



CONGRESS OF THE UNITED STATES

# JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

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## PRESS RELEASE

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### CBO STUDY SHOWS LOWER TAX BURDEN FOR MIDDLE-INCOME GROUP

Press Release #108-145  
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**WASHINGTON, D.C.** – A new study by the Congressional Budget Office (CBO) shows how tax relief legislation has reduced the tax burden of middle income taxpayers, Vice Chairman Jim Saxton said today. As its title indicates, the CBO study, *Effective Tax Rates Under Current Law, 2001 to 2014*, focuses on changes in effective tax rates – federal taxes as a share of income – for various groups of taxpayers.

The results of the study include the following:

- For the middle fifth, the tax relief legislation reduced 2004 income taxes as a share of income from 5.2 percent to 3.5 percent, a decline of 1.7 percentage points relative to the share that would be paid under 2000 tax law.
- The tax relief legislation reduced the 2004 total effective tax rate of the middle fifth from 16.5 percent to 14.6 percent, a decline of 1.9 percentage points.
- The CBO study finds that the effective federal individual income tax rates for all fifths of households ranked by income declined under the recent tax relief legislation.
- The CBO study shows that the total effective federal tax rates for all fifths declined under tax relief.

“The CBO study on effective tax rates shows the benefit of tax relief for all taxpayers,” Saxton said. “For example, the effective income tax rate on middle-income taxpayers is much lower under 2004 law than it would be if the 2000 tax law were still in place. This reduction in effective tax rates is a positive outcome for middle-income taxpayers, and is clearly presented in the actual CBO study. These tax savings from tax relief legislation vary depending on taxpayer filing status and other factors, but a Joint Economic Committee (JEC) study released earlier this year found that a typical married-couple family of four would enjoy \$1,948 of tax benefits in 2004 alone,” Saxton concluded.

For a copy of the Joint Economic Committee study, *Income Tax Savings for Middle-Income Families*, please visit our website at [www.house.gov/jec](http://www.house.gov/jec).

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