

DISTRIBUTIONAL EFFECTS OF
S. 1415, AS REPORTED BY THE SENATE COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION

Prepared by the Staff
of the
JOINT COMMITTEE ON TAXATION

May 18, 1998

JCX-40-98

**DISTRIBUTIONAL EFFECTS OF THE
TOBACCO PAYMENT PROVISIONS OF S. 1415**

Calendar Year 1999

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	\$1,710	34.5%	\$5	0.4%	\$7	0.5%	5.7%	7.7%
10,000 to 20,000.....	2,463	8.2%	30	2.2%	32	2.4%	7.9%	8.5%
20,000 to 30,000.....	2,556	3.6%	70	5.2%	73	5.3%	13.5%	14.0%
30,000 to 40,000.....	2,292	2.4%	95	7.0%	97	7.1%	16.1%	16.5%
40,000 to 50,000.....	1,563	1.5%	101	7.5%	103	7.5%	17.5%	17.7%
50,000 to 75,000.....	2,602	1.1%	242	17.9%	244	17.9%	19.7%	19.9%
75,000 to 100,000.....	1,003	0.5%	203	15.1%	204	15.0%	22.5%	22.6%
100,000 to 200,000.....	190	(5)	283	21.0%	283	20.8%	24.8%	24.8%
200,000 and over.....	21	(5)	319	23.7%	319	23.4%	29.0%	29.0%
Total, All Taxpayers....	\$14,400	1.1%	\$1,348	100.0%	\$1,363	100.0%	20.6%	20.9%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes gross payments by tobacco companies distributed equivalent to an excise tax.
 - (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1998 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than 0.005%.

**DISTRIBUTIONAL EFFECTS OF THE
TOBACCO PAYMENT PROVISIONS OF S. 1415**

Calendar Year 2000

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	\$1,785	34.7%	\$5	0.4%	\$7	0.5%	6.0%	8.1%
10,000 to 20,000.....	2,615	8.6%	30	2.2%	33	2.3%	7.7%	8.4%
20,000 to 30,000.....	2,731	3.8%	72	5.1%	75	5.3%	13.4%	14.0%
30,000 to 40,000.....	2,458	2.5%	98	7.0%	101	7.1%	16.1%	16.5%
40,000 to 50,000.....	1,690	1.6%	106	7.6%	108	7.6%	17.5%	17.8%
50,000 to 75,000.....	2,756	1.1%	250	17.8%	253	17.8%	19.6%	19.8%
75,000 to 100,000.....	1,114	0.5%	213	15.2%	214	15.1%	22.5%	22.6%
100,000 to 200,000.....	225	0.1%	298	21.2%	299	21.0%	24.8%	24.8%
200,000 and over.....	27	(5)	332	23.6%	332	23.4%	29.1%	29.1%
Total, All Taxpayers....	\$15,400	1.1%	\$1,406	100.0%	\$1,421	100.0%	20.7%	20.9%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes gross payments by tobacco companies distributed equivalent to an excise tax.
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 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.
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**DISTRIBUTIONAL EFFECTS OF THE
TOBACCO PAYMENT PROVISIONS OF S. 1415**

Calendar Year 2001

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	\$2,003	37.5%	\$5	0.4%	\$7	0.5%	6.3%	8.7%
10,000 to 20,000.....	2,982	9.7%	31	2.1%	34	2.3%	7.6%	8.3%
20,000 to 30,000.....	3,135	4.2%	74	5.0%	77	5.2%	13.4%	13.9%
30,000 to 40,000.....	2,833	2.8%	103	7.0%	106	7.1%	16.1%	16.6%
40,000 to 50,000.....	1,964	1.8%	111	7.6%	113	7.6%	17.5%	17.8%
50,000 to 75,000.....	3,138	1.2%	259	17.6%	262	17.6%	19.6%	19.8%
75,000 to 100,000.....	1,327	0.6%	224	15.2%	225	15.2%	22.5%	22.7%
100,000 to 200,000.....	283	0.1%	315	21.5%	316	21.2%	24.9%	24.9%
200,000 and over.....	36	(5)	347	23.6%	347	23.3%	29.2%	29.2%
Total, All Taxpayers....	\$17,700	1.2%	\$1,468	100.0%	\$1,486	100.0%	20.7%	21.0%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes gross payments by tobacco companies distributed equivalent to an excise tax.
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 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
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**DISTRIBUTIONAL EFFECTS OF THE
TOBACCO PAYMENT PROVISIONS OF S. 1415**

Calendar Year 2002

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	\$2,319	42.3%	\$5	0.4%	\$8	0.5%	6.6%	9.4%
10,000 to 20,000.....	3,509	11.2%	31	2.0%	35	2.2%	7.5%	8.4%
20,000 to 30,000.....	3,715	4.9%	76	4.9%	79	5.1%	13.3%	13.9%
30,000 to 40,000.....	3,369	3.1%	108	7.0%	111	7.1%	16.1%	16.6%
40,000 to 50,000.....	2,355	2.0%	116	7.5%	118	7.6%	17.6%	17.9%
50,000 to 75,000.....	3,689	1.4%	267	17.4%	270	17.4%	19.5%	19.8%
75,000 to 100,000.....	1,626	0.7%	238	15.5%	240	15.4%	22.5%	22.7%
100,000 to 200,000.....	366	0.1%	332	21.6%	332	21.3%	24.9%	24.9%
200,000 and over.....	50	(5)	363	23.6%	363	23.3%	29.3%	29.3%
Total, All Taxpayers....	\$21,000	1.4%	\$1,536	100.0%	\$1,557	100.0%	20.8%	21.1%

Source: Joint Committee on Taxation

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 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
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**DISTRIBUTIONAL EFFECTS OF THE
TOBACCO PAYMENT PROVISIONS OF S. 1415**

Calendar Year 2003

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	\$2,544	44.6%	\$6	0.4%	\$8	0.5%	6.9%	10.0%
10,000 to 20,000.....	3,911	12.3%	32	2.0%	36	2.2%	7.5%	8.4%
20,000 to 30,000.....	4,170	5.4%	78	4.8%	82	5.0%	13.2%	13.9%
30,000 to 40,000.....	3,796	3.3%	114	7.1%	118	7.2%	16.2%	16.7%
40,000 to 50,000.....	2,675	2.2%	120	7.4%	123	7.5%	17.6%	18.0%
50,000 to 75,000.....	4,109	1.5%	280	17.3%	284	17.3%	19.5%	19.8%
75,000 to 100,000.....	1,884	0.7%	252	15.6%	254	15.5%	22.6%	22.8%
100,000 to 200,000.....	446	0.1%	351	21.7%	351	21.4%	24.9%	25.0%
200,000 and over.....	65	(5)	383	23.7%	383	23.4%	29.3%	29.3%
Total, All Taxpayers....	\$23,600	1.5%	\$1,614	100.0%	\$1,638	100.0%	20.8%	21.2%

Source: Joint Committee on Taxation

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