

**DISTRIBUTIONAL EFFECTS OF A CHAIRMAN'S MARK OF
THE "RESTORING EARNINGS TO LIFT INDIVIDUALS AND
EMPOWER FAMILIES ('RELIEF') ACT OF 2001"**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION



May 11, 2001

JCX-42-01

**DISTRIBUTIONAL EFFECTS OF A CHAIRMAN'S MARK OF
THE "RESTORING EARNINGS TO LIFT INDIVIDUALS AND EMPOWER FAMILIES ('RELIEF') ACT OF 2001" (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.....	-\$78	-1.1%	\$7	0.4%	\$7	0.4%	8.7%	8.6%
10,000 to 20,000.....	-3451	-13.2%	26	1.5%	23	1.3%	7.5%	6.5%
20,000 to 30,000.....	-6,209	-10.0%	62	3.5%	56	3.3%	13.4%	12.1%
30,000 to 40,000.....	-5,747	-6.5%	89	5.1%	83	4.9%	16.1%	15.1%
40,000 to 50,000.....	-5,415	-5.3%	102	5.9%	97	5.7%	17.4%	16.5%
50,000 to 75,000.....	-11,008	-4.3%	256	14.6%	245	14.4%	19.1%	18.3%
75,000 to 100,000.....	-7,649	-3.1%	244	13.9%	236	13.9%	21.7%	21.1%
100,000 to 200,000.....	-7,934	-1.9%	408	23.3%	400	23.5%	24.2%	23.8%
200,000 and over.....	-2,198	-0.4%	555	31.7%	553	32.5%	27.8%	27.6%
Total, All Taxpayers....	-\$49,689	-2.8%	\$1,748	100.0%	\$1,698	100.0%	21.4%	20.8%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes provisions affecting the child credit, individual marginal rates, a 10% bracket, limitation of itemized deductions, the personal exemption phaseout, the standard deduction, 15% bracket and EIC for married couples, deductible IRAs, and the AMT.
 - (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 2001 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 and estate and gift taxes are not included due to uncertainty concerning the incidence of these taxes. 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.

**DISTRIBUTIONAL EFFECTS OF A CHAIRMAN'S MARK OF
THE "RESTORING EARNINGS TO LIFT INDIVIDUALS AND EMPOWER FAMILIES ('RELIEF') ACT OF 2001" (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.....	-\$80	-1.1%	\$7	0.4%	\$7	0.4%	9.2%	9.1%
10,000 to 20,000.....	-4,177	-15.5%	27	1.5%	23	1.3%	7.6%	6.4%
20,000 to 30,000.....	-7,543	-12.0%	63	3.4%	55	3.1%	13.5%	11.9%
30,000 to 40,000.....	-6,934	-7.7%	91	4.9%	84	4.7%	16.1%	14.8%
40,000 to 50,000.....	-6,212	-5.8%	106	5.8%	100	5.7%	17.5%	16.5%
50,000 to 75,000.....	-13,260	-5.0%	267	14.5%	254	14.4%	19.0%	18.0%
75,000 to 100,000.....	-10,227	-4.0%	255	13.9%	245	13.9%	21.7%	20.8%
100,000 to 200,000.....	-14,415	-3.3%	442	24.1%	427	24.3%	24.2%	23.4%
200,000 and over.....	-12,268	-2.1%	578	31.5%	566	32.1%	27.9%	27.3%
Total, All Taxpayers....	-\$75,115	-4.1%	\$1,836	100.0%	\$1,761	100.0%	21.5%	20.6%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes provisions affecting the child credit, individual marginal rates, a 10% bracket, limitation of itemized deductions, the personal exemption phaseout, the standard deduction, 15% bracket and EIC for married couples, deductible IRAs, and the AMT.
 - (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 2001 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 and estate and gift taxes are not included due to uncertainty concerning the incidence of these taxes. 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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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.....	-\$89	-1.1%	\$8	0.4%	\$8	0.4%	9.7%	9.6%
10,000 to 20,000.....	-4,194	-15.4%	27	1.4%	23	1.2%	7.6%	6.4%
20,000 to 30,000.....	-7,588	-11.7%	65	3.3%	57	3.1%	13.6%	12.0%
30,000 to 40,000.....	-7,041	-7.6%	93	4.8%	86	4.6%	16.0%	14.8%
40,000 to 50,000.....	-6,169	-5.7%	108	5.6%	101	5.5%	17.4%	16.4%
50,000 to 75,000.....	-13,565	-4.9%	279	14.4%	266	14.3%	18.9%	18.0%
75,000 to 100,000.....	-10,553	-4.0%	265	13.7%	255	13.7%	21.7%	20.8%
100,000 to 200,000.....	-15,487	-3.2%	479	24.8%	464	25.0%	24.2%	23.4%
200,000 and over.....	-12,926	-2.1%	609	31.5%	596	32.1%	28.1%	27.5%
Total, All Taxpayers....	-\$77,611	-4.0%	\$1,933	100.0%	\$1,855	100.0%	21.5%	20.7%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes provisions affecting the child credit, individual marginal rates, a 10% bracket, limitation of itemized deductions, the personal exemption phaseout, the standard deduction, 15% bracket and EIC for married couples, deductible IRAs, and the AMT.
 - (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 2001 levels.
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Calendar Year 2004

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.....	-\$78	-1.0%	\$8	0.4%	\$8	0.4%	10.0%	9.9%
10,000 to 20,000.....	-4,345	-15.9%	27	1.3%	23	1.2%	7.6%	6.4%
20,000 to 30,000.....	-8,115	-12.3%	66	3.3%	58	3.0%	13.6%	12.0%
30,000 to 40,000.....	-7,633	-8.0%	96	4.7%	88	4.5%	16.0%	14.7%
40,000 to 50,000.....	-6,671	-6.1%	110	5.4%	103	5.3%	17.4%	16.3%
50,000 to 75,000.....	-14,899	-5.2%	288	14.2%	274	14.1%	18.7%	17.8%
75,000 to 100,000.....	-11,922	-4.3%	279	13.8%	267	13.7%	21.5%	20.6%
100,000 to 200,000.....	-17,223	-3.4%	512	25.2%	495	25.5%	24.1%	23.3%
200,000 and over.....	-13,576	-2.1%	642	31.6%	628	32.3%	28.2%	27.6%
Total, All Taxpayers....	-\$84,461	-4.2%	\$2,028	100.0%	\$1,943	100.0%	21.6%	20.7%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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 - (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 2001 levels.
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Calendar Year 2005

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.....	-\$80	-1.0%	\$8	0.4%	\$8	0.4%	10.1%	10.0%
10,000 to 20,000.....	-4,315	-15.7%	28	1.3%	23	1.2%	7.6%	6.4%
20,000 to 30,000.....	-8,042	-11.8%	68	3.2%	60	3.0%	13.7%	12.1%
30,000 to 40,000.....	-7,675	-7.9%	98	4.6%	90	4.5%	16.0%	14.8%
40,000 to 50,000.....	-6,861	-6.1%	112	5.3%	105	5.2%	17.2%	16.2%
50,000 to 75,000.....	-16,891	-5.6%	303	14.2%	286	14.2%	18.7%	17.6%
75,000 to 100,000.....	-14,564	-5.1%	287	13.5%	273	13.5%	21.4%	20.3%
100,000 to 200,000.....	-25,100	-4.6%	547	25.7%	522	25.8%	24.0%	22.9%
200,000 and over.....	-25,377	-3.7%	678	31.9%	653	32.3%	28.3%	27.2%
Total, All Taxpayers....	-\$108,904	-5.1%	\$2,129	100.0%	\$2,020	100.0%	21.6%	20.5%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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Calendar Year 2006

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.....	-\$82	-1.0%	\$8	0.4%	\$8	0.4%	10.4%	10.3%
10,000 to 20,000.....	-4,319	-15.5%	28	1.2%	23	1.1%	7.6%	6.4%
20,000 to 30,000.....	-7,958	-11.5%	69	3.1%	61	2.9%	13.7%	12.2%
30,000 to 40,000.....	-7,747	-7.8%	99	4.4%	92	4.3%	16.0%	14.7%
40,000 to 50,000.....	-7,283	-6.3%	116	5.2%	109	5.1%	17.2%	16.1%
50,000 to 75,000.....	-17,514	-5.6%	313	14.0%	296	13.9%	18.6%	17.6%
75,000 to 100,000.....	-15,990	-5.4%	297	13.3%	281	13.2%	21.3%	20.1%
100,000 to 200,000.....	-28,446	-4.8%	588	26.3%	560	26.4%	23.9%	22.7%
200,000 and over.....	-26,003	-3.6%	719	32.1%	693	32.6%	28.3%	27.3%
Total, All Taxpayers....	-\$115,340	-5.2%	\$2,238	100.0%	\$2,123	100.0%	21.7%	20.6%

Source: Joint Committee on Taxation

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