

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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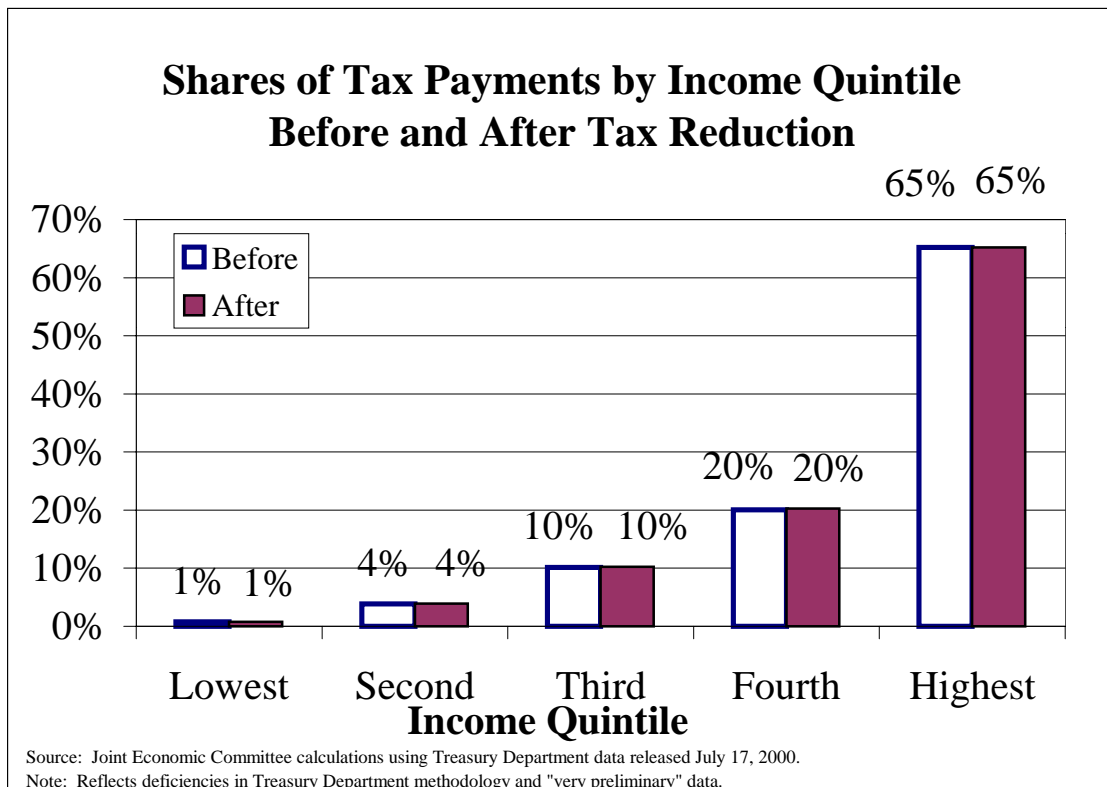
CAUTION URGED IN USE OF TAX DISTRIBUTION STATISTICS – Incomplete Release of Data Provides Misleading Results –

WASHINGTON, D.C. – The incomplete releases of tax distribution data often made in tax policy debates are inherently misleading, incoming Chairman Jim Saxton of the Joint Economic Committee (JEC) warned today. For example, in recent years the Clinton Treasury Department released figures purporting to show the skewed effects of tax reduction, but the JEC reconstructed related data undisclosed by the Treasury that actually show that the tax shares of all income groups would be unchanged after the tax reduction is taken into account. Similar incomplete data are often released by various special interest and advocacy groups.

“Good public policy cannot be based on incomplete and misleading information,” Saxton said. “Opponents of broad tax relief often have chosen to release a small slice of data portraying the effects of tax reduction as skewed. At the same time, they have chosen to withhold from Congress, the press, and the public, closely related data that show that tax reduction will not change the shares of total taxes paid by each income group. The level of total taxes is estimated to change, but the relative share paid by each income group would remain unchanged.

“The graph below based on data released under former Secretary Summers shows what so often is not disclosed: under the tax reduction packages proposed in recent years, the proportion of taxes paid by each income fifth would be unchanged. This pattern would be similar in the case of new tax proposals that resemble those previously analyzed.

“For example, the top fifth paid 65 percent of federal taxes before the tax relief legislation, and would pay 65 percent of total taxes after this legislation took effect. The bottom fifth paid one percent of total taxes before the tax relief bills, and one percent after. Tax relief is provided, but the shares of taxes paid under tax relief are unchanged for each income group. The failure to disclose this information produces very misleading results and raises serious questions about the propriety of concealing this information from Congress, the press, and the public,” Saxton concluded.



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