JCX-38-89
Joint Committee on Taxation
July 24, 1989

DISTRIBUTIONAL EFFECT OF A 30% EXCLUSION FOR LONG-TERM CAPITAL GAINS

[1990 Income Levels]

Income Class[1]	Number of Returns With Tax Change (Thousands)	Aggregate Tax Change (Millions of Dollars)	Average Tax Reduction[2] (Dollars)	Percent Distribution of Aggregate Tax Change
Less than $10,000......	72	$ -7	$ -91	0.0%
10,000 - 20,000......	693	-80	-115	0.5
20,000 - 30,000......	1,208	-201	-166	1.3
30,000 - 40,000......	1,493	-403	-270	2.6
40,000 - 50,000......	1,082	-559	-516	3.6
50,000 - 75,000......	1,571	-1,036	-659	6.7
75,000 - 100,000......	539	-820	-1,522	5.3
100,000 - 200,000......	875	-3,084	-3,523	19.8
200,000 and Above......	376	-9,373	-24,906	60.2
Total..................	**7,909**	**$-15,561**	**$ -1,968**	**100.0%**

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NOTE: Details may not add to totals due to rounding.

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1 The income concept used to place tax returns into income classes is adjusted gross income, plus: (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) inside build-up on life insurance, (4) worker's compensation, (5) nontaxable social security benefits, (6) deductible contributions to individual retirement accounts, (7) the minimum tax preferences, and (8) net losses in excess of minimum tax preferences, from passive business activities.

2 The tax reduction reported here assumes no change in taxpayer behavior. This measure understates the tax benefit received by certain taxpayers.