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Treasury Data Shows No Change in Tax Shares After Tax Reduction -- Full Disclosure Sought From Treasury --

WASHINGTON, D.C. — Today JEC Chairman Jim Saxton (R-NJ) again called on the Treasury Department to release additional data on the impact of Congressional tax reduction legislation. To date, the Treasury has released only sketchy information about tax changes without disclosing the levels of tax payments and tax shares before and after the tax bills are taken into account. This incomplete release of data has left the impression that Congressional tax reduction plans are tilted toward upper income taxpayers. However, **a JEC reconstruction of the Treasury tables shows no change in the tax shares of taxpayer groups at all income levels.** In other words, after taxpayers at all income levels have had their tax payments reduced, the *shares* of the taxes paid by each income group would be the same as before the tax cut.

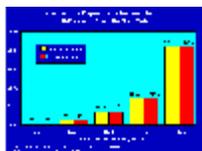
"Once again, I call on the Treasury Department to disclose the basic information from which its estimates about tax changes are derived," Saxton said. "The selective release of statistical fragments out of context may mislead the press and the public," he continued. "These Treasury data would confirm the JEC findings that the Congressional tax bills would leave the tax shares of all income groups unchanged," Saxton concluded.

Using a mathematical technique, the JEC reconstructed the Treasury data base on tax shares and tax payments before and after the tax changes are taken into account. **The results of the JEC analysis show that taxes are reduced at all income levels, but that the share of the tax burden borne by each income group would be unchanged.** For example, the share of taxes paid by the top fifth would be 63 percent before and after the tax reduction, while the share borne by the bottom two-fifths remained at 5 percent. The tax shares of the remaining quintiles were also unchanged.

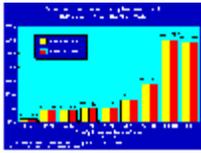
The results of the JEC analysis are all the more remarkable because the Treasury methodology is biased in several ways. It inflates income levels of taxpayers relative to commonly used income concepts, ignores certain tax payments on capital gains, includes households with no income or payroll tax liability, ignores income mobility, and contains other problems.

The Treasury's definition of income -- Family Economic Income (FEI) -- grossly overstates the income of most taxpayers relative to the income definition they use on their own tax forms. For example, a household reporting an income of \$49,150 in 1994, the most recent year for which data are available, would correspond to a FEI income level of \$93,222, an overstatement of 73 percent even after adjustment for inflation.

The results of the JEC analysis are summarized in the following graphs.



[Click here to see Graph 1.](#)



[Click here to see Graph 2.](#)

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