

## Ways & Means Chairman's Figures Confirm CTJ's: 10% Income Tax Cut Is Heavily Tilted Toward Best-Off

Joint Committee on Taxation figures released yesterday by House Ways and Means Chairman Bill Archer (R-Tex.) indicate that the 10% cut in income tax rates promoted by congressional leaders would reduce overall federal taxes by a much higher percentage for top earners than for average taxpayers.

According to the figures released by Archer, income taxes amount to less than half the total federal tax load for all income groups except the over \$100,000 group.

In fact, Archer's figures show that income taxes average only 38% of total federal taxes in the under \$100,000 income groups, where FICA payroll taxes and excise taxes (such as gasoline taxes) dominate.

In contrast, income taxes are 75% of total federal taxes for those making more than \$100,000.

The Proposed 10% Federal Income Tax Cut as Shares of Total Federal Taxes by Income Group

Income \$-000	Federal Taxes / Income			10% Inc. Tax Cut/All Tax
	All	Inc. Tax	Other	
<\$10	5.8%	-8.4%	14.3%	-2.2%
\$10-20	8.2%	-2.2%	10.4%	-4.2%
\$20-30	15.5%	3.8%	11.7%	-3.8%
\$30-40	17.9%	6.2%	11.7%	-4.2%
\$40-50	19.8%	8.0%	11.8%	-4.8%
\$50-75	21.3%	9.5%	11.8%	-5.1%
\$75-100	25.1%	12.4%	12.7%	-5.3%
\$100-200	26.0%	15.6%	10.4%	-6.0%
\$200+	25.2%	21.8%	3.4%	-8.2%
<b>ALL</b>	<b>21.6%</b>	<b>11.8%</b>	<b>9.8%</b>	<b>-5.9%</b>
<b>Addendum:</b>				
<\$100,000	19.2%	7.3%	11.9%	-4.6%
>\$100,000	25.6%	19.1%	6.5%	-7.3%

Sources: CTJ calculations based on Joint Committee on Taxation figures for current taxes and CTJ estimates of the effects of the proposed 10% income tax cut. Note: JCT figures do not include corporate income taxes or state & local taxes. Because state & local taxes are regressive, the table significantly overstates the progressivity of the total federal, state and local taxes Americans pay.

The Kinds of Federal Taxes People Pay: income taxes & other taxes as shares of federal tax bills

Income \$-000	Income Taxes	Other Taxes	Total Fed. Taxes
<\$10	none	all	100%
\$10-20	none	all	100%
\$20-30	25%	75%	100%
\$30-40	35%	65%	100%
\$40-50	40%	60%	100%
\$50-75	45%	55%	100%
\$75-100	49%	51%	100%
\$100-200	60%	40%	100%
\$200+	86%	14%	100%
<b>ALL</b>	<b>55%</b>	<b>45%</b>	<b>100%</b>
<b>Addendum:</b>			
<\$100,000	38%	62%	100%
>\$100,000	75%	25%	100%

Source: Joint Committee on Taxation, Feb. 1999.

Because the so-called "across-the-board" tax cut proposed by congressional leaders applies only to the progressive income tax, it disproportionately favors higher-income taxpayers. CTJ calculates that the plan would be only a 4.6% cut in overall federal taxes for taxpayers making less than \$100,000, but a 7.3% cut in total taxes for those making more than \$100,000.

Archer's figures also show that taxpayers making more than \$100,000 pay 62% of total income taxes, confirming an earlier analysis by CTJ that these high-income taxpayers would get about 60% of the proposed income tax rate cuts. CTJ estimates of the distributional effects of the proposed 10% income tax rate reduction plan can be found at [www.ctj.org](http://www.ctj.org).

A table detailing the Joint Committee figures released by Chairman Archer is attached.

## Tax and Income Shares in 1999 According to the Joint Committee on Taxation

According to figures released on Feb. 16, 1999 by Ways and Means Chairman Bill Archer, taxpayers making more than \$100,000 a year pay 45.3% of all federal taxes. The data, from the Joint Committee on Taxation, indicate that these taxpayers have 38.4% of total income. The figures also show that for taxpayers in income groups below \$100,000, most of the total amount paid in federal taxes reflects non-income taxes. The personal income tax is more than half of total federal taxes only for those making more than \$100,000, equal to 75% of this group's total federal tax bill. Congressional leaders have proposed to cut income tax rates by ten percent.

Income \$-000	Returns (mill.)	% of Returns	Average Income	Tot. Inc. \$-bill.	% of Tot. Inc	Total Fed. Taxes		Income Taxes		Other Taxes		% of Federal Tax Bills		
						\$-bill.	% of Tot.	\$-bill.	% of Tot.	\$-bill.	% of Tot.	Inc. taxes	Other taxes	Total
<\$10	22	15.5%	\$ 4,400	\$ 95	1.4%	\$ 6	0.4%	\$ -8	-1.0%	\$ 13	2.0%	-145%	245%	100%
\$10-20	26	19.0%	14,500	383	5.7%	31	2.1%	-9	-1.1%	40	6.0%	-27%	127%	100%
\$20-30	20	14.6%	24,500	498	7.4%	77	5.3%	19	2.4%	58	8.8%	25%	75%	100%
\$30-40	16	11.4%	34,500	549	8.1%	98	6.8%	34	4.3%	64	9.7%	35%	65%	100%
\$40-50	13	9.4%	44,500	582	8.6%	115	7.9%	47	5.9%	69	10.4%	40%	60%	100%
\$50-75	20	14.3%	61,500	1,219	18.1%	260	17.9%	116	14.6%	144	21.8%	45%	55%	100%
\$75-100	10	7.2%	82,500	828	12.3%	208	14.3%	103	12.9%	105	15.9%	49%	51%	100%
\$100-200	8	6.1%	132,000	1,117	16.6%	290	19.9%	174	21.9%	116	17.6%	60%	40%	100%
\$200+	3	1.8%	580,000	1,466	21.8%	370	25.4%	320	40.1%	50	7.6%	86%	14%	100%
<b>ALL</b>	<b>139</b>	<b>100.0%</b>	<b>\$ 48,455</b>	<b>\$ 6,735</b>	<b>100.0%</b>	<b>\$ 1,456</b>	<b>100.0%</b>	<b>\$ 796</b>	<b>100.0%</b>	<b>\$ 660</b>	<b>100.0%</b>	<b>55%</b>	<b>45%</b>	<b>100%</b>
<b>Addendum:</b>														
<\$100,000	128	92.1%	\$ 32,400	\$ 4,152	61.6%	\$ 796	54.7%	\$ 303	38.0%	\$ 493	74.7%	38%	62%	100%
>\$100,000	11	7.9%	235,000	2,583	38.4%	660	45.3%	\$ 493	62.0%	\$ 167	25.3%	75%	25%	100%

Sources: All figures are from the Joint Committee on Taxation, Feb. 1999, except for figures on average and total incomes, which were calculated by Citizens for Tax Justice, based on JCT's published figures. Tax figures exclude corporate income taxes and regressive state and local taxes, and thus substantially overstate the overall progressivity of the combined federal, state and local taxes Americans pay.

Citizens for Tax Justice, Feb. 16, 1999