

Congress-Passed Marriage Penalty Plan "More of the Same"

The marriage penalty tax cut passed today by both houses of Congress maintains the most striking characteristic of bills previously passed separately in each house—its benefits are skewed to higher income married couples. "Some details have changed but this legislation is just more of the same," said Michael Ettlinger, Tax Policy Director for Citizens for Tax Justice. A distributional analysis released by the group shows that if the bill's provisions were fully in place, 78 percent of the annual tax cuts would go to the best-off 20 percent of Americans. Over 20 percent of the benefits would go to the wealthiest five percent. The average tax cut for married couples in the top 20 percent would be \$914, compared to a \$157 tax cut for couples in the remaining 80 percent.

"If the surplus makes hundreds of billions of dollars of tax relief possible, we should give the tax breaks to those who need them the most," said Ettlinger. "Today the majority in Congress has continued its bombardment of the tax code with yet another salvo of tax cuts for the rich."

Effects of GOP Marriage Penalty Relief Bill

Income Group	Income Range	Average Income for all in group	Avg. Cut for Married Couples in group	% of Cut in Income Group
Lowest 20%	Less than \$13,600	\$ 8,600	\$ 21	0.3%
Second 20%	\$13,600–24,400	18,800	154	4.0%
Middle 20%	\$24,400–39,300	31,100	182	7.3%
Fourth 20%	\$39,300–64,900	50,700	171	10.7%
Next 15%	\$64,900–130,000	86,800	901	56.8%
Next 4%	\$130,000–319,000	183,000	960	17.0%
Top 1%	\$319,000 or more	915,000	910	4.0%
ALL		\$ 50,800	\$ 439	100.0%
ADDENDUM				
Bottom 80%	Less than \$64,900	\$ 27,291	\$ 157	22%
Top 20%	More than \$64,900	\$ 147,270	\$ 914	78%

Figures show the effects of the bill fully phased in at 1999 income levels.

Source: Institute on Taxation and Economic Policy Tax Model, July 21, 2000.