

**DISTRIBUTIONAL EFFECTS OF THE  
CONFERENCE AGREEMENT FOR H.R. 1836**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION



May 26, 2001

JCX-52-01

**DISTRIBUTIONAL EFFECTS OF THE  
CONFERENCE AGREEMENT FOR H.R.1836 (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.....	-\$75	-1.0%	\$7	0.4%	\$7	0.4%	8.7%	8.6%
10,000 to 20,000.....	-2989	-11.5%	26	1.5%	23	1.4%	7.5%	6.7%
20,000 to 30,000.....	-5,790	-9.4%	62	3.5%	56	3.3%	13.4%	12.2%
30,000 to 40,000.....	-5,674	-6.4%	89	5.1%	83	4.9%	16.1%	15.1%
40,000 to 50,000.....	-5,490	-5.4%	102	5.9%	97	5.7%	17.4%	16.4%
50,000 to 75,000.....	-11,546	-4.5%	256	14.6%	244	14.4%	19.1%	18.3%
75,000 to 100,000.....	-8,488	-3.5%	244	13.9%	235	13.9%	21.7%	21.0%
100,000 to 200,000.....	-10,488	-2.6%	408	23.3%	397	23.5%	24.2%	23.6%
200,000 and over.....	-6,997	-1.3%	555	31.7%	548	32.4%	27.8%	27.4%
<b>Total, All Taxpayers....</b>	<b>-\$57,536</b>	<b>-3.3%</b>	<b>\$1,748</b>	<b>100.0%</b>	<b>\$1,690</b>	<b>100.0%</b>	<b>21.4%</b>	<b>20.7%</b>

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 THE  
CONFERENCE AGREEMENT FOR H.R.1836 (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.....	-\$75	-1.0%	\$7	0.4%	\$7	0.4%	9.2%	9.1%
10,000 to 20,000.....	-3,596	-13.3%	27	1.5%	23	1.3%	7.6%	6.6%
20,000 to 30,000.....	-7,124	-11.3%	63	3.4%	56	3.2%	13.5%	12.0%
30,000 to 40,000.....	-6,849	-7.6%	91	4.9%	84	4.8%	16.1%	14.8%
40,000 to 50,000.....	-6,198	-5.8%	106	5.8%	100	5.7%	17.5%	16.5%
50,000 to 75,000.....	-13,251	-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.....	-14,416	-3.3%	442	24.1%	427	24.3%	24.2%	23.4%
200,000 and over.....	-16,557	-2.9%	578	31.5%	562	32.0%	27.9%	27.1%
<b>Total, All Taxpayers....</b>	<b>-\$78,294</b>	<b>-4.3%</b>	<b>\$1,836</b>	<b>100.0%</b>	<b>\$1,758</b>	<b>100.0%</b>	<b>21.5%</b>	<b>20.6%</b>

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

- 
- (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 THE  
CONFERENCE AGREEMENT FOR H.R.1836 (1)**

**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.....	-\$83	-1.1%	\$8	0.4%	\$8	0.4%	9.7%	9.6%
10,000 to 20,000.....	-3,516	-12.9%	27	1.4%	24	1.3%	7.6%	6.6%
20,000 to 30,000.....	-7,135	-11.0%	65	3.3%	58	3.1%	13.6%	12.1%
30,000 to 40,000.....	-6,946	-7.5%	93	4.8%	86	4.6%	16.0%	14.8%
40,000 to 50,000.....	-6,155	-5.7%	108	5.6%	101	5.5%	17.4%	16.4%
50,000 to 75,000.....	-13,554	-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	13.8%	21.7%	20.8%
100,000 to 200,000.....	-15,487	-3.2%	479	24.8%	464	25.1%	24.2%	23.4%
200,000 and over.....	-17,453	-2.9%	609	31.5%	591	31.9%	28.1%	27.3%
<b>Total, All Taxpayers....</b>	<b>-\$80,882</b>	<b>-4.2%</b>	<b>\$1,933</b>	<b>100.0%</b>	<b>\$1,852</b>	<b>100.0%</b>	<b>21.5%</b>	<b>20.6%</b>

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

- 
- (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.....	-\$69	-0.9%	\$8	0.4%	\$8	0.4%	10.0%	9.9%
10,000 to 20,000.....	-3,429	-12.6%	27	1.3%	24	1.2%	7.6%	6.6%
20,000 to 30,000.....	-7,121	-10.8%	66	3.3%	59	3.1%	13.6%	12.2%
30,000 to 40,000.....	-6,964	-7.3%	96	4.7%	89	4.6%	16.0%	14.8%
40,000 to 50,000.....	-6,320	-5.8%	110	5.4%	103	5.3%	17.4%	16.4%
50,000 to 75,000.....	-15,049	-5.2%	288	14.2%	273	14.2%	18.7%	17.8%
75,000 to 100,000.....	-12,913	-4.6%	279	13.8%	266	13.8%	21.5%	20.5%
100,000 to 200,000.....	-22,095	-4.3%	512	25.2%	490	25.3%	24.1%	23.0%
200,000 and over.....	-21,671	-3.4%	642	31.6%	620	32.1%	28.2%	27.3%
<b>Total, All Taxpayers....</b>	<b>-\$95,630</b>	<b>-4.7%</b>	<b>\$2,028</b>	<b>100.0%</b>	<b>\$1,932</b>	<b>100.0%</b>	<b>21.6%</b>	<b>20.6%</b>

**Source: Joint Committee on Taxation**

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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.
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**Calendar Year 2005**

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	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$76	-1.0%	\$8	0.4%	\$8	0.4%	10.1%	10.0%
10,000 to 20,000.....	-3,867	-14.0%	28	1.3%	24	1.2%	7.6%	6.5%
20,000 to 30,000.....	-7,937	-11.6%	68	3.2%	60	3.0%	13.7%	12.1%
30,000 to 40,000.....	-7,720	-7.9%	98	4.6%	90	4.4%	16.0%	14.7%
40,000 to 50,000.....	-6,945	-6.2%	112	5.3%	105	5.2%	17.2%	16.2%
50,000 to 75,000.....	-16,630	-5.5%	303	14.2%	286	14.1%	18.7%	17.6%
75,000 to 100,000.....	-14,709	-5.1%	287	13.5%	273	13.5%	21.4%	20.3%
100,000 to 200,000.....	-24,654	-4.5%	547	25.7%	522	25.8%	24.0%	22.9%
200,000 and over.....	-21,182	-3.1%	678	31.9%	657	32.4%	28.3%	27.4%
<b>Total, All Taxpayers....</b>	<b>-\$103,720</b>	<b>-4.9%</b>	<b>\$2,129</b>	<b>100.0%</b>	<b>\$2,025</b>	<b>100.0%</b>	<b>21.6%</b>	<b>20.6%</b>

Source: Joint Committee on Taxation

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**Calendar Year 2006**

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	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$76	-0.9%	\$8	0.4%	\$8	0.4%	10.4%	10.3%
10,000 to 20,000.....	-3,789	-13.6%	28	1.2%	24	1.1%	7.6%	6.6%
20,000 to 30,000.....	-7,853	-11.4%	69	3.1%	61	2.9%	13.7%	12.2%
30,000 to 40,000.....	-7,839	-7.9%	99	4.4%	91	4.4%	16.0%	14.7%
40,000 to 50,000.....	-7,570	-6.5%	116	5.2%	108	5.2%	17.2%	16.0%
50,000 to 75,000.....	-18,755	-6.0%	313	14.0%	294	14.0%	18.6%	17.5%
75,000 to 100,000.....	-17,212	-5.8%	297	13.3%	280	13.3%	21.3%	20.0%
100,000 to 200,000.....	-30,208	-5.1%	588	26.3%	558	26.6%	23.9%	22.7%
200,000 and over.....	-44,177	-6.1%	719	32.1%	675	32.1%	28.3%	26.6%
<b>Total, All Taxpayers....</b>	<b>-\$137,476</b>	<b>-6.1%</b>	<b>\$2,238</b>	<b>100.0%</b>	<b>\$2,100</b>	<b>100.0%</b>	<b>21.7%</b>	<b>20.3%</b>

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