

AMT Repeal Would Heavily Favor the Wealthy

Repeal of the individual Alternative Minimum Tax would add more than \$50 billion to the federal budget deficit in 2006, and would reduce revenues by more than \$600 billion over 10 years. The tax cuts would be heavily tilted in favor of the wealthy.

S. 1103, introduced by Senators Max Baucus (D-Mont.), Chuck Grassley (R-Iowa), Ron Wyden (D-Ore.), Jon Kyl (R-Ariz.), Charles Schumer (D-N.Y.) and Mike Crapo (R-Idaho) on May 23, 2005, would repeal the AMT, with no revenue offsets. An analysis of S.1103 finds that in 2006:

- The 62 percent of all taxpayers earning less than \$50,000 would get virtually nothing—an average tax reduction of \$3.
- The best off one percent of taxpayers, those making more than \$400,000, would get almost a quarter of the tax reductions—an average of \$8,385 each.
- The 1/10th of one percent of taxpayers making more than \$2 million would get tax cuts averaging \$22,862 each.
- The total tax reduction for the 127,000 taxpayers making in excess of \$2 million would be 13 times as large as the total tax reduction for the 85 million taxpayers earning \$50,000 or less.

“With all the financial problems facing our nation, it’s bizarre that some Senators think our most pressing need is to pass still more tax cuts for the wealthy,” said Robert S. McIntyre, director of Citizens for Tax Justice, which released the analysis.

“To be sure, the AMT could use reform,” McIntyre added. “But any changes to the AMT should be paid for equitably, not put on the national credit card.”

“S. 1103 is unfair and irresponsible,” McIntyre concluded. “Its sponsors should be ashamed of themselves.”

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Cuts in Personal Income Taxes in 2006 from Repealing the Alternative Minimum Tax

Income group	% of all tax units	Average income	% of total tax cut	Average tax cut
Less than \$ 10,000	8.2%	\$ 5,900	—	\$ —
\$ 10,000 – 20,000	17.3%	15,200	—	—
\$ 20,000 – 30,000	15.5%	24,700	—	—
\$ 30,000 – 40,000	12.0%	34,700	0.1%	–4
\$ 40,000 – 50,000	8.9%	44,800	0.3%	–13
\$ 50,000 – 75,000	15.6%	61,500	2.6%	–62
\$ 75,000 – 100,000	9.0%	86,200	8.5%	–353
\$ 100,000 – 150,000	7.5%	120,000	20.6%	–1,025
\$ 150,000 – 200,000	2.4%	171,000	13.9%	–2,205
\$ 200,000 – 300,000	1.6%	240,000	20.7%	–4,752
\$ 300,000 – 400,000	0.6%	343,000	11.1%	–7,160
\$ 400,000 – 500,000	0.3%	446,000	6.0%	–7,738
\$ 500,000 – 750,000	0.3%	603,000	5.4%	–6,243
\$ 750,000 – 1,000,000	0.1%	860,000	2.1%	–6,080
\$ 1,000,000 – 2,000,000	0.2%	1,365,000	3.0%	–7,348
\$ 2,000,000 – 5,000,000	0.07%	2,973,000	2.3%	–13,263
\$ 5,000,000 – 10,000,000	0.02%	6,832,000	1.2%	–26,915
\$ 10,000,000 – 20,000,000	0.01%	13,594,000	0.8%	–50,203
\$ 20,000,000 or more	0.004%	42,991,000	1.3%	–136,086
ALL	100.0%	\$ 63,400	100.0%	\$ –375
Addendum:				
Less than \$ 50,000	61.9%	\$ 24,400	0.4%	\$ –3
\$ 400,000 or more	1.0%	1,201,000	22.1%	–8,385
\$ 2,000,000 or more	0.1%	5,901,000	5.6%	–22,862