



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
July 18, 2000

Press Release #106-109
Contact: Christopher Frenze
Chief Economist to the V.C.
(202) 225-3923

TREASURY FAILS TO EXPLAIN TAX DISTRIBUTION DATA ISSUES

– Congressional Letter to Summers Unanswered for Seven Months –

WASHINGTON, D.C. – The failure of the Treasury to respond to a routine request for explanation of its tax distribution data is disappointing and raises further questions, Vice Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Saxton sent Secretary Summers a letter last December 21 requesting an explanation of why standard federal rules were not being observed in Treasury releases of tax distribution data. OMB circular A-130 requires disclosure of data limitations including measures of statistical reliability **“so that users are fully aware of the quality and integrity of the information.”**

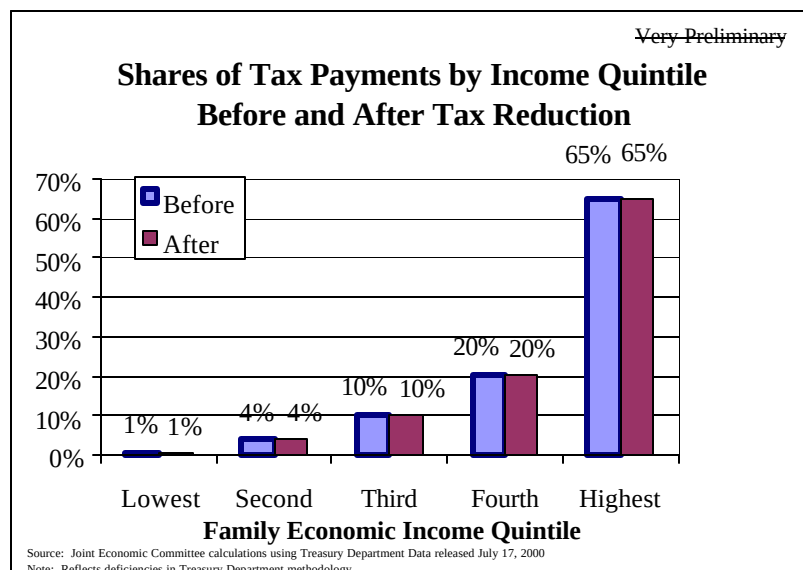
“As I pointed out last December, the failure of the Treasury to disclose this information is troubling,” Saxton said. “Either the data limitations are being withheld, or the Treasury itself doesn’t know how statistically reliable the tax distribution data are. The notion of a government agency releasing data without having to account for their statistical reliability is troubling.

“Federal rules require the disclosure of any data limitations, and yet the Treasury is failing to do so. Given the importance of these Treasury data in many important policy questions, the full disclosure of data limitations by the Treasury is essential and is required to comply with federal rules. The Treasury should be open and transparent in its provision of information to the public, and data releases should be complete.

“In 1997, the JEC released a study on the Treasury’s tax distribution data, and two additional studies were released this year. There are many problems identified in this research, but the withholding of data on current and future tax liabilities by income group is one of the most misleading and questionable aspects of the Treasury releases.

“The Treasury only yesterday again released tax distribution data without the required disclosure of data reliability. The data purport to show how the benefits of the tax reduction are allocated to different groups, but the Treasury withholds data showing the current and post-tax relief allocation of the tax burden by income group. This deprives the Congress, press, and public of the context in which to evaluate the new Treasury data release.

“The graph below supplies some of the data and context missing from the Treasury release. As one can see, what the Treasury is not disclosing is that the tax shares of each income group are unchanged before and after the tax changes are taken into account. In other words, even given the many problems with the Treasury data, these data show that the tax shares of each income group are essentially unchanged before and after the effects of the tax legislation are calculated. The bottom fifth, top fifth, and middle fifths all would bear the same proportion of federal taxes before and after tax legislation is taken into account,” Saxton concluded.



For more JEC research on taxation, please visit our website at www.house.gov/jec.

###