

**DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE
REVENUE RECONCILIATION PROVISIONS OF H.R. 2014,
THE "TAXPAYER RELIEF ACT OF 1997"**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

September 4, 1997

JCX-41-97

**DISTRIBUTIONAL EFFECTS OF THE
CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS
OF H.R. 2014 (1)
Calendar Year 1997**

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.....	\$14	0.3%	\$5	0.4%	\$5	0.4%	5.4%	5.4%
10,000 to 20,000.....	-15	(5)	31	2.6%	31	2.6%	8.5%	8.5%
20,000 to 30,000.....	-8	(5)	68	5.7%	68	5.6%	13.8%	13.8%
30,000 to 40,000.....	13	(5)	95	7.9%	95	7.9%	16.6%	16.6%
40,000 to 50,000.....	42	(5)	100	8.3%	100	8.2%	17.9%	17.8%
50,000 to 75,000.....	376	0.2%	243	20.2%	243	20.1%	20.3%	20.3%
75,000 to 100,000.....	667	0.4%	183	15.2%	184	15.2%	23.1%	23.0%
100,000 to 200,000.....	1,580	0.7%	237	19.7%	239	19.7%	25.2%	24.9%
200,000 and over.....	5,642	2.4%	240	20.0%	246	20.3%	30.2%	28.3%
Total, All Taxpayers....	\$8,311	0.7%	\$1,202	100.0%	\$1,211	100.0%	20.7%	20.5%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increase in the cigarette 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 1997 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.
 - (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 0.05%.

**DISTRIBUTIONAL EFFECTS OF THE
CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS
OF H.R. 2014 (1)
Calendar Year 1998**

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.....	-\$26	-0.5%	\$5	0.4%	\$5	0.4%	5.4%	5.4%
10,000 to 20,000.....	-1,870	-5.9%	31	2.5%	30	2.4%	8.5%	7.9%
20,000 to 30,000.....	-3,477	-4.9%	70	5.6%	67	5.4%	13.7%	13.0%
30,000 to 40,000.....	-4,244	-4.3%	98	7.8%	93	7.6%	16.5%	15.8%
40,000 to 50,000.....	-3,372	-3.3%	103	8.2%	99	8.1%	17.7%	17.1%
50,000 to 75,000.....	-6,628	-2.6%	251	20.0%	244	19.9%	20.2%	19.6%
75,000 to 100,000.....	-3,242	-1.7%	193	15.4%	189	15.4%	23.1%	22.6%
100,000 to 200,000.....	-178	-0.1%	251	20.0%	251	20.4%	25.1%	24.8%
200,000 and over.....	1,076	0.4%	251	20.0%	252	20.5%	30.2%	28.6%
Total, All Taxpayers....	-\$21,961	-1.8%	\$1,253	100.0%	\$1,231	100.0%	20.7%	20.1%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increase in the cigarette 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 1997 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.
 - (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.

**DISTRIBUTIONAL EFFECTS OF THE
CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS
OF H.R. 2014 (1)
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.....	-\$33	-0.7%	\$5	0.4%	\$5	0.4%	5.7%	5.6%
10,000 to 20,000.....	-2,051	-6.5%	32	2.4%	29	2.3%	8.3%	7.8%
20,000 to 30,000.....	-3,955	-5.5%	72	5.5%	69	5.4%	13.6%	12.9%
30,000 to 40,000.....	-5,088	-5.0%	101	7.7%	96	7.5%	16.5%	15.6%
40,000 to 50,000.....	-4,115	-3.9%	107	8.1%	102	8.0%	17.5%	16.8%
50,000 to 75,000.....	-8,255	-3.2%	259	19.8%	251	19.6%	20.0%	19.3%
75,000 to 100,000.....	-4,358	-2.1%	204	15.6%	200	15.6%	23.0%	22.4%
100,000 to 200,000.....	-1,101	-0.4%	264	20.2%	263	20.6%	25.1%	24.7%
200,000 and over.....	-1,893	-0.7%	264	20.2%	262	20.5%	30.2%	28.7%
Total, All Taxpayers....	-\$30,850	-2.4%	\$1,309	100.0%	\$1,278	100.0%	20.6%	20.0%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increase in the cigarette 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 1997 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.
- (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.

**DISTRIBUTIONAL EFFECTS OF THE
CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS
OF H.R. 2154 (1)
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.....	-\$40	-0.8%	\$5	0.4%	\$5	0.4%	5.8%	5.7%
10,000 to 20,000.....	-2,143	-6.7%	32	2.3%	30	2.2%	8.3%	7.7%
20,000 to 30,000.....	-4,075	-5.5%	75	5.4%	71	5.3%	13.6%	12.8%
30,000 to 40,000.....	-5,189	-4.9%	105	7.7%	100	7.5%	16.4%	15.6%
40,000 to 50,000.....	-4,152	-3.8%	110	8.1%	106	7.9%	17.5%	16.8%
50,000 to 75,000.....	-8,197	-3.1%	267	19.4%	258	19.3%	19.7%	19.1%
75,000 to 100,000.....	-4,482	-2.1%	218	15.9%	213	15.9%	22.8%	22.3%
100,000 to 200,000.....	-1,096	-0.4%	280	20.4%	278	20.8%	25.0%	24.7%
200,000 and over.....	-2,439	-0.9%	279	20.4%	277	20.7%	30.2%	28.7%
Total, All Taxpayers....	-\$31,812	-2.3%	\$1,371	100.0%	\$1,339	100.0%	20.6%	20.0%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increase in the cigarette 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 1997 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.
- (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.

**DISTRIBUTIONAL EFFECTS OF THE
CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS
OF H.R. 2014 (1)
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.....	-\$52	-1.0%	\$5	0.4%	\$5	0.4%	5.8%	5.8%
10,000 to 20,000.....	-2,395	-7.4%	32	2.2%	30	2.1%	8.3%	7.7%
20,000 to 30,000.....	-4,359	-5.6%	77	5.4%	73	5.2%	13.5%	12.8%
30,000 to 40,000.....	-5,359	-4.9%	109	7.6%	104	7.4%	16.4%	15.6%
40,000 to 50,000.....	-4,324	-3.8%	114	8.0%	110	7.8%	17.4%	16.7%
50,000 to 75,000.....	-8,116	-3.0%	274	19.1%	266	18.9%	19.6%	18.9%
75,000 to 100,000.....	-4,533	-1.9%	235	16.4%	230	16.4%	22.8%	22.2%
100,000 to 200,000.....	-570	-0.2%	295	20.5%	294	20.9%	25.0%	24.7%
200,000 and over.....	-1,162	-0.4%	294	20.5%	293	20.8%	30.3%	28.7%
Total, All Taxpayers....	-\$30,870	-2.1%	\$1,437	100.0%	\$1,406	100.0%	20.6%	20.0%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increase in the cigarette 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 1997 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.
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**DISTRIBUTIONAL EFFECTS OF THE
CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS
OF H.R. 2002 (1)
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.....	-\$70	-1.3%	\$5	0.4%	\$5	0.4%	5.9%	5.8%
10,000 to 20,000.....	-2,702	-8.3%	33	2.2%	30	2.0%	8.3%	7.6%
20,000 to 30,000.....	-4,748	-6.0%	80	5.3%	75	5.1%	13.5%	12.7%
30,000 to 40,000.....	-5,646	-5.0%	114	7.5%	108	7.3%	16.4%	15.5%
40,000 to 50,000.....	-4,537	-3.8%	120	7.9%	115	7.8%	17.3%	16.7%
50,000 to 75,000.....	-8,260	-2.9%	284	18.9%	276	18.7%	19.3%	18.8%
75,000 to 100,000.....	-4,696	-1.9%	248	16.5%	243	16.5%	22.7%	22.2%
100,000 to 200,000.....	-614	-0.2%	312	20.8%	312	21.2%	25.0%	24.7%
200,000 and over.....	-2,019	-0.7%	310	20.6%	308	20.9%	30.3%	28.7%
Total, All Taxpayers....	-\$33,293	-2.2%	\$1,505	100.0%	\$1,471	100.0%	20.6%	20.0%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increase in the cigarette 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 1997 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.
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