



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

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JEC Chairman Calls for Immediate Release of Treasury Tax Data -- Finding the Missing Link --

WASHINGTON, D.C. — Joint Economic Committee (JEC) Chairman Jim Saxton (R-NJ) today called on the Treasury Department to immediately release the additional tax data which are the basis of its recent analysis of pending tax legislation. While the Treasury has released data purporting to show how pending tax legislation would change the tax liabilities of various income groups, the levels and shares of tax payments under current law are not publicly available. Yet this information is the only foundation and context from which all changes in the Treasury data can be evaluated.

"The Treasury data released so far is like comparing apples to oranges, or better yet, apples to kiwis. If the Treasury Department is going to use an exotic income concept to estimate tax changes, then it must also show how this concept applies to current law so that people are not misled," Saxton said. "How can we have an intelligent discussion about the effects of tax changes when we have been given no basis for comparison?" Saxton asked.

Because the Treasury uses an arcane income definition which makes middle class taxpayers appear richer, selective release of the Treasury data on the effects of tax reduction has made it seem as though pending tax bills are targeting grossly disproportionate tax relief at upper income taxpayers. However, most Americans are unfamiliar with the Treasury income concept and the degree to which it inflates income levels. The selective release of this Treasury data to a public familiar with a more conventional concept of income and no other point of reference leads to misleading results.

A JEC analysis of the Treasury tables on tax changes suggests why the data should be released. Using a mathematical technique, the JEC was able to reconstruct the original data from which the Treasury's changes were computed. **Analysis of the data shows that the tax bills would not significantly change the share of taxes paid by different income groups. The reconstructed Treasury table shows that the upper income taxpayers who currently pay about 60 percent of the taxes would pay about the same proportion after the tax bill was passed. The same table shows that the bottom fifths would pay about 5 percent of federal taxes before and after the tax bill.** These Treasury data are consistent with tax return data that show that the top 25 percent of taxpayers shoulder 80 percent of the income tax burden; however, the uninflated tax return data shows that the top 25 percent would begin at an income level of about \$43,000 in 1994, or \$47,000 in 1998.

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