

DISTRIBUTIONAL EFFECTS  
OF CERTAIN TAX PROVISIONS  
OF H.R. 3 AS AMENDED BY THE SENATE

Prepared by the Staff  
of the  
JOINT COMMITTEE ON TAXATION

May 18, 1990

JCX-15-90R

Revised June 13, 1990

DISTRIBUTIONAL IMPACT OF  
CERTAIN REVENUE-RELATED PROVISIONS  
OF TITLE II OF H.R. 3 AS AMENDED BY THE SENATE

Calendar Year 1990

INCOME CLASS <sup>1</sup>	RETURNS (Thousands)	AMOUNT (Millions)	AVERAGE (Dollars)
Less than \$10,000.....	1,480	\$ -745	\$-503
10,000 - 20,000.....	3,992	-1,481	-371
20,000 - 30,000.....	869	-206	-237
30,000 - 40,000.....	68	-23	-338
40,000 - 50,000.....	8	-2	-250
50,000 - 75,000.....	7	-2	-286
75,000 - 100,000.....	--	--	--
100,000 - 200,000.....	--	--	--
200,000 and over.....	--	--	--
<b>TOTALS.....</b>	<b>6,424</b>	<b>\$-2,458</b>	<b>\$-383</b>

Joint Committee on Taxation  
June 13, 1990

**NOTES:** Distributional impact reflects the following revenue-related provisions: Supplemental EITC, 90% refundable dependent care credit, and refundable 50% health insurance tax credit.  
Distributional impact is presented at 1990 income levels, as if provision was fully effective for that year.  
Details may not add to totals due to rounding.

<sup>1</sup> The income concept used to place tax returns into classes is adjusted gross income (AGI) plus: (1) tax-exempt interest; (2) employer contributions for health plans and life insurance; (3) inside buildup 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 preference, from passive business activities.

DISTRIBUTIONAL IMPACT OF  
THE SUPPLEMENTAL EITC OF H.R. 3 AS AMENDED BY THE SENATE

Calendar Year 1990

INCOME CLASS <sup>1</sup>	RETURNS (Thousands)	AMOUNT (Millions)	AVERAGE (Dollars)
Less than \$10,000.....	626	\$-225	\$-360
10,000 - 20,000.....	1,140	-333	-292
20,000 - 30,000.....	94	-25	-271
30,000 - 40,000.....	12	-4	-312
40,000 - 50,000.....	1	2/	-149
50,000 - 75,000.....	--	--	--
75,000 - 100,000.....	--	--	--
100,000 - 200,000.....	--	--	--
200,000 and over.....	--	--	--
<b>TOTALS.....</b>	<b>1,872</b>	<b>\$-586</b>	<b>\$-314</b>

Joint Committee on Taxation  
June 13, 1990

**NOTES:** Distributional impact is presented at 1990 income levels, as if provision was fully effective for that year. Details may not add to totals due to rounding.

<sup>1</sup> The income concept used to place tax returns into classes is adjusted gross income (AGI) plus: (1) tax-exempt interest; (2) employer contributions for health plans and life insurance; (3) inside buildup 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 preference, from passive business activities.

<sup>2</sup> Loss of less than \$500,000.

DISTRIBUTIONAL IMPACT OF  
THE 90-PERCENT REFUNDABLE DEPENDENT CARE CREDIT  
OF H.R. 3 AS AMENDED BY THE SENATE

Calendar Year 1990

INCOME CLASS <sup>1</sup>	RETURNS (Thousands)	AMOUNT (Millions)	AVERAGE (Dollars)
Less than \$10,000.....	421	\$-302	\$ -716
10,000 - 20,000.....	1,087	-573	-527
20,000 - 30,000.....	261	-109	-418
30,000 - 40,000.....	19	-12	-625
40,000 - 50,000.....	1	-1	-1,061
50,000 - 75,000.....	1	-1	-798
75,000 - 100,000.....	--	--	--
100,000 - 200,000.....	--	--	--
200,000 and over.....	--	--	--
<b>TOTALS.....</b>	<b>1,789</b>	<b>\$-997</b>	<b>\$-557</b>

Joint Committee on Taxation  
June 13, 1990

NOTES: Distributional impact is presented at 1990 income levels, as if provision was fully effective for that year. Details may not add to totals due to rounding.

<sup>1</sup> The income concept used to place tax returns into classes is adjusted gross income (AGI) plus: (1) tax-exempt interest; (2) employer contributions for health plans and life insurance; (3) inside buildup 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 preference, from passive business activities.

DISTRIBUTIONAL IMPACT OF  
THE REFUNDABLE 50-PERCENT HEALTH INSURANCE  
TAX CREDIT OF H.R. 3 AS AMENDED BY THE SENATE<sup>1</sup>

Calendar Year 1990

INCOME CLASS <sup>2</sup>	RETURNS (Thousands)	AMOUNT (Millions)	AVERAGE (Dollars)
Less than \$10,000.....	940	\$-218	\$-232
10,000 - 20,000.....	2,893	-575	-199
20,000 - 30,000.....	698	-72	-103
30,000 - 40,000.....	48	-7	-152
40,000 - 50,000.....	8	-1	-137
50,000 - 75,000.....	7	-2	-242
75,000 - 100,000.....	--	--	--
100,000 - 200,000.....	--	--	--
200,000 and over.....	--	--	--
<b>TOTALS.....</b>	<b>4,594</b>	<b>\$-875</b>	<b>\$-190</b>

Joint Committee on Taxation  
June 13, 1990

**NOTES:** Distributional impact is presented at 1990 income levels, as if provision was fully effective for that year. Details may not add to totals due to rounding.

<sup>1</sup> Credit rate is 35% in 1991, 40% in 1992, 45% in 1993, and 50% in 1994 and thereafter.

<sup>2</sup> The income concept used to place tax returns into classes is adjusted gross income (AGI) plus: (1) tax-exempt interest; (2) employer contributions for health plans and life insurance; (3) inside buildup 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 preference, from passive business activities.