%	\$ -1.3	\$ -2.1	\$ -2.3	\$ -2.7	\$ -1.9	\$ -1.9	\$ -2.0	\$ -2.2	\$ -2.5	\$ -3.1	\$ -21.9
Second 20%	-6.4	-8.4	-10.5	-12.1	-10.9	-10.9	-11.4	-12.2	-13.1	-13.8	-109.6
Middle 20%	-9.9	-12.9	-18.9	-20.5	-18.3	-18.3	-18.8	-20.0	-21.0	-21.6	-180.2
Fourth 20%	-14.4	-20.4	-33.4	-35.5	-30.6	-31.0	-29.4	-30.4	-31.3	-31.6	-287.9
Next 15%	-14.1	-25.0	-54.2	-58.7	-51.3	-53.3	-33.2	-32.4	-31.6	-30.2	-384.2
Next 4%	-5.2	-17.3	-33.7	-37.0	-27.3	-29.7	-12.4	-12.2	-13.2	-16.5	-204.5
Top 1%	-3.9	-38.9	-71.2	-87.3	-64.5	-70.9	-72.6	-79.5	-94.4	-132.0	-715.2
ALL	\$ -55.2	\$ -124.7	\$ -223.8	\$ -253.3	\$ -205.0	\$ -216.1	\$ -179.9	\$ -189.1	\$ -207.3	\$ -248.8	\$ -1,903.1
Shares of the total tax cuts											
Lowest 20%	2.3%	1.7%	1.0%	1.1%	0.9%	0.9%	1.1%	1.2%	1.2%	1.2%	1.1%
Second 20%	11.6%	6.7%	4.7%	4.8%	5.3%	5.1%	6.3%	6.5%	6.3%	5.5%	5.8%
Middle 20%	17.9%	10.4%	8.4%	8.1%	8.9%	8.5%	10.5%	10.6%	10.1%	8.7%	9.5%
Fourth 20%	26.0%	16.4%	14.9%	14.0%	15.0%	14.3%	16.3%	16.1%	15.1%	12.7%	15.1%
Next 15%	25.6%	20.1%	24.2%	23.2%	25.0%	24.6%	18.5%	17.1%	15.3%	12.1%	20.2%
Next 4%	9.4%	13.9%	15.1%	14.6%	13.3%	13.7%	6.9%	6.4%	6.4%	6.6%	10.7%
Top 1%	7.1%	31.2%	31.8%	34.5%	31.5%	32.8%	40.3%	42.0%	45.6%	53.0%	37.6%
ALL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average tax cuts											
Lowest 20%	\$ -48	\$ -80	\$ -87	\$ -100	\$ -70	\$ -68	\$ -71	\$ -78	\$ -90	\$ -106	\$ -799
Second 20%	-244	-318	-399	-452	-401	-399	-409	-436	-459	-480	-3,997
Middle 20%	-376	-493	-719	-767	-675	-668	-678	-711	-738	-754	-6,578
Fourth 20%	-547	-778	-1,269	-1,331	-1,130	-1,130	-1,058	-1,084	-1,100	-1,099	-10,525
Next 15%	-716	-1,272	-2,749	-2,932	-2,524	-2,590	-1,595	-1,538	-1,484	-1,402	-18,803
Next 4%	-984	-3,304	-6,407	-6,937	-5,042	-5,413	-2,231	-2,169	-2,319	-2,867	-37,673
Top 1%	-2,992	-29,624	-54,084	-65,432	-47,591	-51,745	-52,254	-56,595	-66,421	-91,896	-518,635
ALL	\$ -414	\$ -936	\$ -1,677	\$ -1,871	\$ -1,491	\$ -1,554	\$ -1,277	\$ -1,328	\$ -1,438	\$ -1,709	\$ -13,695
Tax cuts as % of income											
Lowest 20%	-0.5%	-0.8%	-0.9%	-1.0%	-0.6%	-0.6%	-0.6%	-0.6%	-0.7%	-0.8%	-0.7%
Second 20%	-1.2%	-1.6%	-2.0%	-2.1%	-1.8%	-1.7%	-1.7%	-1.7%	-1.8%	-1.8%	-1.7%
Middle 20%	-1.2%	-1.5%	-2.2%	-2.2%	-1.9%	-1.8%	-1.7%	-1.7%	-1.7%	-1.7%	-1.8%
Fourth 20%	-1.0%	-1.5%	-2.3%	-2.3%	-1.9%	-1.8%	-1.6%	-1.6%	-1.6%	-1.5%	-1.7%
Next 15%	-0.8%	-1.4%	-2.9%	-3.0%	-2.4%	-2.4%	-1.4%	-1.3%	-1.2%	-1.1%	-1.8%
Next 4%	-0.5%	-1.7%	-3.3%	-3.2%	-2.2%	-2.2%	-0.9%	-0.8%	-0.9%	-1.0%	-1.7%
Top 1%	-0.3%	-3.1%	-5.3%	-5.4%	-3.5%	-3.5%	-3.6%	-3.8%	-4.4%	-5.7%	-3.9%
ALL	-0.8%	-1.8%	-3.1%	-3.2%	-2.4%	-2.3%	-1.9%	-1.9%	-2.0%	-2.2%	-2.1%

ADDENDUM: Total cost including interest

\$-billions	\$ -56.3	\$ -129.4	\$ -235.7	\$ -276.8	\$ -242.6	\$ -265.4	\$ -240.8	\$ -261.5	\$ -292.4	\$ -348.7	\$ -2,349.8
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Source: Institute on Taxation and Economic Policy Tax Model, March 2007

Effects of the Bush tax cuts enacted through 2006 with AMT relief extended through 2010 (cal. yrs.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 years
Tax cuts, \$-billions											
Lowest 20%	\$ -1.3	\$ -2.1	\$ -2.3	\$ -2.7	\$ -1.9	\$ -1.9	\$ -2.0	\$ -2.2	\$ -2.5	\$ -3.1	\$ -21.9
Second 20%	-6.4	-8.4	-10.5	-12.1	-10.9	-10.9	-11.4	-12.2	-13.1	-13.8	-109.6
Middle 20%	-9.9	-12.9	-18.9	-20.5	-18.3	-18.3	-19.1	-20.3	-21.5	-22.4	-182.1
Fourth 20%	-14.4	-20.4	-33.4	-35.5	-30.6	-31.0	-32.6	-35.5	-38.5	-41.8	-313.6
Next 15%	-14.1	-25.0	-54.2	-58.7	-51.3	-53.3	-56.5	-61.9	-67.0	-72.6	-514.7
Next 4%	-5.2	-17.3	-33.7	-37.0	-27.3	-29.7	-31.7	-34.6	-38.1	-44.1	-298.9
Top 1%	-3.9	-38.9	-71.2	-87.3	-64.5	-70.9	-73.5	-80.4	-95.4	-132.8	-718.8
ALL	\$ -55.2	\$ -124.7	\$ -223.8	\$ -253.3	\$ -205.0	\$ -216.1	\$ -227.0	\$ -247.4	\$ -276.2	\$ -330.6	\$ -2,159.2
Shares of the total tax cuts											
Lowest 20%	2.3%	1.7%	1.0%	1.1%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%
Second 20%	11.6%	6.7%	4.7%	4.8%	5.3%	5.1%	5.0%	4.9%	4.7%	4.2%	5.1%
Middle 20%	17.9%	10.4%	8.4%	8.1%	8.9%	8.5%	8.4%	8.2%	7.8%	6.8%	8.4%
Fourth 20%	26.0%	16.4%	14.9%	14.0%	15.0%	14.3%	14.4%	14.3%	13.9%	12.6%	14.5%
Next 15%	25.6%	20.1%	24.2%	23.2%	25.0%	24.6%	24.9%	25.0%	24.3%	21.9%	23.8%
Next 4%	9.4%	13.9%	15.1%	14.6%	13.3%	13.7%	14.0%	14.0%	13.8%	13.3%	13.8%
Top 1%	7.1%	31.2%	31.8%	34.5%	31.5%	32.8%	32.4%	32.5%	34.5%	40.2%	33.3%
ALL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average tax cuts											
Lowest 20%	\$ -48	\$ -80	\$ -87	\$ -100	\$ -70	\$ -68	\$ -71	\$ -78	\$ -90	\$ -106	\$ -799
Second 20%	-244	-318	-399	-452	-401	-399	-409	-436	-459	-480	-3,997
Middle 20%	-376	-493	-719	-767	-675	-668	-687	-724	-756	-780	-6,645
Fourth 20%	-547	-778	-1,269	-1,331	-1,130	-1,130	-1,173	-1,264	-1,354	-1,454	-11,430
Next 15%	-716	-1,272	-2,749	-2,932	-2,524	-2,590	-2,712	-2,940	-3,142	-3,368	-24,946
Next 4%	-984	-3,304	-6,407	-6,937	-5,042	-5,413	-5,712	-6,155	-6,697	-7,682	-54,334
Top 1%	-2,992	-29,624	-54,084	-65,432	-47,591	-51,745	-52,948	-57,275	-67,069	-92,461	-521,222
ALL	\$ -414	\$ -936	\$ -1,677	\$ -1,871	\$ -1,491	\$ -1,554	\$ -1,611	\$ -1,737	\$ -1,916	\$ -2,271	\$ -15,479
Tax cuts as % of income											
Lowest 20%	-0.5%	-0.8%	-0.9%	-1.0%	-0.6%	-0.6%	-0.6%	-0.6%	-0.7%	-0.8%	-0.7%
Second 20%	-1.2%	-1.6%	-2.0%	-2.1%	-1.8%	-1.7%	-1.7%	-1.7%	-1.8%	-1.8%	-1.7%
Middle 20%	-1.2%	-1.5%	-2.2%	-2.2%	-1.9%	-1.8%	-1.8%	-1.8%	-1.8%	-1.8%	-1.8%
Fourth 20%	-1.0%	-1.5%	-2.3%	-2.3%	-1.9%	-1.8%	-1.8%	-1.9%	-1.9%	-2.0%	-1.8%
Next 15%	-0.8%	-1.4%	-2.9%	-3.0%	-2.4%	-2.4%	-2.4%	-2.5%	-2.6%	-2.6%	-2.3%
Next 4%	-0.5%	-1.7%	-3.3%	-3.2%	-2.2%	-2.2%	-2.3%	-2.4%	-2.5%	-2.8%	-2.3%
Top 1%	-0.3%	-3.1%	-5.3%	-5.4%	-3.5%	-3.5%	-3.6%	-3.9%	-4.4%	-5.7%	-3.9%
ALL	-0.8%	-1.8%	-3.1%	-3.2%	-2.4%	-2.3%	-2.4%	-2.5%	-2.6%	-3.0%	-2.4%

ADDENDUM: Total cost including interest

\$-billions	\$ -56.3	\$ -129.4	\$ -235.7	\$ -276.8	\$ -242.6	\$ -265.4	\$ -289.0	\$ -323.5	\$ -368.2	\$ -441.2	\$ -2,628.1
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Source: Institute on Taxation and Economic Policy Tax Model, March 2007

Size of the Bush tax cuts enacted through 2006, calendar years, \$-billions

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10 years
Current Law											
Tax Cuts	\$ -55	\$ -125	\$ -224	\$ -253	\$ -205	\$ -216	\$ -180	\$ -189	\$ -207	\$ -249	\$ -1,903
Added interest (-)	-1	-5	-12	-24	-38	-49	-61	-72	-85	-100	-447
Total cost	\$ -56	\$ -129	\$ -236	\$ -277	\$ -243	\$ -265	\$ -241	\$ -262	\$ -292	\$ -349	\$ -2,350
With AMT relief extended for 2007-10											
Tax Cuts	\$ -55	\$ -125	\$ -224	\$ -253	\$ -205	\$ -216	\$ -227	\$ -247	\$ -276	\$ -331	\$ -2,159
Added interest (-)	-1	-5	-12	-24	-38	-49	-62	-76	-92	-111	-469
Total cost	\$ -56	\$ -129	\$ -236	\$ -277	\$ -243	\$ -265	\$ -289	\$ -324	\$ -368	\$ -441	\$ -2,628
Addendum: Cost of extended AMT relief											
Tax Cuts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -47	\$ -58	\$ -69	\$ -82	\$ -256
Added interest (-)	-	-	-	-	-	-	-1	-4	-7	-11	-22
Total cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -48	\$ -62	\$ -76	\$ -92	\$ -278

Note: Figures include all of the Bush tax cuts enacted so far. Alternative Minimum Tax relief expires after 2006 under current law.

Source: Institute on Taxation and Economic Policy Tax Model, March 2007

Background Information on incomes & income ranges

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Average incomes										
Lowest 20%	\$ 9,600	\$ 9,700	\$ 10,000	\$ 10,400	\$ 10,800	\$ 11,300	\$ 11,800	\$ 12,200	\$ 12,700	\$ 13,400
Second 20%	19,700	19,800	20,300	21,100	22,100	23,200	24,000	24,900	25,900	27,200
Middle 20%	32,200	32,400	33,100	34,600	36,100	37,900	39,300	40,800	42,400	44,300
Fourth 20%	53,000	53,000	54,200	56,900	59,600	62,700	64,800	67,300	70,000	73,000
Next 15%	91,800	91,200	93,400	99,200	104,000	110,000	113,000	117,000	122,000	127,000
Next 4%	194,000	190,000	196,000	214,000	229,000	242,000	248,000	256,000	264,000	277,000
Top 1%	1,027,000	963,000	1,021,000	1,207,000	1,361,000	1,458,000	1,464,000	1,485,000	1,513,000	1,615,000
ALL	\$ 53,900	\$ 53,100	\$ 54,700	\$ 59,200	\$ 63,200	\$ 66,800	\$ 68,500	\$ 70,700	\$ 73,100	\$ 76,800
Break-points (end points)										
Lowest 20%	\$ 15,000	\$ 15,000	\$ 15,000	\$ 16,000	\$ 17,000	\$ 17,000	\$ 18,000	\$ 19,000	\$ 19,000	\$ 20,000
Second 20%	25,000	25,000	26,000	27,000	28,000	30,000	31,000	32,000	33,000	35,000
Middle 20%	41,000	41,000	42,000	44,000	46,000	48,000	50,000	52,000	54,000	56,000
Fourth 20%	68,000	68,000	70,000	73,000	77,000	81,000	84,000	87,000	90,000	94,000
Next 15%	136,000	134,000	138,000	148,000	157,000	166,000	170,000	176,000	182,000	191,000
Next 4%	342,000	331,000	344,000	385,000	416,000	441,000	450,000	462,000	476,000	500,000
Top 1%	no limit	no limit	no limit	no limit	no limit	no limit	no limit	no limit	no limit	no limit

Note: Income is total cash income, including amounts not reported on tax returns. Changes in realized capital gains can cause fluctuations in the top income groups.

Source: Institute on Taxation and Economic Policy Tax Model, March 2007