

Tax Subsidies
to Help Working Families
in Cities

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Abstract

This paper examines how federal tax policy could improve the economic prospects of low- and middle-income working families in cities. It shows how existing federal tax rules affect these families, and that various public policies are available to provide better economic opportunities and incentives for these households. In particular, policies that expand and modify the child care and dependent care tax credit, the saver's credit, and subsidies for health insurance, or that alter the structure of homeownership subsidies away from deductions and toward capped credits for homeownership, could improve economic prospects for millions of working families who live in urban areas. The significant link between *federal* tax policies and the welfare of households in *cities* is an area of growing awareness and increasing importance and should receive the attention of both urban leaders and federal policymakers in the future.

Tax Policies to Help Working Families in Cities

This paper examines how federal tax policy could improve the economic prospects of low- and middle-income working families in cities, with a specific focus on initiatives that improve opportunities for work, child care, retirement saving, homeownership, and health insurance coverage. The significant link between *federal* tax policies and the welfare of households in *cities* is an area of growing awareness and increasing importance. The link stems from developments in the nature of both urban policy and federal tax policy.

The notion of what constitutes “urban policy” has undergone substantial transformation in recent years. During the past few decades, as declines in employment and population reduced economic performance in many older cities, urban policymakers often turned to small, targeted programs aimed at distressed neighborhoods, dilapidated housing, or specific constituencies. Now, however, there is growing recognition that the impact of federal fiscal and regulatory policies on urban areas is substantial, and in many cases significantly outweighs the effects of targeted local initiatives.¹ Devolution of wide-ranging policy responsibilities to state and local governments, in some cases without accompanying fiscal resources, is one obvious example of the power of federal policies to influence urban areas and residents. Other policies have effects that may be more subtle but are still substantial.²

As a result, a growing number of mayors and county officials have become active participants in national discussions on the future of federal health, transportation, education, and tax programs. For example, local leaders across the United States have mounted outreach campaigns aimed at connecting lower-income residents to the federal Earned Income Tax Credit and stimulating greater economic activity in their local economies.³

At the same time, the nature and scope of federal tax policy have changed as well. Traditionally, federal efforts to help low- and moderate-income families were designed as spending programs. The past 15 years, however, have seen a pronounced shift in the structure of such assistance. Federal tax policy has now come to play a central role in the well-being of poor and moderate-income households.⁴ Social policy programs now

¹ See Bruce Katz, “Enough of the Small Stuff! Toward a New Urban Agenda,” *Brookings Review* 18, No. 3 (2000): 4–9; Howard Chernick and Andrew Reschovsky, “Lost in the Balance: How State Policies Affect the Health of Central Cities” (Washington, DC: The Brookings Institution, 2001); and Joseph Persky and Haydar Kurban, “Do Federal Funds Better Support Cities or Suburbs? A Spatial Analysis of Federal Spending in the Chicago Metropolis” (Washington, DC: The Brookings Institution, 2001).

² These include the mortgage interest deduction, which in many metropolitan areas results in a net transfer from struggling cities to wealthy suburbs. See Joseph Gyourko and Todd Sinai, “The Spatial Distribution of Housing-Related Tax Benefits in the United States” (Washington, DC: The Brookings Institution, 2001).

³ See Alan Berube, “Rewarding Work Through the Tax Code: The Power and Potential of the Earned Income Tax Credit in 27 Cities and Rural Areas” (Washington, DC: The Brookings Institution, 2003).

⁴ See Frank Sammartino, Eric Toder, and Elaine Maag, “Providing Federal Assistance for Low-Income Families through the Tax System: A Primer” (Washington, DC: The Urban Institute, 2002).

account for about one-quarter to one-third of all federal tax expenditures. Almost all new recent policy expansions for low- and middle-income households have taken the form of tax subsidies rather than direct spending programs. The Earned Income Tax Credit (EITC) has become the largest cash assistance program for low-income families. The largest increase in support of those families in the past decade came by way of the Child Tax Credit (CTC), enacted in 1997 and expanded in 2001. The largest program to build affordable housing is administered not by HUD, but by the IRS: the low-income housing tax credit. Virtually all recent subsidies for higher education and health insurance have taken the form of tax credits and deductions.⁵

This shift has many causes, including the widely acclaimed success of the EITC, political realities that favor items that can be called “tax cuts” over the same program enacted as a “spending increase,” and budget rules in the 1990s that often favored designing new programs as tax expenditures rather than as direct spending. Sweeping welfare reform in 1996 was a watershed in this shift, too, as it moved millions of low-income families into the workforce. Whatever the other merits and flaws of the reform, an unmistakable effect is that it raised the number of low-income people who file a tax return and thus are in a position to qualify for, and benefit from, tax-based assistance.

These changes have fundamentally transformed the way the federal government provides services and collects taxes, and raise issues for both tax and social policy. The fact that big cities continue to house disproportionate shares of lower-income households highlights the critical links between these trends in the structure of federal spending and tax policies, on one hand, and the welfare and economic prosperity of urban areas and residents, on the other.⁶

In light of these developments, this paper examines how existing federal tax rules, and changes in the rules, affect low- and moderate-income workers and families that reside in urban areas.⁷ Various public policies are available to provide better economic opportunities and incentives for these households. In particular, policies that expand and modify the child care and dependent care tax credit, the saver’s credit, and subsidies for health insurance, and that alter the structure of homeownership subsidies away from mortgage interest deductions and toward credits for homeownership, could improve economic prospects for millions of working families that live in urban areas.

⁵ A similar transformation has occurred in many states, too. Several states, for example, have used excess TANF funds to help finance the refundable portion of state EITCs.

⁶ Alan Berube and Thacher Tiffany, “Shape of the Curve: Household Income Distributions in U.S. Cities, 1979–1999” (Washington, DC: The Brookings Institution, 2004).

⁷ The paper synthesizes, integrates, and extends results from several earlier papers published by the Tax Policy Center as part of this project. See William G. Gale, J. Mark Iwry, and Peter R. Orszag, “Improving Tax Incentives for Low-Income Savers: The Saver’s Credit,” TPC discussion paper 22; Leonard E. Burman, Elaine Maag, and Jeffrey Rohaly, “Tax Subsidies to Help Low-Income Families Pay for Child Care,” TPC discussion paper 23; Leonard E. Burman and Jonathan Gruber, “Tax Credits for Health Insurance,” TPC discussion paper 19; and Adam Carasso, C. Eugene Steuerle, and Elizabeth Bell, “Making Tax Incentives for Homeownership More Equitable and Efficient,” TPC discussion paper 21.

The rest of the paper is organized as follows. Section I discusses the importance of distinguishing between alternative forms of federal intervention. Section II discusses our methodology. Sections III–VI examine policies that affect opportunities for work and child care, saving, health insurance coverage, and home ownership, respectively. Section VII concludes.

I. Alternative Forms of Tax Incentives

Despite the substantial shift of social policy into the tax code, current tax institutions and rules are not designed to assist low- and moderate-income households. Traditionally, tax preferences have been provided through *incentives to producers* of particular activities or *deductions* of expenses for selected activities, such as mortgage interest payments. Neither approach is particularly well-suited to serving the interests of low- and moderate-income households.

Subsidies aimed at producers of goods and services consumed by low-income households, such as housing or health care, create numerous pitfalls. A key problem is that because the producers aim to maximize their own profits, a significant portion of the funds may be siphoned away from low-income consumers. Also, producer subsidies give incentives to taxable entities only; nonprofits and governmental agencies, as well as companies without taxable income, cannot directly participate in the program, even though they might be best suited to providing the products or services.⁸

The benefits of deductions also largely bypass low- and moderate-income households, but for different reasons. First, most such households take the standard deduction, so providing itemized deductions for particular preferred activities does not offer an incentive at all. Second, even when those households do itemize deductions, they typically fall into low marginal tax rate brackets—0, 10, or 15 percent—so the deduction is worth very little (no more than 15 cents per dollar of expenses) and thus provides little incentive. In fact, more than 30 percent of households are in the zero bracket or do not file tax returns; about half of the others do not itemize their deductions. None of these households receives any benefit from a deduction. In contrast, a high-income taxpayer taking the same deduction could save at least 35 percent of the cost in tax savings, a much more substantial incentive. In short, in a progressive tax system—where tax rates rise with income—deductions tend to provide an “upside-down” subsidy structure, giving the largest benefits to the most well-off households and little or no benefits to low-income households.

In contrast, many recent initiatives—including the EITC and the child credit—have been enacted as *credits* rather than deductions. Unlike deductions, credits do not increase the rate of subsidy as income rises from moderate levels. The effect on low-income households depends on whether the credit is refundable. A refundable credit is

⁸ Note that the efficiency of the low-income housing tax credit (LIHTC), measured by the net equity invested per credit dollar expended, has increased over time, and that not-for-profit intermediaries have used the credit to attract equity financing from for-profit investors. See Jean Cummings and Denise DiPasquale, “The Low-Income Housing Tax Credit: An Analysis of the First Ten Years,” *Housing Policy Debate* 10, no 2 (1999): 251–307.

paid in full even if it exceeds the filer’s income tax liability. A nonrefundable credit can only be used to reduce income tax liability, not to receive a net payment from the government. Although the EITC is fully refundable, and the child credit is partially refundable, virtually all other federal credits are nonrefundable.⁹ This means they cannot provide any benefit at all to the 40 percent of tax filing units with no income tax liability. The inability of nonrefundable credits to help such a large swath of the economically vulnerable population is a significant shortcoming, especially since the advent of such credits has coincided with the lack of any new spending initiatives for such households. As a result of these considerations, many proposals discussed below take the form of converting existing deductions to credits or converting nonrefundable credits to refundable status.

II. Data

Our primary data source is the Urban Institute–Brookings Institution Tax Policy Center (TPC) Microsimulation Model.¹⁰ We supplement the TPC database, which uses several national samples, with information from the Current Population Survey (CPS), which contains information on whether the household lives in a “central city” and on the size of the metropolitan area where the household resides. Referencing these variables, we derive estimates specific to tax units located in central cities of large metropolitan areas—those with a population of at least 500,000.¹¹

Two hundred twenty-one cities met these criteria (see the appendix). They include internationally recognized cities, like New York, Los Angeles, and Chicago; cities at the heart of mid-sized regions, like Toledo, Fresno, and Richmond; and smaller “satellite” employment centers, like Lynn, MA (outside Boston); Waukesha, WI (outside Milwaukee); and San Marcos, TX (outside Austin).¹² While only half of the 221 central cities had populations over 100,000 in 2000, those larger cities contained more than 90 percent of total central-city residents. Thus, our estimates capture households living in a wide range of places, though on the whole they reflect the nature of big cities and their inhabitants. Data limitations, however, preclude us from estimating the effects of these policies on taxpayers in individual cities. According to the tax model, these cities contain 31 million tax units, about 21 percent of all tax units nationwide.

⁹ The one exception is a newly created, very narrowly targeted credit for health insurance payments for displaced workers.

¹⁰ See <http://www.taxpolicycenter.org> for a full description of the model.

¹¹ The central cities and metropolitan areas identified for households on the CPS data files follow those definitions in effect as of 1993. Metropolitan areas follow the Metropolitan Statistical Area (MSA) and Primary MSA (PMSA) concepts. Central cities were defined by OMB and the Census for each MSA and PMSA based on certain population and employment thresholds. All tax units living within households in central cities based on our definition were treated as central city taxpayers.

¹² While the tax model itself may not contain records for households from every one of these 221 cities, the results are weighted to represent tax units in central cities of this size.

The design of tax incentives carries important implications for cities and their residents because families in cities tend to have lower incomes than their counterparts elsewhere (table 1) and are more likely to occupy the zero marginal tax rate bracket (figure 1).¹³ As noted in the previous section, filers facing a marginal tax rate of zero do not secure any benefit from deductions and nonrefundable credits, thus making refundable credits especially important tax incentives for cities. Additionally, higher proportions of city taxpayers face a 10 percent marginal income tax rate than in the nation as a whole (figure 1). For these low- and moderate-income families, tax credits likely provide greater value per dollar expended than tax deductions.

III. Work and Child Care

Among the most significant challenges facing low-income working families is finding decent, affordable child care that allows a parent to work. The Child and Dependent Care Tax Credit (CDCTC) is a federal nonrefundable credit that offsets up to 35 percent of parents' qualified child care costs, up to \$3,000 per child for a maximum of two children. The subsidy will be worth about \$2.7 billion in 2005.¹⁴ In addition, the refundable Earned Income Tax Credit and the partially refundable Child Tax Credit provide subsidies to low-income working families with children, many of whom pay for child care. In 2005, the EITC will provide roughly \$42 billion to families with adjusted gross incomes (AGI) under \$35,000, and families with incomes under \$30,000 will receive almost \$9 billion from the CTC. This section explores how these credits benefit families in cities, and how proposals to better target the credits to offset child care costs might affect these families.

The Child and Dependent Care Tax Credit (CDCTC)

The need for affordable, quality child care in cities is significant, and stems both from the lower incomes earned by and the structure of city families. In 2000, 36 percent of children age 13 and under in cities lived in single-parent families, compared with 25 percent of children in the same age group nationwide. As a result, fewer city families may be able to afford to have a parent stay at home to provide care, and more are likely to need to pay someone else to supply that care.

Because the CDCTC is nonrefundable, though, many families in need of affordable child care receive no assistance from it. Families with incomes under \$20,000, for example, derive almost no value from the credit, even though they make up more than a third of all tax units in cities (table 2).¹⁵ Indeed, the filers most likely to benefit from the current CDCTC are not low-income at all, but have cash incomes between \$75,000 and

¹³ A greater proportion of city tax units are nonfilers as well; many of these workers and families have incomes low enough that they do not meet the filing threshold.

¹⁴ For further details on the structure of the CDCTC, and discussion of how child care should be taxed, see Burman et al., "Tax Subsidies to Help Low-Income Families Pay for Child Care," TPC discussion paper 23.

¹⁵ Some of these families receive direct cash assistance for child care through government programs; however, most states serve a minority of families eligible for such assistance based on federal income guidelines. See Gina Adams and Monica Rohacek, "Child Care and Welfare Reform" (Washington, DC: The Brookings Institution, 2002).

\$100,000. Overall, 3.8 percent of city filers will receive a tax cut from the credit in 2005 (compared with 4.2 percent of filers nationwide).

To help more low- and moderate-income families pay for child care, the CDCTC could be made refundable. Approximately 490,000 more households in cities would benefit from a refundable CDCTC than from the current credit (table 2).¹⁶ An estimated 162,000 families with incomes under \$10,000 that receive no credit under current law would receive an average credit of \$640. Similarly, 253,000 families with incomes between \$10,000 and \$20,000 would receive credits averaging \$910, a far larger subsidy than the average \$239 CDCTC currently received by just 56,000 city families in that income range.

Tax benefits associated with a refundable CDCTC would be distributed more evenly by income among city households than under the current nonrefundable credit. Nearly one-third of the refundable credit's benefits would go to families with incomes under \$20,000. At the same time, the shares of middle- and higher-income taxpayers receiving the credit would remain similar to those under current law. Overall, the refundable CDCTC would deliver a tax benefit to roughly the same proportion of households in cities as in the rest of the nation (5 percent).

In addition to making the CDCTC refundable, the maximum value of the credit could be increased to offset a greater proportion of families' eligible costs. Table 3 examines the benefits to city tax units of two options that would increase the maximum credit rate from 35 percent to 50 percent (while leaving the credit refundable as above). The first option would phase out the credit starting at an AGI of \$15,000 at the same rate as under current law, but the higher credit rate would extend additional benefits to taxpayers with incomes up to \$73,000. The second option would phase out the credit starting at an AGI of \$30,000, but at twice the rate as under current law (1 percentage point per \$1,000 of additional income).

A similar share of all city tax units would receive a tax cut under these two proposals (close to 4 percent). Both proposals would be progressive in their distribution of benefits, with more than half the tax benefits accruing to households with incomes under \$20,000. The second proposal, in which the 50 percent credit rate would begin to phase out at \$30,000, would deliver proportionally greater subsidies to moderate-income families earning from \$20,000 to \$40,000 in cities. Because the first proposal would phase out the CDCTC over a longer income range (up to \$75,000), it would deliver a larger tax cut to middle- and higher-income families. In this way, the second option is somewhat better targeted to low- and moderate-income city families that may need the greatest assistance in paying for child care.

The Child Tax Credit (CTC)

Under current law, households may claim a child tax credit of up to \$1,000 for each qualifying child under age 17 in the household. The credit is partially refundable; low-income households may claim a refundable CTC of up to 15 percent of their earnings

¹⁶ These estimates do not take into account the potential increase in the number of families accessing child care and claiming the credit that this proposal would likely bring about.

exceeding \$10,800 in 2005. Thus, a household with earnings of \$11,800 would qualify for a refundable CTC of \$150 (15 percent of \$1,000).

The eligibility rules governing qualifying children in the CTC are not the same as those in the EITC or the dependent exemption. In particular, qualifying children for purposes of the CTC must be age 16 or under. For the EITC and the dependent exemption, children may be up to age 18, or 24 in the case of full-time students. Making the CTC available to all child dependents would broaden its benefits to families with older children and perhaps offset costs for after-school activities. As shown in table 4, however, this proposal would not deliver particular benefits to cities, since the taxpayers most likely to benefit are those with higher incomes. Nationwide, the 40 percent of households with cash incomes between \$40,000 and \$200,000 would derive 75 percent of the total tax cut from this option. As such, broadening the CTC seems a less targeted option for helping working families in cities than expanding the CDCTC and making it refundable.

The Earned Income Tax Credit (EITC)

Unlike the other current-law tax measures examined in this paper, the EITC directs most of its benefits to low-income families with no net federal income tax liability. Because it is a refundable credit, families receive the full amount of the EITC for which they qualify as either a reduction in tax owed or a tax refund. City households are somewhat more likely to benefit from the current EITC than households nationwide, largely because they have lower incomes on average. In 2002, 19.7 percent of filers in cities claimed the credit, versus 16.6 percent in the United States as a whole. In 2005, city households will continue to benefit from the EITC more often than those elsewhere, and will receive larger average amounts from the credit (table 5).¹⁷

Under its current structure, the EITC benefits working families regardless of whether and how they pay for child care. However, certain expansions to the credit may bring particular benefits to families that assistance paying for child care. Two options are modeled here, and their distributional impacts in cities and the United States as a whole are displayed in table 6.

The first option would change the rate at which the EITC phases out so families with incomes up to 10 percent higher than under current law would qualify for the credit. This would effectively increase the credit amount available to families with incomes of \$15,000 and over, who are more likely than those with lower incomes to work full-time. This option would also make the credit available to more families earning over \$30,000.

The second option would create a “third tier” of the credit for families with three or more qualifying children. It would increase the credit phase-in rate from 40 percent to 50 percent, providing greater assistance to families with potentially greater child care costs. This option would increase the credit amount available to families with three or

¹⁷ Within the income ranges analyzed, greater percentages of city households appear to benefit from the EITC than households nationwide. This may reflect lower average incomes earned by city households within each range or higher participation in the credit among eligible city households than among eligible suburban or rural households.

more children across the full range of eligible incomes, while also extending the credit to more moderate- and middle-income large families.

Under both proposals, slightly higher shares of city households would benefit than in the nation as a whole. A greater total number of households would see a tax benefit under the first option, most with incomes between \$20,000 and \$40,000. The tax reduction for households in cities in the \$30,000 to \$40,000 range would average \$115. Under the second option, a far smaller share of households would see a tax benefit, with no more than 6 percent of city households in any income class receiving a tax reduction. However, those benefits would be spread more widely across households by income. For instance, city tax units with incomes under \$20,000 would receive 31 percent of the tax benefits from introducing a third tier in the EITC, compared with 7 percent of the benefits from extending the phaseout.¹⁸

IV. Retirement Saving

The saver's credit, enacted in 2001, promotes tax-qualified retirement saving for moderate- and lower-income workers. Unlike most tax preferences for savings, which offer greater subsidies to higher-income households, the saver's credit provides a government matching contribution (in the form of a nonrefundable tax credit) for voluntary individual contributions to 401(k) plans, IRAs, and similar retirement savings vehicles. The credit applies to contributions of up to \$2,000 per year per individual, for joint filers with AGI up to \$50,000.¹⁹ For households with income tax liability, the saver's credit provides a higher effective matching rate to those with lower income, inverting the upside-down nature of traditional pension tax preferences. However, because the saver's credit is nonrefundable, it affords no savings incentives to households with very low incomes who owe no federal income tax.²⁰

Pension tax incentives targeted to lower-income workers are significant for cities not only because city households tend to have lower incomes, but also because over the longer term, these incentives could help improve the financial health of retirees in cities. In 2000, 13 percent of central-city individuals age 65 and over lived below the poverty level, versus 9 percent elsewhere. The same pattern holds for individuals age 55 to 64, for whom the poverty rate is also higher in central cities (13 percent) than elsewhere (8 percent). Alleviating poverty among the elderly by subsidizing their saving earlier may therefore provide particular benefits to cities.

As the saver's credit is currently structured, a little over 13 million city tax filers in 2005 will have incomes low enough to qualify for the highest credit rate—50 percent

¹⁸ The second option is also less expensive than the first, costing an estimated \$35 billion over 10 years, compared with \$46 billion (Burman et al., "Tax Subsidies to Help Low-Income Families").

¹⁹ AGI thresholds are 50 percent lower for single filers and 25 percent lower for head-of-household filers.

²⁰ For further details regarding the evolution and structure of the saver's credit, see Gale et al., "Improving Tax Incentives for Low-Income Savers," TPC discussion paper 22.

(table 7).²¹ However, only about one in seven of those filers (14.5 percent) would receive any benefit from the credit, since the majority have no income tax liability against which the nonrefundable credit could be applied. This proportion of the potentially eligible population is slightly smaller than the proportion nationwide (15.6 percent).

That low-income households derive limited benefit from the saver's credit is evident in table 8, which shows that the credit reduces taxes for only one-tenth of a percent of city filers with cash income under \$10,000. Overall, though, households in cities benefit from the current saver's credit at a similar rate to those nationwide. A little over 6 percent of tax filers in cities and elsewhere will receive a tax cut from the credit in 2005. In cities, a somewhat larger share of the benefits (50 percent) will accrue to lower-income workers and families with cash income below \$30,000. Outside cities, moderate- to middle-income taxpayers with incomes between \$40,000 and \$75,000 will derive a greater proportion of the credit's value.

To provide savings incentives to the millions of city households who pay payroll taxes but have no income tax liability would require making the saver's credit refundable. As table 9 shows, refundability would provide a tax cut to about the same percentage of city households (4 percent) as to households nationwide. The benefits of making the credit refundable would be concentrated among city households with incomes between \$10,000 and \$30,000, many of whom have little tax liability under current law and receive no benefit from most current tax incentives for savings. About 8 percent of the 10.6 million city taxpayers with incomes in this range would benefit from refundability, receiving about two-thirds of the total tax cut dedicated to city filers. Thus, converting the saver's credit to a refundable credit could provide important retirement savings incentives to hundreds of thousands of city residents.

V. Homeownership

Like pension-related tax incentives, most provisions in the tax code to subsidize and promote homeownership are upside-down. Both the mortgage interest deduction (MID—\$68.9 billion) and the real estate tax deduction (\$16.6 billion) provide larger write-offs to families in higher marginal tax brackets and with higher home values.²² These incentives put central cities at a disadvantage in two ways: cities have significant low- and moderate-income populations that derive little to no benefit from these tax deductions; and cities often have lower-value housing stock than their suburbs, reducing the value of the MID to their homeowners. In the Philadelphia region, for instance, 84 percent of the financial benefit of the mortgage interest deduction accrues to suburban homeowners, though little more than half of homeowners in the region live in suburbs.²³

²¹ These include joint tax filers with AGI up to \$30,000 and single filers with AGI up to \$15,000.

²² See Carasso et al., "Making Tax Incentives for Homeownership More Equitable." The federal government does subsidize rents for low-income households through the Housing Choice Voucher Program and the Public Housing Program, and provides homeownership subsidies for moderate-income families through FHA mortgage guarantee programs.

²³ See Gyourko and Sinai, "Spatial Distribution of Housing-Related Tax Benefits."

At the same time, households in cities are more likely to rent than to own. Forty-eight percent of city households owned their unit in 2000, compared with more than 66 percent in the nation as a whole. This reflects not only the lower incomes earned by city households overall that put homeownership out of reach for many, but also a higher propensity for city households at every income level to rent than for U.S. households in general (table 10).

The characteristics of city households and the structure of current-law deductions for home mortgage interest and real estate taxes result in a smaller share of city filers (22 percent) benefiting from these incentives than for the nation as a whole (26 percent—table 11). The percentage of tax units deriving some benefit from these deductions is similar between cities and the nation within each income quintile, but the higher percentages of city units with incomes in the first two quintiles result in lower tax benefits overall for city dwellers. In cities and elsewhere, filers in the top two income quintiles realize over 95 percent of the benefits of these deductions.

Initially, the benefits of any proposal to make homeownership subsidies more progressive are likely to accrue to the places with already-significant homeownership among low- to middle-income households. Since these households are more likely to rent in cities than elsewhere, we would not expect cities to capture a disproportionate share of tax benefits associated with these changes. Down the line, however, such changes may particularly help cities by making homeownership more affordable for significant portions of their moderate-income renter populations. Here, though, we confine our analysis to the immediate distributional impacts of several options for reforming the MID and the property tax deduction. Each option is designed to be revenue-neutral, while targeting families with low-to-moderate incomes that may not currently benefit from homeownership tax incentives. The distributional impacts in cities and the nation as a whole are summarized in table 12.

Option 1 would convert the MID into a fixed percentage refundable mortgage interest credit equal to 15.5 percent of mortgage interest paid. Under this scenario, a little more than one-fifth of city households would experience a tax cut, while roughly one-tenth would experience a tax increase. Nationwide, by comparison, about one-quarter of filers would benefit, while one-ninth would pay higher taxes. While the overall percentage of city households benefiting would be lower, tax relief in cities from this option would be slightly more targeted to households near the bottom of the distribution, who would receive 18 percent of the total benefit (versus 15 percent nationwide).

Option 2 would instead convert the MID into a flat credit equal to 1.37 percent of the value of a home up to \$100,000. The credit envisioned in this proposal would be somewhat less favorable to cities than fixed-percentage credit. While this option would reduce the tax burden for nearly half of tax filers nationwide, only a little more than one-third of city filers would benefit. That noted, a somewhat smaller share of city households (12 percent) would see their taxes rise under this proposal than in the United States in general (16 percent). Overall, the proposal redistributes more income than the first; city households in the first three quintiles would receive 39 percent of the total tax benefit accruing to city filers.

Option 3 would repeal the property tax deduction, replacing it with a refundable tax credit equal to the lesser of \$290 or 50 percent of real estate taxes paid on a primary residence. Again, a slightly smaller share of filers in cities (34 percent) than elsewhere (38 percent) would benefit from this proposal, though cities would see a smaller share of their households confront increased taxes. Overall, the amount of money redistributed by reforming the property tax deduction is lower than in the case of reforming the MID, with about 16 percent of the benefits to city filers targeted to those in the first three income quintiles.

The final proposal, Option 4, represents a combination of options 2 and 3. It would provide a refundable tax credit equal to the lesser of \$1,400 or 100 percent of property taxes paid, and finance it by repealing both the MID and property tax deduction. The share of city filers that would benefit from this proposal is similar to that under Option 2, but Option 4 would spread the benefits more evenly between cities and the rest of the nation. Thirty-four percent of city filers would receive a tax cut, compared with 38 percent nationwide. This would be the most redistributive of the proposals as well, with 41 percent of the tax benefit in cities accruing to low- to middle-income households. At the top of the distribution, city filers would see their tax bill rise by a slightly larger amount than higher-income filers elsewhere.

VI. Health Insurance Coverage

Most Americans are covered by health insurance, either through their employer, a family member's employer, or a public program such as Medicare, Medicaid, or the State Children's Health Insurance Program. Yet in 2004, over 40 million Americans lacked health insurance. They typically experience poorer health outcomes, and the public ultimately bears the costs of their medical treatment through higher taxes or higher health care costs.²⁴

The public programs mentioned above entail significant government expenditures to provide health insurance to the elderly, the disabled, and low-income workers and their children. Other working-age individuals and their families receive significant subsidies through the tax code to support their purchase of health insurance. In particular, health insurance premiums paid by employers are tax-free fringe benefits, exempt from both payroll and income taxes. Self-employed individuals may also deduct the cost of their health insurance premiums from their taxable income. Like other tax deductions and exclusions, however, these incentives provide their largest benefits to those with high incomes.

Numerous proposals have been advanced to provide additional tax subsidies for health insurance. Several proposals target individuals who are currently not covered by

²⁴ See Burman and Gruber, "Tax Credits for Health Insurance."

employer-sponsored insurance or a public health insurance program. How would such proposals benefit cities and their residents?²⁵

In general, cities may find particular benefits in tax subsidies to cover the uninsured because they contain a disproportionate share of the nation's uninsured individuals. As figure 2 demonstrates, roughly 20 percent of individuals in cities lack health insurance, compared with 16 percent nationwide. Moreover, this finding applies to individuals at every level of family income, and does not derive simply from the lower average incomes of city residents. Thus, to the extent that changes to the tax code result in more uninsured Americans receiving coverage, cities stand to reap a significant share of the benefits.

In addition, city leaders might evaluate proposals to cover the uninsured by the degree to which those proposals target their benefits to the lowest-income individuals. Cities contain 29 percent of all uninsured individuals who have incomes below the poverty level, and a smaller proportion in each successive income class (table 13).²⁶ Any tax subsidies that reduce the number of uninsured Americans could bring particular benefits to urban areas, but city gains would be greatest under proposals that provide the most assistance to lowest-income workers and families. Again, these statistics merely reflect the potential value to uninsured city residents of tax incentives that would make health insurance more affordable. Cities stand to gain fiscally, too, if wider insurance coverage reduces local contributions for uncompensated care provided at their large public hospitals.²⁷

VII. Conclusion

The importance of federal tax policy for urban economies and residents is gaining recognition. The concentrations of lower-income working families that live in cities mean that, despite the fact that federal tax dollars do not directly flow through city hall, the design of tax expenditures targeted to these families should attract the interest and attention of city policymakers and urban advocates.

This paper explores the impacts of existing federal tax rules on cities and their residents and the potential impacts of changes that would improve opportunities and

²⁵ It was not possible to directly model the city-specific effects of various proposals to cover the uninsured through the tax code. However, the statistics provided here, in combination with information reported in Burman and Gruber (2005), provide a first-order indication as to what types of proposals might provide particular benefits to cities and their residents.

²⁶ Poverty is measured at the level of the health insurance unit, which is a person or collection of people (usually a family) that is or would be covered by one health insurance policy.

²⁷ Blewett and coauthors demonstrate a link between increased enrollment in a Minnesota program to insure the working poor and decreased uncompensated care provided at Minnesota hospitals. Lynn Blewett and others, "Hospital Provision of Uncompensated Care and Public Program Enrollment," *Medical Care Research and Review* 60, No. 4 (2003): 509–27. State and local subsidies financed 39 percent of unreimbursed care provided at public hospitals in 2002. See Ingrid Singer and others, "America's Safety Net Hospitals and Health Systems 2002: Results of the 2002 Annual NAPH Member Survey" (Washington, DC: National Association of Public Hospitals and Health Systems, 2004).

incentives for low- and moderate-income families and workers. It focuses primarily on the degree to which the proposals would provide additional resources to households in cities and emphasizes the importance of the differences in alternative forms of incentives—refundable credits, nonrefundable credits, and deductions—in achieving those goals.

In most cases, the lower-income profile of city households means they would likely derive a somewhat greater-than-proportional benefit from refundable credits. In the case of homeownership incentives in the tax code, cities may not initially benefit from the changes, given their lower homeownership rates. But over time cities might see a larger rise in owner-occupation if the tax code made housing more affordable to moderate-income renters. With regard to subsidies for health insurance, while it is unclear exactly how different tax credits might benefit cities, the higher rates of uninsurance that affect all income groups in cities mean such credits would deliver particular benefits to urban areas and their residents. Moreover, while some of their features could be made more progressive, the saver's credit, the Child and Dependent Care Tax Credit, the Child Tax Credit, and the Earned Income Tax Credit all provide important benefits to city households in their current forms. Thus, city leaders should remain attuned to debates in Washington regarding the future of these tax credits, which play a crucial part in helping city families care for their children, work, and save for retirement.

City leaders should also view tax proposals in the context of larger federal budget decisions those proposals might bring about. A related issue is how associated actions in other parts of the budget might offset those gains. For example, if the federal government paid for a \$1 billion tax incentive directed toward lower-income families by cutting \$1 billion from an expenditure program that primarily benefited lower-income families, those families and their places of residence might be no better off in the end.

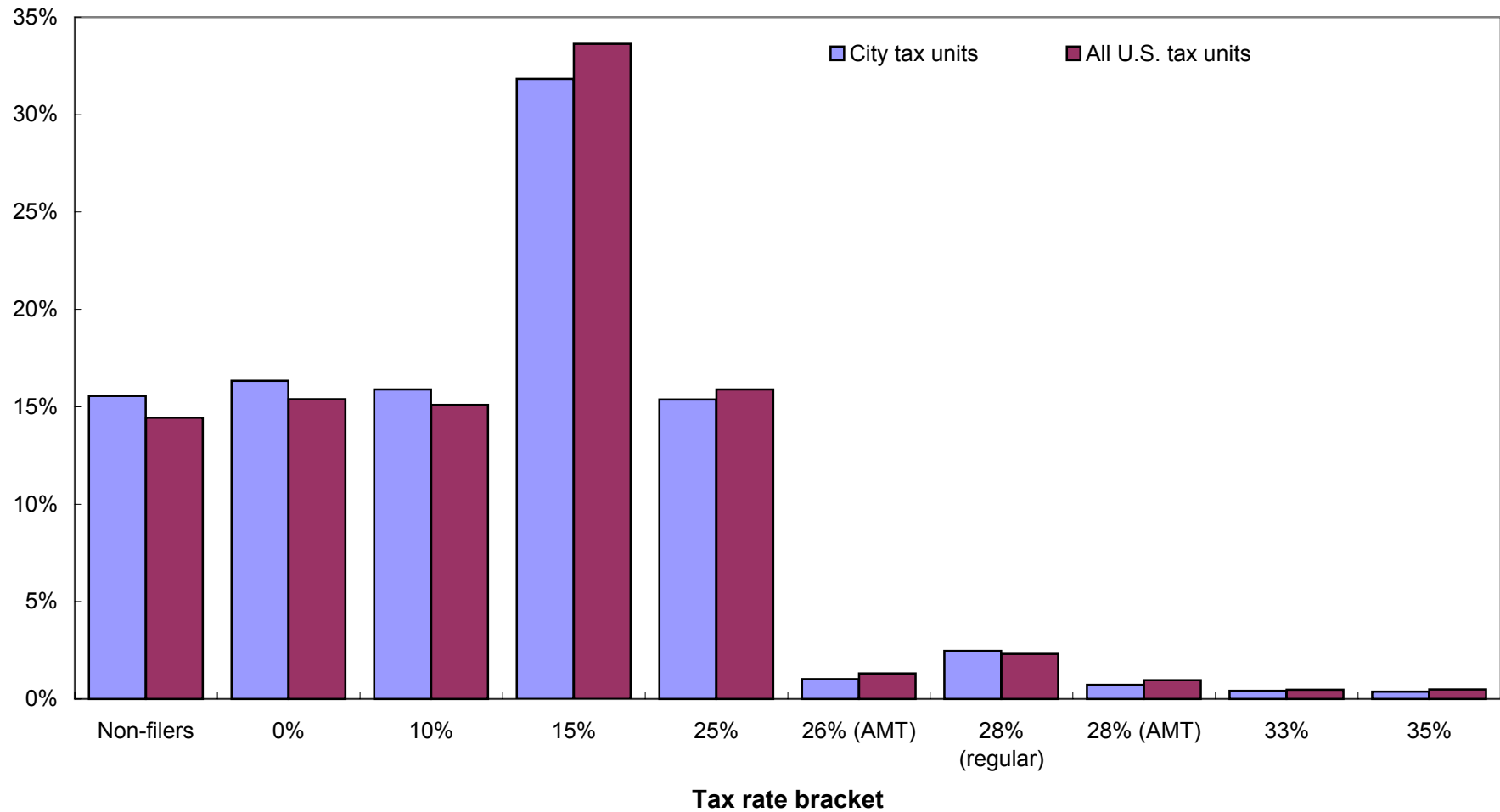
Beyond providing additional income to working families in cities, the provisions and targeted expansions examined above may affect cities more widely through secondary and tertiary effects that result from taxpayers' behavioral responses to these incentives. These interactions could prove quite complex. In some cases, the additional effects would reinforce the direct gains induced by the policies noted above. For example, making health insurance more affordable could reduce the number of uninsured city residents, improve their health, and hence reduce local expenditures for uncompensated care.

In other cases, the additional responses might offset some of the direct benefits. For example, helping low-income households pay for child care would allow more of them to enter the workforce, generating wider economic gains for the localities where they spend their earnings. But the increase in the number of families accessing care might also raise the price for child care. Similarly, converting the home mortgage interest deduction to a flat, refundable tax credit (on a revenue-neutral basis) might stimulate greater homeownership among low- and middle-income families in cities, and lead to rising property values and a larger property tax base in struggling neighborhoods. But it would also reduce tax benefits for many higher-income homeowners, thus reducing the amounts these households would be willing to pay for more valuable homes, and hence

reducing the property tax base at the high end.²⁸ These secondary and tertiary interactions are important considerations for further thinking about how federal tax policies affect urban areas and residents.

²⁸ Most research does find, however, that overall homeownership rates would rise, as gains at the bottom outweighed losses at the top. See Carasso et al., “Making Tax Incentives.”

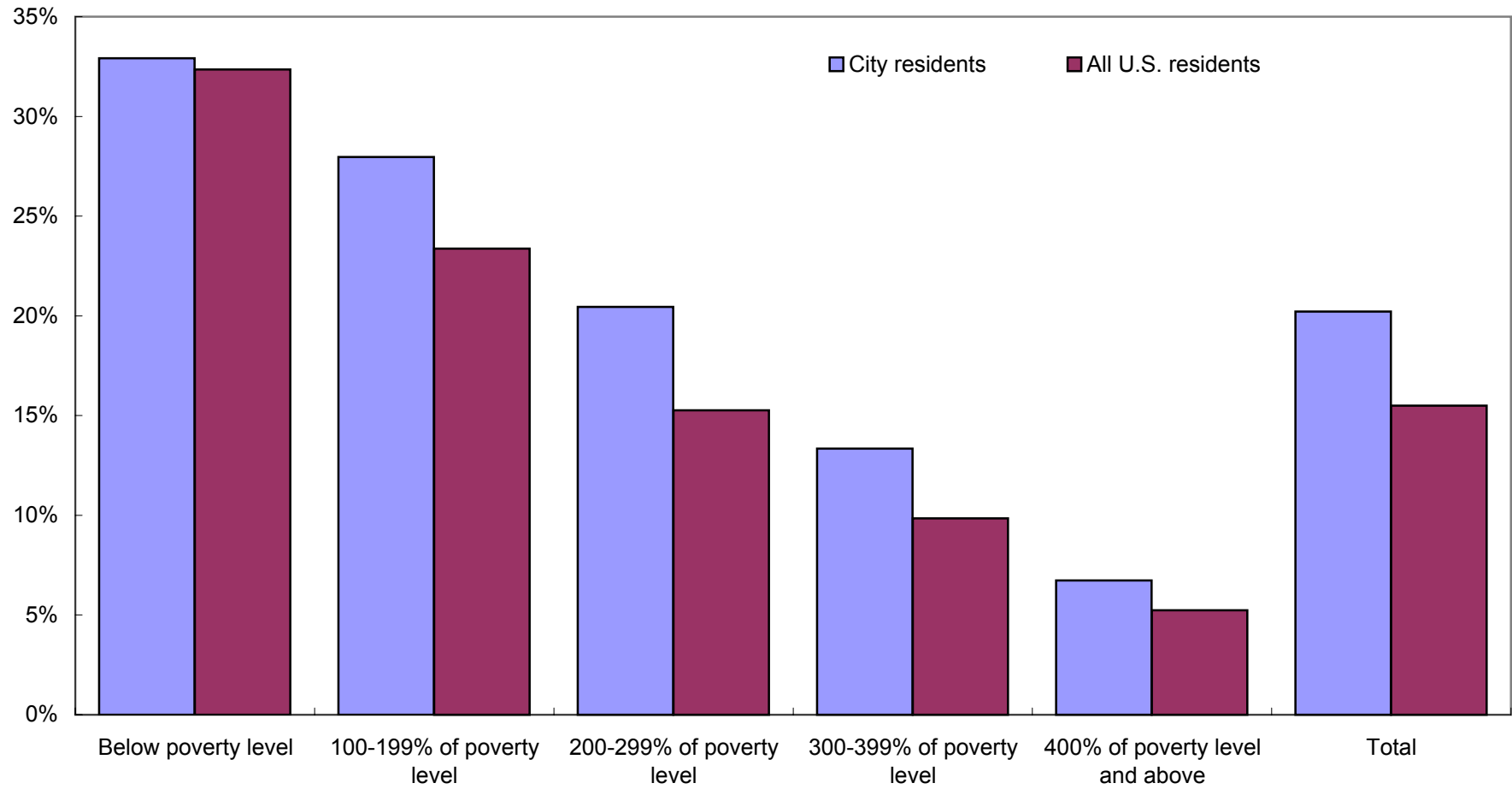
Figure 1. Distribution of Tax Units by Marginal Tax Rate Bracket, Cities versus United States, 2005



Source: Urban-Brookings Tax Policy Center Microsimulation Model.

Notes: Calendar year. Tax units that are dependents of other taxpayers are excluded from the analysis.

Figure 2. Residents without Health Insurance by Income of Health Insurance Unit, Cities versus United States, 2004 (percent)



Source: Urban-Brookings Tax Policy Center Microsimulation Model.

Notes: Calendar year. Tax units that are dependents of other taxpayers are excluded from the analysis.

**Table 1. Family and Nonfamily Household Income Distribution,
Cities versus United States, 1999**

	Cities		U.S. Total	
	Total	% in income class	Total	% in income class
FAMILIES				
Less than \$10,000	1,311,546	9.2	4,155,386	5.8
\$10,000 to \$14,999	807,843	5.7	3,115,586	4.3
\$15,000 to \$19,999	858,277	6.0	3,640,373	5.0
\$20,000 to \$24,999	910,325	6.4	4,117,024	5.7
\$25,000 to \$29,999	900,144	6.3	4,287,407	5.9
\$30,000 to \$34,999	885,002	6.2	4,397,022	6.1
\$35,000 to \$39,999	823,599	5.8	4,267,228	5.9
\$40,000 to \$44,999	781,715	5.5	4,223,392	5.8
\$45,000 to \$49,999	701,715	4.9	3,886,488	5.4
\$50,000 to \$59,999	1,275,477	8.9	7,299,543	10.1
\$60,000 to \$74,999	1,504,022	10.5	8,830,557	12.2
\$75,000 to \$99,999	1,517,818	10.6	9,009,327	12.5
\$100,000 to \$124,999	801,165	5.6	4,662,368	6.5
\$125,000 to \$149,999	404,038	2.8	2,273,842	3.1
\$150,000 to \$199,999	362,390	2.5	1,983,673	2.7
\$200,000 or more	431,670	3.0	2,112,564	2.9
Total	14,276,746	100.0	72,261,780	100.0
NONFAMILIES				
Less than \$10,000	1,835,320	19.9	6,339,164	19.0
\$10,000 to \$14,999	895,370	9.7	3,760,242	11.3
\$15,000 to \$19,999	766,062	8.3	3,148,297	9.5
\$20,000 to \$24,999	749,798	8.1	2,968,703	8.9
\$25,000 to \$29,999	692,277	7.5	2,606,312	7.8
\$30,000 to \$34,999	651,741	7.1	2,359,039	7.1
\$35,000 to \$39,999	540,319	5.9	1,953,797	5.9
\$40,000 to \$44,999	474,670	5.1	1,693,436	5.1
\$45,000 to \$49,999	361,077	3.9	1,276,972	3.8
\$50,000 to \$59,999	599,435	6.5	2,071,246	6.2
\$60,000 to \$74,999	584,919	6.3	1,940,436	5.8
\$75,000 to \$99,999	483,463	5.2	1,524,679	4.6
\$100,000 to \$124,999	236,033	2.6	690,700	2.1
\$125,000 to \$149,999	110,470	1.2	311,029	0.9
\$150,000 to \$199,999	106,010	1.1	281,264	0.8
\$200,000 or more	131,844	1.4	352,026	1.1
Total	9,218,808	100.0	33,277,342	100.0

Source: Census 2000.

**Table 2. Distribution of Child and Dependent Care Tax Credit in 2005 with and without Refundability
City Tax Units Only, by Cash Income**

Cash income	All Tax Units		Tax Units that Claim Nonrefundable Credit					Tax Units that Could Claim Refundable Credit				
	Number (thousands)	Percent	Number (thousands)	Percent of claimants	Percent that benefit	Average credit (\$)	Percent of tax benefits	Number (thousands)	Percent of claimants	Percent that benefit	Average credit (\$)	Percent of tax benefits
< 10,000	5,004	16.1	0	0.0	0.0	0	0.0	162	10.2	3.2	640	10.1
10,000 - 19,999	6,129	19.7	56	4.7	0.9	239	2.2	253	16.0	4.1	910	22.3
20,000 - 29,999	4,470	14.4	153	13.0	3.4	522	12.9	188	11.9	4.2	774	14.2
30,000 - 39,999	3,409	11.0	222	18.9	6.5	609	21.8	226	14.3	6.6	663	14.6
40,000 - 49,999	2,502	8.0	121	10.3	4.8	568	11.1	127	8.0	5.1	577	7.1
50,000 - 99,999	6,132	19.7	424	36.1	6.9	502	34.4	426	26.9	6.9	507	21.0
100,000 - 199,999	2,411	7.8	161	13.7	6.7	540	14.1	162	10.2	6.7	544	8.6
More than 200,000	821	2.6	39	3.3	4.8	556	3.5	39	2.4	4.7	556	2.1
All	31,105	100.0	1,176	100.0	3.8	526	100.0	1,583	100.0	5.1	650	100.0

Source: Tax Policy Center Microsimulation Model (version 0305-2).

**Table 3. Distribution of Child and Dependent Care Tax Credit in 2005 with 50% Maximum Rate
City Tax Units Only, by Cash Income**

Cash income	All Tax Units		Slow Phaseout Starting at \$15,000					Fast Phaseout Starting at \$30,000				
	Number (thousands)	Percent	Number (thousands)	Percent of claimants	Percent that benefit	Average credit (\$)	Percent of tax benefits	Number (thousands)	Percent of claimants	Percent that benefit	Average credit (\$)	Percent of tax benefits
< 10,000	5,004	16.1	162	10.3	3.2	915	18.2	162	10.2	3.2	915	17.4
10,000 - 19,999	6,129	19.7	253	16.0	4.1	1,305	38.7	253	16.0	4.1	1,316	37.4
20,000 - 29,999	4,470	14.4	188	11.9	3.9	1,153	16.4	188	11.9	4.0	1,264	18.0
30,000 - 39,999	3,409	11.0	226	14.3	6.3	1,040	11.8	226	14.3	6.4	1,200	15.3
40,000 - 49,999	2,502	8.0	127	8.0	5.1	968	6.4	127	8.0	5.1	1,029	7.0
50,000 - 99,999	6,132	19.7	426	26.9	4.7	657	8.1	426	26.9	3.1	592	4.5
100,000 - 199,999	2,411	7.8	162	10.2	0.1	546	0.2	162	10.2	0.1	546	0.2
More than 200,000	821	2.6	39	2.5	0.0	555	0.0	39	2.4	0.0	556	0.0
All	31,105	100.0	1,582	100.0	3.9	912	100.0	1,583	100.0	3.6	937	100.0

Source: Tax Policy Center Microsimulation Model (version 0305-2).

**Table 4. Effect of Allowing the CTC for All Dependent Children
Distribution of Income Tax Change by Cash Income Class, Cities versus United States, 2005**

Cash income class (thousands of 2005 dollars) ^a	Tax Units ^b		Percent with tax benefit	Percent change in after-tax income ^c	Percent of total income tax change	Average tax change (\$)
	Number (thousands)	Percent of total				
CITIES						
Less than 10	5,004	16.1	0.1	0.0	0.1	-1
10-20	6,129	19.8	3.0	0.1	4.5	-16
20-30	4,470	14.4	6.8	0.3	13.9	-67
30-40	3,409	11.0	7.6	0.3	13.6	-86
40-50	2,502	8.1	9.3	0.3	12.5	-108
50-75	4,009	12.9	10.1	0.3	23.6	-127
75-100	2,123	6.8	13.2	0.2	15.2	-154
100-200	2,411	7.8	12.0	0.1	16.3	-146
200-500	656	2.1	0.8	0.0	0.2	-7
500-1,000	100	0.3	0.2	0.0	0.0	-2
More than 1,000	65	0.2	0.1	0.0	0.0	-1
All	31,015	100.0	6.3	0.2	100.0	-70
UNITED STATES TOTAL						
Less than 10	19,561	13.5	0.2	0.0	0.1	-1
10-20	25,611	17.7	2.6	0.1	3.3	-15
20-30	19,954	13.8	5.8	0.3	9.9	-58
30-40	15,289	10.6	7.4	0.3	10.9	-83
40-50	11,738	8.1	9.4	0.3	11.4	-112
50-75	20,700	14.3	11.6	0.3	25.2	-141
75-100	11,936	8.3	14.8	0.3	18.6	-181
100-200	14,432	10.0	13.9	0.2	19.8	-159
200-500	3,797	2.6	1.5	0.0	0.5	-17
500-1,000	642	0.4	0.4	0.0	0.0	-3
More than 1,000	336	0.2	0.4	0.0	0.0	-7
All	144,575	100.0	7.2	0.2	100.0	-80

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

Notes: Baseline is current law. Under the proposal, qualifying children for the CTC are all those eligible under current law plus any dependent child not currently eligible.

^a Returns with negative cash income are excluded from the lowest income class but are included in the totals.

^b Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

^c After-tax income is income less individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

**Table 5. Earned Income Tax Credit
Distribution of Federal Tax Benefits by Cash Income Class, Cities versus United States, 2005**

Cash income class (thousands of 2005 dollars) ^a	Tax Units ^b			Percent change in after-tax income ^c	Percent of total income tax change	Average tax change (\$)
	Number (thousands)	Percent of total	Percent with tax benefit			
CITIES						
Less than 10	5,004	16.1	26.9	6.6	15.5	-330
10-20	6,129	19.8	29.8	6.1	46.8	-812
20-30	4,470	14.4	32.1	3.2	29.3	-697
30-40	3,409	11.0	24.1	0.8	7.5	-235
40-50	2,502	8.1	2.2	0.0	0.4	-16
50-75	4,009	12.9	0.5	0.0	0.3	-7
75-100	2,123	6.8	0.1	0.0	0.0	-1
100-200	2,411	7.8	0.0	0.0	0.0	0
200-500	656	2.1	0.1	0.0	0.0	-4
500-1,000	100	0.3	0.0	0.0	0.0	0
More than 1,000	65	0.2	0.0	0.0	0.0	0
All	31,015	100.0	17.8	0.8	100.0	-343
UNITED STATES TOTAL						
Less than 10	19,561	13.5	26.4	5.9	14.3	-302
10-20	25,611	17.7	26.9	5.5	45.8	-737
20-30	19,954	13.8	28.7	2.9	30.0	-619
30-40	15,289	10.6	22.2	0.8	8.4	-227
40-50	11,738	8.1	3.6	0.1	1.0	-35
50-75	20,700	14.3	0.5	0.0	0.3	-6
75-100	11,936	8.3	0.1	0.0	0.0	-1
100-200	14,432	10.0	0.0	0.0	0.0	0
200-500	3,797	2.6	0.1	0.0	0.0	-2
500-1,000	642	0.4	0.0	0.0	0.0	0
More than 1,000	336	0.2	0.0	0.0	0.0	0
All	144,575	100.0	15.1	0.6	100.0	-285

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

Note: Baseline is current law without the earned income tax credit (EITC).

^a Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

^b Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

^c After-tax income is income less individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

**Table 6. Options for Expanding the Earned Income Tax Credit
Distribution of Federal Tax Benefits by Cash Income Class, 2005**

Option 1 - Increase Point at which EITC is Phased Out by 10 Percent^a					
Cash income class (thousands of 2005 dollars) ^b	Percent of tax units with tax benefit ^c	Average Federal Tax Change		Share of federal tax benefits ^d	
		Dollars	Percent		
CITIES					
Less than 10	3.6	-1	-0.6	0.5	
10-20	15.0	-8	-1.2	6.2	
20-30	30.8	-65	-2.5	36.1	
30-40	29.3	-115	-2.1	48.6	
40-50	7.2	-23	-0.3	7.3	
50-75	0.7	-2	0.0	1.0	
75-100	0.1	-1	0.0	0.2	
100-200	0.0	0	0.0	0.0	
200-500	0.1	0	0.0	0.0	
500-1,000	0.0	0	0.0	0.0	
More than 1,000	0.0	0	0.0	0.0	
All	11.9	-26	-0.2	100.0	
UNITED STATES TOTAL					
Less than 10	4.1	-1	-0.4	0.5	
10-20	12.9	-7	-1.0	5.3	
20-30	27.2	-56	-2.3	33.5	
30-40	27.1	-106	-2.1	48.1	
40-50	8.9	-31	-0.4	11.0	
50-75	0.7	-2	0.0	1.4	
75-100	0.1	0	0.0	0.1	
100-200	0.0	0	0.0	0.0	
200-500	0.1	0	0.0	0.0	
500-1,000	0.0	0	0.0	0.0	
More than 1,000	0.0	0	0.0	0.0	
All	10.3	-23	-0.2	100.0	

Option 2 - Create Third Tier of EITC for Families with Three or More Children^e

Cash income class (thousands of 2005 dollars) ^b	Percent of tax units with tax benefit ^c	Average Federal Tax Change		Share of federal tax benefits ^d
		Dollars	Percent	
CITIES				
Less than 10	1.5	-8	-6.2	5.7
10-20	3.0	-31	-4.6	25.7
20-30	4.9	-53	-2.0	32.1
30-40	5.7	-62	-1.1	28.3
40-50	3.2	-19	-0.2	6.5
50-75	0.3	-3	0.0	1.4
75-100	0.0	0	0.0	0.0
100-200	0.0	0	0.0	0.0
200-500	0.1	-1	0.0	0.1
500-1,000	0.0	0	0.0	0.0
More than 1,000	0.0	0	0.0	0.0
All	2.5	-24	-0.2	100.0
UNITED STATES TOTAL				
Less than 10	1.3	-7	-3.6	5.0
10-20	2.7	-27	-3.9	24.5
20-30	4.1	-45	-1.8	31.4
30-40	4.9	-52	-1.0	28.2
40-50	3.4	-22	-0.3	9.2
50-75	0.3	-2	0.0	1.5
75-100	0.0	0	0.0	0.0
100-200	0.0	0	0.0	0.0
200-500	0.0	0	0.0	0.0
500-1,000	0.0	0	0.0	0.0
More than 1,000	0.0	0	0.0	0.0
All	2.1	-20	-0.2	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

Note: Calendar year.

^a Baseline is current law. Proposal reduces the EITC phaseout rates to ensure the credit is completely phased out at a 10 percent higher income level than under current law for applicable filing status and number of qualifying children.

^b Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>.

^c Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

^d Share of tax benefits from proposal, over and above current law.

^e Baseline is current law. Under the proposal, the phase-in rate for three or more children would be 50 percent; the other parameters would be the same as for two or more children under current law.

**Table 7. Eligibility for 50 Percent Saver's Credit Rate,
Cities versus United States, 2005**

	Returns by Filing Status (thousands) ^a				
	Single	Married filing jointly	Head of household	Other	Total
CITIES					
(A) Total Returns	14,861	9,775	5,575	804	31,015
As a share of all returns	47.9%	31.5%	18.0%	2.6%	100.0%
(B) Returns Eligible for 50 Percent Credit Based on Income ^b	6,403	3,521	2,884	455	13,262
(C) Returns That Would Receive Any Benefit from 50 Percent Credit ^c	1,329	393	136	60	1,918
As a share of those eligible based on income (= C/B)	20.8%	11.2%	4.7%	13.1%	14.5%
UNITED STATES TOTAL					
(A) Total Returns	59,884	60,289	20,949	3,453	144,575
As a share of all returns	41.4%	41.7%	14.5%	2.4%	100.0%
(B) Returns Eligible for 50 Percent Credit Based on Income ^b	26,692	19,088	10,506	1,616	57,903
(C) Returns That Would Receive Any Benefit from 50 Percent Credit ^c	5,438	2,757	612	214	9,022
As a share of those eligible based on income (= C/B)	20.4%	14.4%	5.8%	13.3%	15.6%

Source: Urban-Brookings Tax Policy Center Microsimulation Model.

^a Both filing and nonfiling units are included. Filers that can be claimed as dependents by other filers are excluded.

^b Eligible returns exclude filing units above the relevant AGI threshold and those claimed as dependents on other tax returns.

^c Returns that would receive any benefit from the saver's credit are eligible and would see some reduction in taxes as a result of the credit if a contribution were made to an approved retirement account.

**Table 8. Effect of the Saver's Credit
Distribution of Income Tax Change by Cash Income Class, Cities versus United States, 2005**

Cash income class (thousands of 2005 dollars) ^a	Tax Units ^b			Percent change in after-tax income ^c	Percent of total income tax change	Average tax change (\$)
	Number (thousands)	Percent of total	Percent with tax benefit			
CITIES						
Less than 10	5,004	16.1	0.1	0.0	0.2	0
10-20	6,129	19.8	5.4	0.1	18.7	-16
20-30	4,470	14.4	14.3	0.2	30.9	-36
30-40	3,409	11.0	11.5	0.1	21.1	-33
40-50	2,502	8.1	11.2	0.1	13.2	-28
50-75	4,009	12.9	6.4	0.0	15.0	-20
75-100	2,123	6.8	0.3	0.0	0.5	-1
100-200	2,411	7.8	0.2	0.0	0.4	-1
200-500	656	2.1	0.2	0.0	0.1	-1
500-1,000	100	0.3	1.2	0.0	0.0	-2
More than 1,000	65	0.2	0.1	0.0	0.0	-1
All	31,015	100.0	6.2	0.0	100.0	-17
UNITED STATES TOTAL						
Less than 10	19,561	13.5	0.2	0.0	0.1	0
10-20	25,611	17.7	5.0	0.1	14.7	-15
20-30	19,954	13.8	12.4	0.2	25.3	-33
30-40	15,289	10.6	11.3	0.1	22.2	-38
40-50	11,738	8.1	14.0	0.1	16.2	-36
50-75	20,700	14.3	7.9	0.1	20.0	-25
75-100	11,936	8.3	0.4	0.0	0.6	-1
100-200	14,432	10.0	0.3	0.0	0.6	-1
200-500	3,797	2.6	0.3	0.0	0.2	-1
500-1,000	642	0.4	0.2	0.0	0.0	-1
More than 1,000	336	0.2	0.1	0.0	0.0	-1
All	144,575	100.0	6.2	0.0	100.0	-18

Source: Urban-Brookings Tax Policy Center Microsimulation Model

Note: Baseline is current law without the saver's credit

^a Returns with negative cash income are excluded from the lowest income class but are included in the total

^b Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis

^c After-tax income is income less individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

**Table 9. Effect of the Making the Saver's Credit Refundable
Distribution of Income Tax Change by Cash Income Class, Cities versus United States, 2005**

Cash income class (thousands of 2005 dollars) ^a	Tax Units ^b			Percent change in after-tax income ^c	Percent of total income tax change	Average tax change (\$)
	Number (thousands)	Percent of total	Percent with tax benefit			
CITIES						
Less than 10	5,004	16.1	3.2	0.2	9.7	-12
10-20	6,129	19.8	8.9	0.3	37.7	-37
20-30	4,470	14.4	7.5	0.2	30.4	-40
30-40	3,409	11.0	3.6	0.1	13.0	-23
40-50	2,502	8.1	1.6	0.0	4.0	-9
50-75	4,009	12.9	0.5	0.0	2.0	-3
75-100	2,123	6.8	0.2	0.0	0.6	-2
100-200	2,411	7.8	0.2	0.0	1.0	-2
200-500	656	2.1	0.0	0.0	0.0	0
500-1,000	100	0.3	1.5	0.0	0.1	-9
More than 1,000	65	0.2	0.0	0.0	0.0	-1
All	31,015	100.0	4.0	0.0	100.0	-19
UNITED STATES TOTAL						
Less than 10	19,561	13.5	4.0	0.3	10.1	-16
10-20	25,611	17.7	8.3	0.3	32.3	-38
20-30	19,954	13.8	7.6	0.2	28.9	-44
30-40	15,289	10.6	4.5	0.1	15.7	-31
40-50	11,738	8.1	2.0	0.0	5.0	-13
50-75	20,700	14.3	0.7	0.0	3.6	-5
75-100	11,936	8.3	0.2	0.0	0.9	-2
100-200	14,432	10.0	0.2	0.0	1.3	-3
200-500	3,797	2.6	0.2	0.0	0.2	-2
500-1,000	642	0.4	0.3	0.0	0.0	-2
More than 1,000	336	0.2	0.1	0.0	0.0	-1
All	144,575	100.0	3.9	0.0	100.0	-21

Source: Urban-Brookings Tax Policy Center Microsimulation Model

Note: Baseline is current law.

^a Returns with negative cash income are excluded from the lowest income class but are included in the total.

^b Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

^c After-tax income is income less individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

**Table 10. Percent of Households Owning Home by Income,
Cities versus United States, 2000**

	Total occupied housing units (thousands)	Owner-occupied housing units (thousands)	Homeowners (%)
CITIES			
Less than \$5,000	1,358	286	21.1
\$5,000 to \$9,999	1,688	365	21.6
\$10,000 to \$14,999	1,660	488	29.4
\$15,000 to \$19,999	1,587	526	33.1
\$20,000 to \$24,999	1,628	589	36.2
\$25,000 to \$34,999	3,104	1,267	40.8
\$35,000 to \$50,000	3,721	1,838	49.4
\$50,000 to \$74,999	4,048	2,458	60.7
\$75,000 to \$99,999	2,052	1,439	70.1
\$100,000 to \$149,999	1,591	1,203	75.6
\$150,000 or more	1,048	821	78.4
Total	23,485	11,280	48.0
UNITED STATES TOTAL			
Less than \$5,000	4,074	1,480	36.3
\$5,000 to \$9,999	6,063	2,317	38.2
\$10,000 to \$14,999	6,705	3,161	47.1
\$15,000 to \$19,999	6,637	3,419	51.5
\$20,000 to \$24,999	6,957	3,788	54.5
\$25,000 to \$34,999	13,527	7,957	58.8
\$35,000 to \$50,000	17,412	11,630	66.8
\$50,000 to \$74,999	20,453	15,664	76.6
\$75,000 to \$99,999	10,748	9,010	83.8
\$100,000 to \$149,999	8,105	7,104	87.6
\$150,000 or more	4,799	4,286	89.3
Total	105,480	69,817	66.2

Source: Census 2000.

**Table 11. Deductions for Home Mortgage Interest and Real Estate Taxes
Distribution of Federal Tax Benefits by Cash Income Percentile, Cities versus United States, 2005**

Cash income percentile ^a	Tax Units ^b		Percent of tax units with tax benefit	Share of total federal tax benefits	Average Federal Tax Benefit		
	Number	Percent			Dollars	Percent	
CITIES							
Lowest quintile	7,137	23.0	0.5	0.1	-1	-0.5	
Second quintile	6,654	21.5	3.5	0.6	-12	-0.9	
Middle quintile	6,497	20.9	14.6	4.1	-92	-1.7	
Fourth quintile	5,608	18.1	37.0	17.0	-445	-3.7	
Top quintile	4,981	16.1	71.4	78.3	-2,312	-4.4	
All	31,015	100.0	22.1	100.0	-474	-3.9	
UNITED STATES TOTAL							
Lowest quintile	28,340	19.6	0.4	0.0	-1	-0.3	
Second quintile	28,910	20.0	3.5	0.5	-13	-0.9	
Middle quintile	28,916	20.0	13.9	3.0	-85	-1.7	
Fourth quintile	28,916	20.0	37.6	14.6	-411	-3.6	
Top quintile	28,914	20.0	72.8	81.9	-2,303	-4.9	
All	144,573	100.0	25.6	100.0	-562	-4.3	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-1A).

Notes: Baseline is current law without the deductions for home mortgage interest and real estate taxes. Proposal allows these two deductions.

^a Income cut-offs for each quintile are as follows: lowest quintile: \$0 - \$13,286; second quintile: \$13,287 - \$25,633; middle quintile: \$25,634 - \$44,601; fourth quintile: \$44,602 - \$78,646; top quintile: > \$78,646. Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. Cutoffs are same for both city filers and total U.S. filers.

^b Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis. Tax units with negative cash income are excluded from the lowest quintile but are included in the totals.

**Table 12. Options for Reforming Homeownership Tax Incentives
Distribution of Federal Tax Benefits by Cash Income Percentile, 2005**

Option 1 - Credit Equals 15.5% of Mortgage Interest Paid (Primary Residence)						
Repeals Mortgage Interest Tax Deduction						
Cash income percentile^a	Percent of Tax Units^b		Average Federal Tax Change		Share of Total Federal Tax Benefits	
	With tax cut	With tax increase	Dollars	Percent	Current law	Proposal
CITIES						
Lowest quintile	9.6	0.0	-47	-24.0	0.1	2.4
Second quintile	17.6	0.0	-89	-6.5	0.6	4.6
Middle quintile	28.4	0.1	-159	-3.0	4.1	11.2
Fourth quintile	33.1	12.2	-136	-1.2	17.0	22.3
Top quintile	21.8	47.8	567	1.1	78.3	59.5
All	21.5	9.9	3	0.0	100.0	100.0
UNITED STATES TOTAL						
Lowest quintile	9.9	0.0	-47	-19.5	0.0	1.7
Second quintile	19.5	0.0	-95	-6.9	0.5	3.9
Middle quintile	30.8	0.2	-168	-3.4	3.0	9.2
Fourth quintile	38.9	9.4	-182	-1.7	14.6	21.5
Top quintile	25.2	46.8	542	1.2	81.9	63.7
All	24.8	11.3	9	0.1	100.0	100.0
Option 2 - Credit Equals 1.37% of Home Value up to \$100,000 (Primary Residence)						
Repeals Mortgage Interest Tax Deduction						
Cash income percentile^a	Percent of Tax Units^b		Average Federal Tax Change		Share of Total Federal Tax Benefits	
	With tax cut	With tax increase	Dollars	Percent	Current law	Proposal
CITIES						
Lowest quintile	28.4	0.1	-210	-106.0	0.1	9.9
Second quintile	35.2	0.4	-298	-21.9	0.6	13.7
Middle quintile	37.9	3.8	-267	-5.1	4.1	15.4
Fourth quintile	41.4	17.2	-166	-1.5	17.0	22.7
Top quintile	30.8	50.5	1,154	2.3	78.3	38.1
All	34.6	12.1	-14	-0.1	100.0	100.0
UNITED STATES TOTAL						
Lowest quintile	26.2	0.0	-225	-93.5	0.0	7.9
Second quintile	39.2	0.1	-349	-25.4	0.5	12.9
Middle quintile	40.6	1.1	-328	-6.7	3.0	14.7
Fourth quintile	43.2	2.8	-233	-2.1	14.6	22.9
Top quintile	43.6	7.6	1,135	2.5	81.9	41.5
All	48.5	16.0	0	0.0	100.0	100.0

**Option 3 - Credit Equals Minimum of \$290 or 50% of Real Estate Taxes (Primary Residence)
Repeals Real Estate Tax Deduction**

Cash income percentile ^a	Percent of Tax Units ^b		Average Federal Tax Change		Share of Total Federal Tax Benefits	
	With tax cut	With tax increase	Dollars	Percent	Current law	Proposal
CITIES						
Lowest quintile	28.4	0.0	-76	-38.3	0.1	3.6
Second quintile	35.2	0.2	-92	-6.8	0.6	4.6
Middle quintile	37.9	2.3	-86	-1.7	4.1	7.6
Fourth quintile	40.2	16.5	-35	-0.3	17.0	17.8
Top quintile	29.4	49.8	293	0.6	78.3	66.3
All	34.1	11.5	-15	-0.1	100.0	100.0
UNITED STATES TOTAL						
Lowest quintile	29.8	0.0	-80	-33.2	0.0	2.8
Second quintile	40.0	0.3	-106	-7.7	0.5	4.1
Middle quintile	42.5	2.3	-99	-2.0	3.0	6.4
Fourth quintile	45.0	15.6	-52	-0.5	14.6	16.2
Top quintile	31.6	50.0	288	0.6	81.9	70.4
All	37.8	13.6	-10	-0.1	100.0	100.0

**Option 4 - Credit Equals Minimum of \$1,400 or 100% of Real Estate Taxes (Primary Residence)
Repeals Mortgage Interest and Real Estate Tax Deductions**

Cash income percentile ^a	Percent of Tax Units ^b		Average Federal Tax Change		Share of Total Federal Tax Benefits	
	With tax cut	With tax increase	Dollars	Percent	Current Law	Proposal
CITIES						
Lowest quintile	28.4	0.1	-216	-109.0	0.1	10.5
Second quintile	35.2	0.5	-297	-21.8	0.6	13.9
Middle quintile	37.6	4.1	-294	-5.6	4.1	17.0
Fourth quintile	41.1	17.5	-198	-1.7	17.0	24.4
Top quintile	29.9	51.4	1,305	2.6	78.3	34.0
All	34.3	12.4	-2	0.0	100.0	100.0
UNITED STATES TOTAL						
Lowest quintile	29.8	0.0	-233	-96.9	0.0	8.2
Second quintile	40.1	0.4	-355	-25.8	0.5	13.2
Middle quintile	42.6	3.3	-367	-7.5	3.0	16.2
Fourth quintile	46.5	15.8	-280	-2.6	14.6	24.8
Top quintile	32.3	51.3	1,264	2.8	81.9	37.3
All	38.3	14.2	5	0.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-1A).

Notes: Baseline is current law without the deductions for home mortgage interest and real estate taxes. Proposal allows these two deductions.

^a Income cut-offs for each quintile are as follows: lowest quintile: \$0 - \$13,286; second quintile: \$13,287 - \$25,633; middle quintile: \$25,634 - \$44,601; fourth quintile: \$44,602 - \$78,646; top quintile: > \$78,646. Tax units with negative cash income are excluded from the lowest quintile but are included in the totals. Cutoffs are same for both city filers and total U.S. filers.

^b Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

^c Only the mortgage interest tax deduction, the real estate tax deduction, and the particular reform option are simulated in the Tax Model.

**Table 13. Individuals without Health Insurance by Income,
Cities versus United States, 2004**

Income	All Individuals			Uninsured Individuals		
	Cities	U.S.	% in cities	Cities	U.S.	% in cities
Below poverty level	13,998,793	48,975,483	28.6%	4,606,898	15,846,898	29.1%
100-199% of poverty level	12,549,118	54,677,016	23.0%	3,509,604	12,778,863	27.5%
200-299% of poverty level	8,978,753	46,790,171	19.2%	1,836,364	7,139,736	25.7%
300-399% of poverty level	6,343,090	36,839,984	17.2%	846,205	3,626,684	23.3%
400% of poverty level and above	17,303,493	101,001,984	17.1%	1,166,188	5,293,335	22.0%
TOTAL	59,173,247	288,284,638	20.5%	11,965,259	44,685,516	26.8%

Source: Urban Institute analysis of March 2004 CPS.

Note: Poverty status based on income of health insurance unit, which is a person or collection of people (usually a family) that is or would be covered by one health insurance policy.

Appendix. Central Cities in Large Metropolitan Areas, by Population, 2000

New York, New York	8,008,278	Arlington, Virginia	189,453	Anderson, Indiana	59,636
Los Angeles, California	3,694,834	Durham, North Carolina	187,183	Waltham, Massachusetts	59,226
Chicago, Illinois	2,895,964	Orlando, Florida	185,984	Palo Alto, California	58,783
Houston, Texas	1,954,848	Winston-Salem, North Carolina	185,480	Hemet, California	58,770
Philadelphia, Pennsylvania	1,517,550	San Bernardino, California	185,388	Council Bluffs, Iowa	58,249
Phoenix, Arizona	1,320,994	Little Rock, Arkansas	183,558	Meriden, Connecticut	58,244
San Diego, California	1,223,341	Salt Lake City, Utah	181,456	Temecula, California	57,425
Dallas, Texas	1,188,204	Newport News, Virginia	180,150	Greenville, South Carolina	56,334
San Antonio, Texas	1,144,554	Knoxville, Tennessee	173,680	Concord, North Carolina	55,941
Detroit, Michigan	951,270	Providence, Rhode Island	173,618	Elyria, Ohio	55,882
San Jose, California	893,889	Dayton, Ohio	166,193	Niagara Falls, New York	55,677
Indianapolis, Indiana	782,414	Tempe, Arizona	158,426	White Plains, New York	53,077
San Francisco, California	776,733	Fort Lauderdale, Florida	152,125	Frederick, Maryland	52,693
Jacksonville, Florida	735,503	Springfield, Massachusetts	152,082	Rock Hill, South Carolina	50,209
Columbus, Ohio	711,644	Syracuse, New York	147,326	Troy, New York	49,170
Austin, Texas	656,302	Kansas City, Kansas	146,867	Harrisburg, Pennsylvania	49,100
Baltimore, Maryland	651,154	Hampton, Virginia	146,437	Chapel Hill, North Carolina	48,796
Memphis, Tennessee	649,845	Aurora, Illinois	143,609	Warren, Ohio	46,886
Milwaukee, Wisconsin	596,956	Vancouver, Washington	143,226	Newark, Ohio	46,115
Boston, Massachusetts	589,141	Irvine, California	143,034	Burlington, North Carolina	45,363
Washington, District of Columbia	572,059	Salem, Oregon	136,694	Madera, California	43,370
El Paso, Texas	564,280	Pasadena, California	133,871	Woonsocket, Rhode Island	43,224
Seattle, Washington	563,375	Escondido, California	133,528	Conway, Arkansas	43,199
Denver, Colorado	554,636	Sunnyvale, California	131,905	Middletown, Connecticut	43,167
Nashville-Davidson, Tennessee	545,549	New Haven, Connecticut	123,626	Wilkes-Barre, Pennsylvania	43,123
Charlotte, North Carolina	542,131	Hartford, Connecticut	121,578	Palm Springs, California	42,848
Fort Worth, Texas	535,420	Lancaster, California	118,783	Belleville, Illinois	42,165
Portland, Oregon	529,025	Bellevue, Washington	109,189	Attleboro, Massachusetts	42,068
Oklahoma City, Oklahoma	505,963	Clearwater, Florida	107,925	Gilroy, California	41,587
Tucson, Arizona	486,591	Allentown, Pennsylvania	106,632	Palm Desert, California	41,284
New Orleans, Louisiana	484,674	Joliet, Illinois	106,157	Muskegon, Michigan	40,136
Las Vegas, Nevada	478,868	Gary, Indiana	102,746	Westfield, Massachusetts	40,072
Cleveland, Ohio	478,393	Berkeley, California	102,743	Holyoke, Massachusetts	39,838
Long Beach, California	461,381	Santa Clara, California	102,104	Spartanburg, South Carolina	39,407
Albuquerque, New Mexico	448,627	Cambridge, Massachusetts	101,355	DeKalb, Illinois	38,840
Fresno, California	427,224	San Buenaventura, California	101,155	New Albany, Indiana	37,366
Virginia Beach, Virginia	425,257	Portsmouth, Virginia	100,565	New Braunfels, Texas	36,884
Atlanta, Georgia	416,629	Dearborn, Michigan	97,775	Kannapolis, North Carolina	36,699
Sacramento, California	407,075	Charleston, South Carolina	96,086	Conroe, Texas	36,660
Oakland, California	399,477	Norman, Oklahoma	95,693	North Chicago, Illinois	36,001
Mesa, Arizona	397,215	Albany, New York	95,658	Annapolis, Maryland	35,806
Tulsa, Oklahoma	393,051	Elgin, Illinois	93,895	Leavenworth, Kansas	35,304
Omaha, Nebraska	390,112	Olathe, Kansas	93,013	Lancaster, Ohio	35,266
Minneapolis, Minnesota	382,452	Fall River, Massachusetts	91,938	Holland, Michigan	35,211
Honolulu, Hawaii	371,619	Everett, Washington	91,290	San Marcos, Texas	34,005
Miami, Florida	362,563	Lynn, Massachusetts	89,122	Petersburg, Virginia	33,740
St. Louis, Missouri	348,189	Miami Beach, Florida	88,061	East Chicago, Indiana	32,414
Santa Ana, California	337,512	High Point, North Carolina	85,949	Port Huron, Michigan	32,363
Pittsburgh, Pennsylvania	334,563	Warwick, Rhode Island	85,808	Fairborn, Ohio	31,991
Arlington, Texas	332,695	Youngstown, Ohio	82,026	Granite City, Illinois	31,632
Cincinnati, Ohio	330,662	West Palm Beach, Florida	81,539	East St. Louis, Illinois	31,530
Anaheim, California	327,357	Denton, Texas	80,578	Alton, Illinois	30,425
Toledo, Ohio	313,587	Camden, New Jersey	79,904	Gloucester, Massachusetts	30,273
Tampa, Florida	303,512	North Charleston, South Carolina	79,442	Jacksonville, Arkansas	29,787
Buffalo, New York	292,648	Ogden, Utah	77,240	Bowling Green, Ohio	29,562
St. Paul, Minnesota	287,151	Scranton, Pennsylvania	76,415	Northampton, Massachusetts	28,978
Raleigh, North Carolina	276,579	Boca Raton, Florida	75,594	Shawnee, Oklahoma	28,687
Newark, New Jersey	273,546	Evanston, Illinois	74,239	Auburn, New York	28,574
Louisville, Kentucky	256,420	Pawtucket, Rhode Island	72,958	Newark, Delaware	28,570
Riverside, California	255,093	Wilmington, Delaware	72,664	Kent, Ohio	27,994
St. Petersburg, Florida	247,793	Alameda, California	72,259	West Memphis, Arkansas	27,752
Bakersfield, California	247,385	Bethlehem, Pennsylvania	71,329	Kankakee, Illinois	27,561
Birmingham, Alabama	243,072	Murfreesboro, Tennessee	68,957	Oak Ridge, Tennessee	27,413
Jersey, New Jersey	240,055	Lorain, Ohio	68,655	Saratoga Springs, New York	26,187
Norfolk, Virginia	234,403	Baytown, Texas	66,944	Clearfield, Utah	25,918
Baton Rouge, Louisiana	227,920	Pontiac, Michigan	66,337	Slidell, Louisiana	25,588
Greensboro, North Carolina	223,299	Gastonia, North Carolina	66,298	Anderson, South Carolina	25,236
Rochester, New York	219,766	Springfield, Ohio	65,322	Lebanon, Pennsylvania	24,461
Akron, Ohio	217,088	Waukesha, Wisconsin	64,372	Coronado, California	24,226
Scottsdale, Arizona	202,744	Suffolk, Virginia	63,677	Fredericksburg, Virginia	19,279
Grand Rapids, Michigan	197,846	Schenectady, New York	61,908	Dover, New Jersey	18,188
Richmond, Virginia	197,790	Bayonne, New Jersey	61,842	Carlisle, Pennsylvania	17,970
Tacoma, Washington	193,177	North Little Rock, Arkansas	60,432		
Irving, Texas	191,611	St. Charles, Missouri	59,997	Total (221 cities)	61,366,979

Sources: 1990 and 2000 decennial censuses

Note: Large metropolitan areas had populations of at least 500,000 in 1990.

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