



JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
October 11, 2000

Press Release #106-118
Contact: Christopher Frenze
Chief Economist to the V.C.
(202) 225-3923

BROADER EXAMINATION OF TAX DATA NEEDED

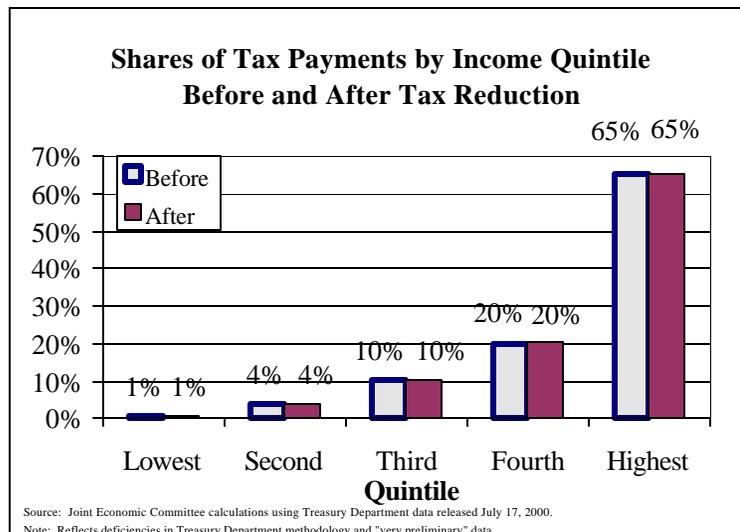
WASHINGTON, D.C. – Full disclosure of relevant tax data should be made to provide a context for judgment about current tax policy issues, Vice Chairman Jim Saxton of the Joint Economic Committee said today. Those who produce or use tax statistics to contend that certain tax policy changes produce skewed results for taxpayers at various levels of income have an obligation to disclose the shares of taxes paid by these various income groups, before and after a given tax change becomes effective. To conceal these statistics would be misleading because it would deprive the public of the necessary context in which to evaluate such claims.

The table below shows the shares of federal personal income taxes paid by the top one percent, top five percent, top ten percent, top 25 percent, top 50 percent, and bottom 50 percent of taxpayers (ranked by adjusted gross income). The progressive impact of the tax code is illustrated in the fact that the top 50 percent of taxpayers account for 96 percent of such tax payments, while the bottom half account for only 4 percent.

Percentiles Ranked by AGI	Adjusted Gross Income Threshold on Percentiles	Percentage of Federal Personal Income Tax Paid
Top 1 %	\$250,736	33.17 %
Top 5 %	\$108,048	51.87 %
Top 10 %	\$79,212	63.20 %
Top 25 %	\$48,173	81.67 %
Top 50 %	\$24,393	95.72 %
Bottom 50 %	< \$24,393	4.28 %

Source: SOI Bulletin, Spring 2000

Those in the top 25 percent included taxpayers with incomes over \$48,173 in 1997, and these taxpayers accounted for 82 percent of the income tax burden; those in the top 10 percent had incomes over \$79,212 and paid 63 percent of the income taxes in that year, the most recent for which data are publicly available. It is also reasonable to consider the taxpayer allocation of the tax burden on a broader basis that would include payroll taxes as well as other major federal taxes. In recent years the Treasury has produced such data as part of its efforts to portray Congressional tax legislation as skewed. However, while selectively releasing some related data, the Treasury concealed data on the shares of taxes paid before and after the tax legislation was taken into account. Economists at the Joint Economic Committee in recent years have reconstructed these data based on the slice of information the Treasury has disclosed. For example, last summer the Treasury released data purporting to show the combined effects of Congressional tax relief legislation as tilted, but the JEC reconstruction shows that the shares of taxes paid by each income group (quintile or fifth) was in fact unchanged. The graph below displays these results, and the progressive nature of the tax system as a whole, with the top fifth of taxpayers paying 65 percent of total taxes before and after proposed tax legislation is taken into account.



For more information, please visit the JEC website at www.house.gov/jec and view press releases 106-110 and 106-109.

###