

**Tax Provisions in the Senate Finance Committee  
Chairman's Mark for Revenue Reconciliation and the  
EITC Provisions Previously Adopted by the Committee (1)**  
(1996 Income Levels)

Family Economic Income Class (4) (000)	Federal Taxes Under Current Law (2)			Change in Federal Taxes (3)			Total Federal Taxes After Change		
	Amount (\$B)	As a Percent of Pre-Tax Income	As a Percent of After-Tax Income	Amount (\$B)	As a Percent of Pre-Tax Income	As a Percent of After-Tax Income	Amount (\$B)	As a Percent of Pre-Tax Income	As a Percent of After-Tax Income
		(%)	(%)		(%)	(%)		(%)	(%)
0 - 10	5.7	8.0	8.7	0.2	0.3	0.4	5.9	8.4	9.1
10 - 20	21.5	8.8	9.7	0.8	0.3	0.3	22.2	9.1	10.0
20 - 30	50.1	13.3	15.4	1.3	0.4	0.4	51.4	13.7	15.8
30 - 50	156.3	17.5	21.2	-5.7	(0.6)	(0.8)	150.6	16.8	20.4
50 - 75	224.0	19.9	24.8	-10.4	(0.9)	(1.1)	213.6	19.0	23.7
75 - 100	196.1	21.1	26.7	-10.0	(1.1)	(1.4)	186.1	20.0	25.3
100 - 200	303.0	22.0	28.1	-12.5	(0.9)	(1.2)	290.5	21.1	27.0
200 & over	316.6	23.7	31.1	-9.5	(0.7)	(0.9)	307.1	23.0	30.1
<b>Total (5)</b>	<b>1,275.1</b>	<b>20.1</b>	<b>25.2</b>	<b>-45.8</b>	<b>(0.7)</b>	<b>(0.9)</b>	<b>1,229.3</b>	<b>19.4</b>	<b>24.3</b>

Department of the Treasury  
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October 18, 1995

- (1) This table distributes the estimated change in tax burdens due to the tax provisions in the Senate Finance Committee Chairman's Mark (JCX-44-95, September 16, 1995), and the EITC provisions adopted by the Committee on September 30, 1995.
- (2) The taxes included are individual and corporate income, payroll (Social Security and unemployment), and excises. Estate and gift taxes and customs duties are excluded. The individual income tax is assumed to be borne by payors; the corporate income tax by capital income generally, payroll taxes (employer and employee shares) by labor (wages and self-employment income); excises on purchases by individuals by the purchaser, and excises on purchases by business in proportion to total consumption expenditures. Taxes due to provisions that expire prior to the end of the Budget period are excluded.
- (3) The change in Federal taxes is estimated at 1996 income levels but assuming fully phased in law and long-run behavior. The effect of the IRA proposal is measured as the present value of tax savings on one year's contributions. The effect on tax burdens of the proposed capital gains exclusion is based on the level of capital gains realizations under current law. Provisions which expire before the end of the budget period and provisions which affect the timing of tax payments but not liabilities are not distributed. The incidence assumptions for tax changes is the same as for current law taxes (see footnote 2).
- (4) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income, IRA and Keogh deductions, nontaxable transfer payments, such as Social Security and AFDC, employer-provided fringe benefits, inside build-up on pensions, IRAs, Keoghs, and life insurance, tax-exempt interest, and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than on a tax return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.
- (5) Families with negative incomes are included in the total line but not shown separately.

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Family Economic Income Quintile (4)	Federal Taxes Under Current Law (2)			Change in Federal Taxes (3)			Total Federal Taxes After Change		
	Amount (\$B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Amount (\$B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Amount (\$B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)
Lowest (5)	14.2	7.6	8.3	0.6	0.3	0.3	14.7	8.0	8.6
Second	61.2	12.4	14.2	1.7	0.3	0.4	62.9	12.8	14.6
Third	146.5	17.3	21.0	-5.1	(0.6)	(0.7)	141.4	16.7	20.3
Fourth	271.8	19.9	24.9	-12.7	(0.9)	(1.2)	259.1	19.0	23.7
Highest	779.5	22.4	28.9	-30.2	(0.9)	(1.1)	749.4	21.6	27.8
Total (5)	1,275.1	20.1	25.2	-45.8	(0.7)	(0.9)	1,229.3	19.4	24.3
Top 10%	565.3	22.9	29.8	-19.4	(0.8)	(1.0)	545.9	22.1	28.7
Top 5%	415.3	23.2	30.3	-13.2	(0.7)	(1.0)	402.1	22.5	29.3
Top 1%	221.9	24.5	32.5	-6.2	(0.7)	(0.9)	215.8	23.8	31.6

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- (5) Families with negative incomes are excluded from the lowest quintile but included in the total line.

NOTE: Quintiles begin at FEI of: Second \$15,604, Third \$29,717, Fourth \$48,660, Highest \$79,056, Top 10% \$106,704, Top 5% \$145,412, Top 1% \$349,438.

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Family Economic Income Class (2) (000)	Number of Families (millions)	Average Tax Change (\$)	Total Tax Change Amount (3) (\$M)	Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
0 - 10	12.5	19	239	-0.5	0.34	4.20
10 - 20	16.2	48	773	-1.7	0.32	3.60
20 - 30	15.1	88	1319	-2.9	0.35	2.63
30 - 50	22.7	-249	-5668	12.4	-0.63	-3.63
50 - 75	18.3	-565	-10363	22.6	-0.92	-4.63
75 - 100	10.8	-927	-10011	21.9	-1.08	-5.11
100 - 200	10.6	-1183	-12505	27.3	-0.91	-4.13
200 & over	2.8	-3416	-9496	20.7	-0.71	-3.00
<b>Total (4)</b>	<b>109.4</b>	<b>-418</b>	<b>-45786</b>	<b>100.0</b>	<b>-0.72</b>	<b>-3.59</b>

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Family Economic Income Quintile (2)	Number of Families (millions)	Average Tax Change (\$)	Total Tax Change		Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
			Amount (3) (\$M)	Percent Distribution (%)		
Lowest (4)	21.4	26	562	-1.2	0.30	3.97
Second	21.9	77	1688	-3.7	0.34	2.76
Third	21.9	-233	-5110	11.2	-0.61	-3.49
Fourth	21.9	-578	-12658	27.6	-0.93	-4.66
Highest	21.9	-1380	-30195	65.9	-0.87	-3.87
Total (4)	109.4	-418	-45786	100.0	-0.72	-3.59
Top 10%	10.9	-1771	-19375	42.3	-0.79	-3.43
Top 5%	5.5	-2416	-13220	28.9	-0.74	-3.18
Top 1%	1.1	-5626	-6155	13.4	-0.68	-2.77

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