

CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
August 25, 2004

CBO REPORT SHOWS MIDDLE INCOME TAX BURDEN AT LOWEST LEVELS IN DECADES

Press Release #108-147
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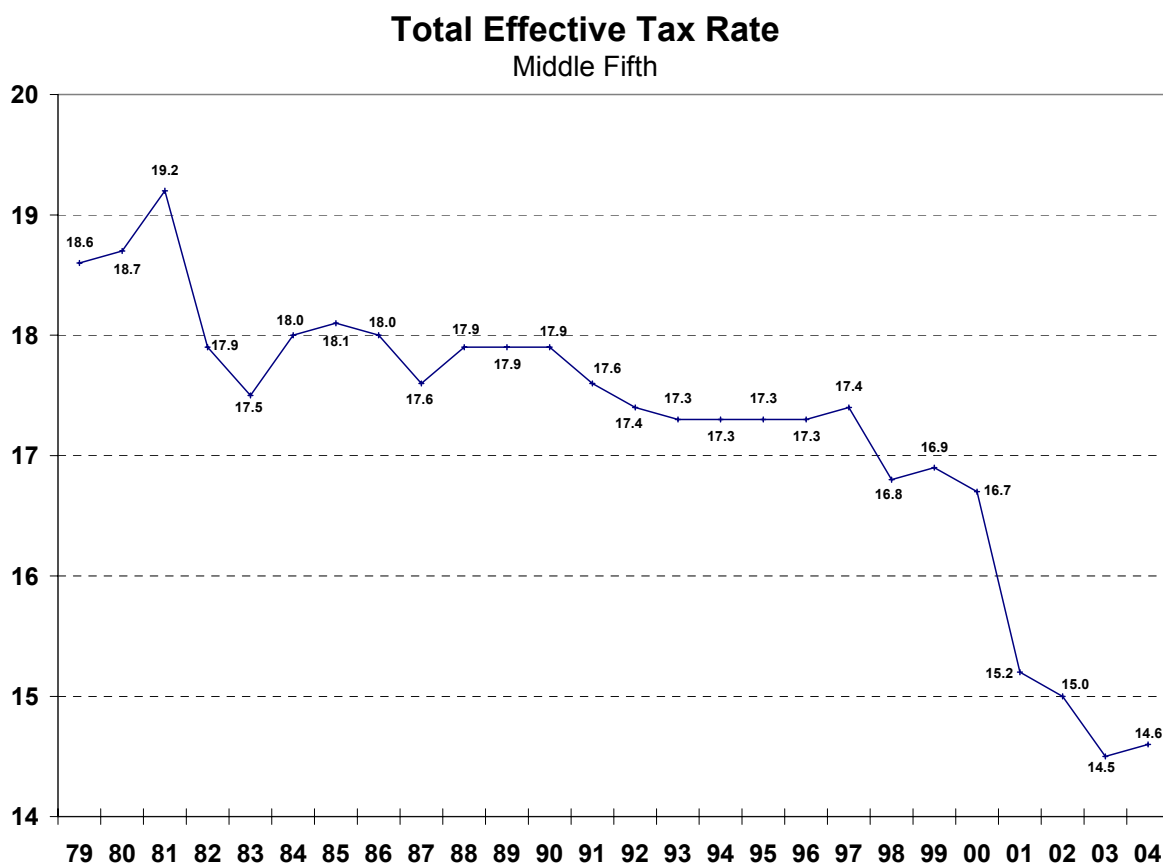
WASHINGTON, D.C. – A recent Congressional Budget Office (CBO) report shows that the tax share of income for the middle fifth of households declined after 2001 to its lowest levels since at least 1979, Vice Chairman Jim Saxton said today. Under the recent tax relief legislation, the income tax as a share of income for the middle fifth also has fallen to its lowest levels in decades.

The CBO study, *Effective Federal Tax Rates Under Current Law, 2001-2014*, examined the impact of the 2001, 2002, and 2003 tax legislation on households ranked by adjusted income, and divided into fifths and other percentile groupings.

In 2004, for example, the CBO study found that in the middle fifth, the total effective tax rate – the share of federal taxes as a percent of income – will fall to a level of 14.6 percent, while the effective individual income tax rate will decline to a level of 3.5 percent. These figures compare to 2000 levels of 16.7 percent and 5.0 percent, respectively.

“The CBO report shows that the recent tax relief legislation has lowered the tax burden for middle income taxpayers,” Saxton said. “The CBO tax figures, put into historical perspective, also show that the middle income tax burden has been reduced to its lowest levels in many years,” Saxton concluded.

The CBO tax numbers do have limitations, and it should be recalled that most households do not remain in a specific quintile for extended periods of time.



For more information on tax policy, please visit our website at www.house.gov/jec.

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