Budget Reconciliation-Revenue Proposals as Approved by the Committee on Ways and Means on October 10, 1990, ("Committee") and Democratic Alternative to Budget Reconciliation Revenue Proposals ("Democrat") (1990 Income Levels)

October 14, 1990
JCX-38-90
{R=JCX-34-90R & JCX-36-90; D=JCX-35-90R & JCX-37-90}

Income Category (3)	Dollar Change in Federal Taxes (1)(4)		Percent Change in Federal Taxes (1)(4)		Effective Tax Rates		
	Committee	Democrat	Committee	Democrat	Under Present Law	Under Committee	Under Democrat
	Billions	Billions	Percent	Percent	Percent	Percent	Percent
Less than $10,000.....	$1.0	-$0.2	7.0%	-1.3%	13.3%	14.3%	13.2%
10,000 to 20,000.....	1.1	-1.0	1.7%	-1.6%	15.6%	15.8%	15.3%
20,000 to 30,000.....	3.1	1.0	3.0%	1.0%	18.4%	19.0%	18.6%
30,000 to 40,000.....	3.1	1.1	2.7%	1.0%	20.0%	20.6%	20.2%
40,000 to 50,000.....	2.4	0.7	2.7%	0.8%	21.4%	22.0%	21.6%
50,000 to 75,000.....	3.1	2.5	1.8%	1.4%	24.7%	25.1%	25.1%
75,000 to 100,000.....	1.5	1.0	2.3%	1.5%	25.8%	26.4%	26.2%
100,000 to 200,000....	2.4	0.8	2.3%	0.7%	26.2%	26.8%	26.4%
200,000 and over.......	3.2	9.8	2.4%	7.4%	25.2%	25.8%	27.0%
Total, All Taxpayers..	**$21.1**	**$15.6**	**2.4%**	**1.8%**	**21.8%**	**22.3%**	**22.2%**

Joint Committee on Taxation

(1) Distributional analysis includes effects from the Committee Bill with respect to beer, wine, and distilled spirits taxes, tobacco tax, energy taxes, increase in HI wage cap, limitation on itemized deductions, and increase in the EITC; analysis does not take into account effects from changes in taxpayer behavior. Distributional analysis for the Democratic Alternative includes effects with respect to beer, wine, and distilled spirits taxes, tobacco tax, energy tax, increase in HI wage cap, surtax on high-income taxpayers, brackets and personal exemption indexing delay, and increase in the EITC. Analysis also reflects inclusion of capital gains exclusions and replacing the phaseouts of the 15% bracket and personal exemption with a 33% bracket (25% AMT rate). Analysis does not take into account effects from changes in taxpayer behavior.

(2) This analysis does not take into account additional taxes paid as a result of increased capital gains realizations. (See "Explanation of Methodology Used to Estimate Proposals Affecting the Taxation of Income from Capital Gains," Staff of the Joint Committee on Taxation (JCS-12-90), March 27, 1990, pp. 46-48.)

(3) The income concept used to place tax returns into income categories is adjusted gross income plus [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] inside buildup on life insurance, [4] workers' 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 preferences from passive business activities.

(4) Estimates of total tax liability presented in distributions will not match estimated changes in receipts because of differing time periods (CY 1990 vs. FY 1991-95), because of varying patterns of fiscal year receipts, and because changes in taxpayer behavior with respect to capital gains are not reflected in this distribution. Distributions represent combined effects of individual income taxes, payroll taxes, Federal excise taxes, and estate and gift taxes. For the purpose of distributions, the full burden of payroll taxes is assigned to employees. Excise taxes are assumed to be borne fully by individuals either directly through purchase of the taxed commodity or indirectly through higher prices on all commodities as businesses pass along these added costs. Because of the uncertainty concerning the incidence of the corporate income tax, it is excluded from this table. Information in table excludes individuals who are dependents of other taxpayers.