

**DISTRIBUTIONAL EFFECTS OF
THE TAXPAYER REFUND ACT OF 1999**

Prepared by the Staff

of the

JOINT COMMITTEE ON TAXATION

July 20, 1999

JCX-50-99

**DISTRIBUTIONAL EFFECTS OF THE
"TAX REFUND ACT OF 1999" SCHEDULED FOR MARKUP BY THE
COMMITTEE ON FINANCE ON JULY 20, 1999 (1)
Calendar Year 2000**

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$2	(5)	\$6	0.4%	\$6	0.4%	6.5%	6.5%
10,000 to 20,000.....	-41	-0.1%	32	2.1%	32	2.1%	8.1%	8.1%
20,000 to 30,000.....	-113	-0.1%	81	5.3%	81	5.3%	15.4%	15.4%
30,000 to 40,000.....	-162	-0.2%	102	6.7%	102	6.7%	17.8%	17.8%
40,000 to 50,000.....	-161	-0.1%	120	7.9%	119	7.9%	19.6%	19.6%
50,000 to 75,000.....	-477	-0.2%	270	17.8%	270	17.8%	21.6%	21.5%
75,000 to 100,000.....	-596	-0.3%	221	14.5%	220	14.5%	24.2%	24.1%
100,000 to 200,000.....	-453	-0.1%	304	20.1%	304	20.1%	26.3%	26.3%
200,000 and over.....	-381	-0.1%	382	25.2%	382	25.2%	29.0%	28.9%
Total, All Taxpayers....	-\$2,384	-0.2%	\$1,518	100.0%	\$1,515	100.0%	22.2%	22.2%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes: individual (15% rate) rate reduction, dependent care credit expansion, AMT credit limitation repeal, deductible IRA provisions, student loan interest deduction, elderly caretaker exemption, and self-employed health insurance deduction.
 - (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1999 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than .05%.

**DISTRIBUTIONAL EFFECTS OF THE
"TAX REFUND ACT OF 1999" SCHEDULED FOR MARKUP BY THE
COMMITTEE ON FINANCE ON JULY 20, 1999 (1)
Calendar Year 2001**

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$18	-0.3%	\$7	0.4%	\$7	0.4%	6.8%	6.8%
10,000 to 20,000.....	-656	-2.0%	33	2.1%	32	2.1%	8.0%	7.8%
20,000 to 30,000.....	-1,941	-2.4%	82	5.2%	81	5.2%	15.4%	15.0%
30,000 to 40,000.....	-2,873	-2.7%	105	6.7%	102	6.6%	17.8%	17.3%
40,000 to 50,000.....	-3,065	-2.5%	121	7.7%	118	7.6%	19.4%	18.9%
50,000 to 75,000.....	-7,183	-2.6%	280	17.8%	273	17.7%	21.5%	20.9%
75,000 to 100,000.....	-5,365	-2.3%	232	14.8%	227	14.7%	24.1%	23.5%
100,000 to 200,000.....	-4,401	-1.4%	319	20.3%	315	20.4%	26.3%	25.9%
200,000 and over.....	-1,368	-0.3%	392	25.0%	391	25.3%	29.1%	29.0%
Total, All Taxpayers....	-\$26,870	-1.7%	\$1,571	100.0%	\$1,544	100.0%	22.2%	21.8%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes: individual (15% rate) rate reduction, dependent care credit expansion, AMT credit limitation repeal, deductible IRA provisions, student loan interest deduction, elderly caretaker exemption, and self-employed health insurance deduction.
 - (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1999 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than .05%.

**DISTRIBUTIONAL EFFECTS OF THE
"TAX REFUND ACT OF 1999" SCHEDULED FOR MARKUP BY THE
COMMITTEE ON FINANCE ON JULY 20, 1999 (1)
Calendar Year 2002**

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$17	-0.3%	\$7	0.4%	\$7	0.4%	7.0%	7.0%
10,000 to 20,000.....	-682	-2.0%	34	2.1%	33	2.1%	8.1%	7.9%
20,000 to 30,000.....	-2,207	-2.6%	85	5.2%	83	5.2%	15.4%	15.0%
30,000 to 40,000.....	-3,412	-3.1%	109	6.6%	105	6.6%	17.7%	17.2%
40,000 to 50,000.....	-3,667	-3.0%	123	7.5%	119	7.4%	19.3%	18.8%
50,000 to 75,000.....	-7,831	-2.7%	290	17.8%	283	17.6%	21.4%	20.8%
75,000 to 100,000.....	-6,007	-2.5%	241	14.7%	235	14.6%	24.0%	23.4%
100,000 to 200,000.....	-4,918	-1.4%	339	20.8%	335	20.8%	26.3%	25.9%
200,000 and over.....	-1,393	-0.3%	408	24.9%	406	25.3%	29.1%	29.0%
Total, All Taxpayers....	-\$30,135	-1.8%	\$1,635	100.0%	\$1,605	100.0%	22.2%	21.8%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes: individual (15% rate) rate reduction, dependent care credit expansion, AMT credit limitation repeal, deductible IRA provisions, student loan interest deduction, elderly caretaker exemption, and self-employed health insurance deduction.
 - (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1999 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than .05%.

**DISTRIBUTIONAL EFFECTS OF THE
"TAX REFUND ACT OF 1999" SCHEDULED FOR MARKUP BY THE
COMMITTEE ON FINANCE ON JULY 20, 1999 (1)
Calendar Year 2003**

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$15	-0.2%	\$7	0.4%	\$7	0.4%	7.2%	7.2%
10,000 to 20,000.....	-692	-2.0%	34	2.0%	34	2.0%	8.1%	7.9%
20,000 to 30,000.....	-2,285	-2.6%	88	5.1%	85	5.1%	15.3%	14.9%
30,000 to 40,000.....	-3,320	-3.0%	113	6.6%	109	6.5%	17.6%	17.1%
40,000 to 50,000.....	-4,216	-3.3%	127	7.4%	122	7.3%	19.3%	18.6%
50,000 to 75,000.....	-8,305	-2.8%	301	17.7%	293	17.5%	21.3%	20.7%
75,000 to 100,000.....	-6,737	-2.7%	254	14.9%	247	14.8%	23.9%	23.3%
100,000 to 200,000.....	-5,094	-1.4%	356	20.9%	351	21.0%	26.3%	25.9%
200,000 and over.....	-1,131	-0.3%	423	24.8%	422	25.2%	29.2%	29.1%
Total, All Taxpayers....	-\$31,795	-1.9%	\$1,703	100.0%	\$1,671	100.0%	22.2%	21.8%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes: individual (15% rate) rate reduction, dependent care credit expansion, AMT credit limitation repeal, deductible IRA provisions, student loan interest deduction, elderly caretaker exemption, and self-employed health insurance deduction.
 - (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1999 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than .05%.

**DISTRIBUTIONAL EFFECTS OF THE
"TAX REFUND ACT OF 1999" SCHEDULED FOR MARKUP BY THE
COMMITTEE ON FINANCE ON JULY 20, 1999 (1)
Calendar Year 2004**

INCOME CATEGORY (2)	CHANGE IN FEDERAL TAXES (3)		FEDERAL TAXES (3) UNDER PRESENT LAW		FEDERAL TAXES (3) UNDER PROPOSAL		Effective Tax Rate (4)	
	Millions	Percent	Billions	Percent	Billions	Percent	Present Law	Proposal
							Percent	Percent
Less than \$10,000.....	-\$13	-0.2%	\$7	0.4%	\$7	0.4%	7.1%	7.1%
10,000 to 20,000.....	-698	-2.0%	35	2.0%	34	2.0%	8.1%	7.9%
20,000 to 30,000.....	-2,401	-2.7%	90	5.0%	88	5.0%	15.2%	14.8%
30,000 to 40,000.....	-3,373	-2.9%	116	6.5%	113	6.4%	17.6%	17.1%
40,000 to 50,000.....	-4,048	-3.1%	130	7.3%	126	7.2%	19.3%	18.7%
50,000 to 75,000.....	-9,152	-2.9%	314	17.6%	305	17.4%	21.2%	20.6%
75,000 to 100,000.....	-7,834	-2.9%	269	15.1%	261	14.9%	23.9%	23.2%
100,000 to 200,000.....	-5,324	-1.4%	377	21.1%	372	21.2%	26.2%	25.8%
200,000 and over.....	-1,180	-0.3%	445	25.0%	444	25.4%	29.2%	29.1%
Total, All Taxpayers....	-\$34,023	-1.9%	\$1,784	100.0%	\$1,750	100.0%	22.2%	21.8%

Source: Joint Committee on Taxation

Detail may not add to total due to rounding.

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- (1) Includes: individual (15% rate) rate reduction, dependent care credit expansion, AMT credit limitation repeal, deductible IRA provisions, student loan interest deduction, elderly caretaker exemption, and self-employed health insurance deduction.
 - (2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1999 levels.
 - (3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.
 - (4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.
 - (5) Less than .05%.