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Series:	Sununu, John, Files
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OA/ID Number:	29138
Folder ID Number:	29138-007

Folder Title:
Budget Summit [1990] [5]

Stack:	Row:	Section:	Shelf:	Position:
G	10	18	3	2

September 28, 1990

TO: SENATOR DOLE

FROM: SHEILA BURKE

SUBJECT: TAXATION OF SOCIAL SECURITY BENEFITS VS. INCREASING HI TAX

As I indicated last evening I am increasingly concerned about the proposal to increase taxation of social security benefits.

- o The proposal would hit the same population affected by the increased cost sharing for medicare. In the current proposals we are already assuming a $30B increase in beneficiary costs.

- o When first proposed as part of the 1983 amendments, the recovery of benefits provision was seen as an important part of the effort to stabilize the Social Security Trust Funds over the long term -- not reduce the deficit. In fact, these recovered benefits go back to the Social Security Trust Fund. There is no Social Security crises to address now.

- o The income triggers in present law ($25,000 individual, $32,000 couple) are relatively low -- particularly as they include a broader range of income than traditionally included in AGI. We could of course increase the triggers and retarget the recovery.

<u>HI TAX INCREASE:</u>

- o An increase in the HI tax would obviously hit the working population versus solely the elderly.

- o The income group affected by an increase in the target is a "wealthier" group.

- o The HI Trust Fund is in financial difficulty and an increase in the tax would help address a real problem.

REVENUE ESTIMATES

Increase Taxation of Social Security

OPTION 1. For purposes of meeting income trigger include 50% of social security income - tax 85% of amount above trigger -- 5 years $20B

OPTION 2. Include 85% of social security in income and tax 85% of amount have trigger -- 5 yrs. 28.5B

OPTION 3, Increase income triggers ($30,000/37,000) include 50% of Social Security income, tax 85% of amount above trigger -- 5 yr. $13B

OPTION 4. Income triggers $32,000/39,000 tax 85% -- 5yr $10.6B

OPTION 5. Income triggers $35,000/42,000 tax 85% --5yr $7.5B

INCREASE HI TAX INCOME CAP -- 5yr estimate

Option 1	$ 60,000	$5B
Option 2	70,000	$11.3B
Option 3	90,000	$19.2B
Option 4	100,000	$22.3B
Option 5	200,000	$36.1B

AGREED

LUXURY	9.
TOBACCO	5.9.
OZONE	.5
LOSS DED.	1.1
DIS. ALLOW. INT.	4.5
FOREIGN COMPL.	.2.
DAC.	10.
AIRPORT.	11.8.
LUST	.6
HARBOR	1.8
	45.4

IRS	9.4
RETIREE.	1.3
S/L HI	5.2.
ALC	12.2.
LOOP.	2.0
	30.1

$\Sigma = 75.1$

KEN GIDEON

① EXP. 40K to 130K

ASSETS < $50M

2 yrs. 2.

② ROLLOVER 50K OF ASSETS $15B/5 YRS.

BY INDIVIDUAL

IF 101K → $6B/5yr. $3B/5Y IF STOCKS 20 K

TAKE OUT HOMES - OF PROFIT.

EXCLUDE HOMES/EXCLUDE R.E.

?

③ R.E. 20% FOR ALL/25% SMALL = 0. 1,218 to 1,284

1 yr. EXT. 25% FOR ALL/30% SMALL 1,417 to 1,535 / 5 yrs.

BASE LIMITATION .32

50%

④ NY TIMES - INDEX

STOCK OF CCORP -

INDIV.

REGIST. INV. COS.

⑤ DIVIDENDS

ENT. ZONES 1.^{B}

ENERGY 3.5.^{B}

R/D 2.9^B.

SB 10.^{B}

NYT INDEX. ?

2 YRS.
EXPENSING 2.^{B}.
EXPENSING.
ADD 50K .2 B.

CHG. SCH. FOR
LOW EARN. CORPS

SMALL FIRMS
R/D CREDIT
50K ASSETS.

ONE TIME ROLL OVER
3 YRS

65K HI 19.5 55. 10B → 72%

SS

S/L SS 11.7

ENERGY 48

PEASE 12

~~78~~

~~78~~ 81.7

SHo

$114.
$\underline{11.}$ HI → Part B
$125.

ENTITLEMENT

TAX

② 9/24/90

AG.	11.83
MEDICARE	52.
LUMP. SUM.	8.1
P.O.	6.8
E/C MEDICAID	2.6
STAFF.	.7
RAIL.	.35.
S.S. OVER.	.16.
FHA	.96
OTH FHA	1.29.
TONGASS	.20.
VETS.	2.20.
PBGC	.32
	9.63 / 87.95.
BANK EX COMP.	6.0.
MIL.	.40
FHA CREDIT	.30
GSL.	.30
USER. FEES.	9.21
	/ 16.21.
	104.16.

① PACKAGE R/D @	-6.7.	-7.
SB.	-8.0	
ENT.	-1.0	-1.0
ENERGY	-3.5	-3.5.
1 yr. OTHER EXTENDERS	-5.5	-5.5
EITC/STD DEDUCT	?	-20

agreement that neither cap gains or rates offered to 1992 election.

CAP on HI	53.1	33%/25	+50.
AGREED.	45.4		45.4
IRS.	4.3		4.3
RETIREE	1.3.		1.3
S/L HI	5.2		5.2
ALC.	12.		12.
BUSIN. LOOP.	2.5.		2.5.
ENERGY	40.-		47.
			NET 130

② CAP GAINS

2YR HOLDING PERIOD.

30% NEW.

15% EXISTING. -7.

EXTENDERS

TAX 55. @ 85% 20.

M E M O R A N D U M

September 25, 1990

TO: SENATOR DOLE

FROM: JIM MCMILLAN

RE: UPDATE ON R. BELAS MEMO ON SMALL BUSINESS EMPLOYMENT STATISTICS

An update of the SBA statistics* on small business employment shows no material changes.

- 87.2% of businesses have fewer than 20 employees.
- 10.5% of businesses have between 20 and 99 employees.
- 1.9% of businesses have between 100 and 499 employees.
- 0.4% of businesses have 500 or more employees.

Employees	1-4	5-9	10-19	20-49	50-99	100+
Percent of Businesses	52%	23%	12%	8%	3%	2%

It is still true that 50 percent of the workforce is employed by businesses with 500 or more employees (or put another way, Congress could exempt over 99 percent of businesses and still cover half the workforce).

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*The information is based on official 1986 statistics; SBA is in midst of preparing a 1991 Report based on 1988 statistics. Current unofficial statistics indicate no material differences.

H-204

Summit

TAX REVENUE GAINERS

Section 10631(c)(3) of the Omnibus Budget Revenue Act of 1987, Public Law , exempted the Long Island Power Authority from the general provisions of the Act imposed on issuing private-activity, tax-exempt take-over bonds to acquire nongovernmental output property such as the Shoreham Nuclear Powerplant. At the time the federal budget revenue impact of this exemption was estimated to be be $160 to $240 Million the first year, at least $350 million for the three year budget estimating period, and $1.4 to $1.7 billion over the life of such bonds.

The attached amendment would repeal that transition rule. Section 3 of currently pending H.R. 2654, introduced by Congressman Don Ritter on June 15, 1989, proposes to limit the transitional rule to bonds issued prior to February 27, 1989; outright repeal is a cleaner method of recapturing this large potential revenue loss to the Treasury.

Summit Legis. language

SEC. . REPEAL OF A CERTAIN TRANSITIOPNAL RULE

(a) Paragraph (3) of section 10631(c) of the Omnibus Budget Reconciliation Act of 1987 is hereby repealed.

or

Ritter Bill Language (Similar)

PROVISION IN H.R. 2654 (Ritter of PA)

SEC. 3. LIMITATION ON A CERTAIN TRANSITIONAL RULE

(a) General Rule. --Paragraph (3) of the (Revenue) Act of 1987 shall not apply to any bond unless the proceeds from the issuance of such bond are to be used to finance the acquisition of a facility which is to be an operating facility.
(b) Effective Date. --The provisions of subsection (a) shall apply to obligations issued aftger February 27, 1989.

180 MILLION

THE SECRETARY OF THE TREASURY
WASHINGTON

December 2, 1987

Dear Mr. Chairman:

I am writing to express concern regarding proposals reportedly under consideration by a number of State and local governments to issue tax-exempt bonds to finance public takeovers of privately-owned utilities. In particular, I want to express my support for legislation that would restrict the volume of tax-exempt bonds that may be issued for such purposes.

We are concerned that the chief economic motivation for these proposed takeovers is not to provide better or more efficient service, but to exploit tax savings, largely through substitution of tax-exempt debt for taxable debt and equity. Since these transactions could involve multi-billion dollar bond issues, the potential drain on Federal revenues is substantial.

For example, a New York State authority is considering a proposal to issue approximately $8.9 billion of tax-exempt bonds to finance a hostile takeover of the Long Island Lighting Company ("LILCO"). An issue of this size would be far and away the largest block of tax-exempt bonds ever issued, and would have a substantial revenue impact. Moreover, the principal motivation for this takeover reportedly is to shut down a nuclear power plant that LILCO has constructed. We do not believe that transactions of this kind should be subsidized by the Federal Government with tax-exempt financing. We, therefore, would support legislation restricting the volume of tax-exempt bonds that may be issued to finance the takeover of LILCO or of other utilities that are privately owned.

Sincerely,

James A. Baker, III

The Honorable Dan Rostenkowski
Chairman
Ways and Means Committee
House of Representatives
Washington, D.C. 20515

CONGRESSMAN TOM DOWNEY NEWS

Second District, New York

WEST ISLIP: 4 Udall Road, West Islip, New York 11795 516/661-8777
WASHINGTON: 2232 Rayburn House Office Building, Washington, D.C. 20515 202/225-3335

FOR RELEASE: OCTOBER 15, 1987

CONTACT: ELIZABETH ROSE

DOWNEY GETS TAX PROVISION FOR LIPA

The House Ways and Means Committee is expected to approve a $12 billion tax bill today that includes special protection for the Long Island Power Authority. Congressman Thomas J. Downey (D-N.Y.), a member of the Ways and Means Committee, included the special provision in the bill, which could save Long Island ratepayers $160 to $240 million in the first year and $1.4 to 1.7 billion overall. These savings could be realized by allowing LIPA to use tax-exempt financing if it proceeds with a Long Island Lighting Company takeover. Congressman Downey said he does not endorse or oppose a public takeover, but believes the option should not be foreclosed.

"This is a monumental victory for Long Islanders," Congressman Downey said, "It removes a major roadblock to public acquisition of LILCO."

Congressman Downey included the provision that allows LIPA to use tax-exempt bonds as a grandfather clause in the tax bill.

The Ways and Means Committee is expected to vote late today on the bill. The House of Representatives is expected to consider the bill in the next few weeks.

If the prohibition on tax-exumpt bonds had remained, a public acquisition of LILCO would be economically unfeasible do to exorbitant rates. Public acquisition of LILCO by LIPA could be an important factor in the effort to keep the Shoreham nuclear power plant closed.

KPMG Peat Marwick

Policy Economics Group

Peat Marwick Main & Co.
1730 M Street, N.W.
Washington, DC 20036

Telephone 202 822 0721

December 3, 1987

Long-Term Revenue Implications of Tax-Exempt Financing of Privately-Owned Output Facilities

Section 10173 of H.R. 3545 (the House version of the Budget Reconciliation Bill) would, as a general rule, apply the volume cap for private activity bonds to tax-exempt bonds issued to enable a state or local government to acquire privately owned electric or gas property.

LIPA/LILCO Exemption

The Bill presently carries a special exception from this general provision for bonds issued to provide for the acquisition of the Long Island Lighting Company (LILCO) by the Long Island Power Authority (LIPA). We understand that the LIPA acquisition would involve the issuance of about $8.8 billion in bonds. A conventional revenue estimating assumption is that the issuance of tax-exempt bonds under these circumstances would substitute for taxable bonds in the economy. Using this assumption, we have determined that the annual revenue loss attributable to the LIPA special exception would be about $160 million. Thus, that special exception would be a revenue loser of substantial magnitude in the context of the Budget Reconciliation Bill.

Other Utility Takeovers

Although the LIPA/LILCO transaction may be the utility takeover in the most advanced planning stages, other utility takeovers are also under current discussion.

The Edison Electric Institute has conducted a survey of privately-owned utilities. This survey documents those utilities for which there is some active consideration of "municipalization." The Edison Electric Institute's list is attached and shows that there are thirteen utilities under active consideration for tax-exempt acquisition. The potential tax exempt debt issued by these thirteen transactions totals about $23 billion - nearly three times the amount estimated for LIPA.

If tax exempt financing is not curtailed, for such transactions, the list of utility takeovers is sure to grow.

The long-term revenue losses from this developing form of tax exempt financing could very quickly grow to billions of dollars annually.

Prepared by:
Thomas E. Vasquez
Principal

0257B/sf/TV

Potential State or Local Governmental Acquisition of Investor-Owned Electric Utility Assets

Privately-Owned	Government Authority	Which Asset	Purchase Price
1. Commonwealth Edison (option 1)	City of Chicago	transmission & distribution plus 2 generating plants	$3.85 billion*
Commonwealth Edison (option 2)	City of Chicago	acquire 35% of whole system	$6.55 billion*
2. New Orleans Public Service	City of New Orleans	transmission & distribution	$3.162 billion*
3. Pacific Gas & Electric	12 Communities in Northern CA.	transmission & distribution	$1.0 billion
4. Gulf States Utilities	various municipal-ities in LA & TX	transmission & distribution (principally Port Arthur)	$210 million
5. Union Electric	Cape Gireaduau, Missouri	transmission & distribution	$200 million
6. Vermont Yankee	State of Vermont	generating assets	$1.5 billion
7. Portland General Electric	Pioneer Peoples' Utility District	undetermined	60,000 retail customers
8. Public Service of Indiana	State of Indiana	generating, trans-mission and distri-bution assets	550,000 total customers (Est. $1.0 billion in generation assets
9. Central Maine Power	State of Maine	Maine Yankee Plant	$4-5 billion

10. Public Service of New Hampshire	various municipal-ities	transmission & distribution	$345 million
11. Duquesne Light	City of Pittsburgh	transmission & distribution	$1.0 billion
12. Arkansas Power & Light	Independence Co. of Arkansas	transmission & distribution	$53,742,000
Arkansas Power & Light	Caruthersville, Missouri	transmission & distribution	$15,900,000
Arkansas Power & Light	Blytheville, Arkansas	transmission & distribution	$39,750,000
13. Northern Indiana Public Service	Citizens Action Coalition (State of Indiana)	entire company	$3.0 billion

* asset value provided by governmental authority

Note: The acquisition of the Long Island Lighting Company (LILCO) by the Long Island Power Authority is an addition to the listing above. Congressman Tom Downey (D-NY) has estimated the LILCO acquisition in the $1.4 billion-$1.7 billion range, requiring $8.9 billion in tax-exempt financing.

November 9, 1987

Deloitte Haskins+Sells

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REVENUE ESTIMATES: GENERAL RESTRICTIONS ON TAX EXEMPT FINANCING OF UTILITY ACQUISITIONS, AND THE LIPA/LILCO EXCEPTION

1. Provision in House-Passed Bill

The House-Passed tax bill provides that exempt debt issued to finance the acquisition by a state or local government of investor-owned utilities is included under the state volume cap for private-purpose tax exempt debt. A special exception to this general provision is provided for acquisition by the newly created Long Island Power Authority (LIPA) of the Long Island Lighting Company (LILCO).

2. Revenue impact of the LIPA/LILCO exclusion

In order for LIPA to finance the acquisition of LILCO, the State of New York intends to issue approximately $8.8 billion in debt. Although details of the financing plan are not public, it seems reasonable to assume that approximately $4.0 billion of this would be issued in early 1988 (to finance acquisition of LILCO's common and preferred stock, including arrears on preferred stock dividends) and the balance later in 1988, in order to refinance as much of LILCO's outstanding taxable debt as can profitably be called.

Under even the most conservative assumptions, the impact of this transaction on Treasury receipts is substantial. Specifically, adopting the traditional assumptions that money GNP is held constant and that new tax exempts displace taxable debt in the economy, the one-year revenue impact of the refinancing is approximately $160 million:

$$R = D * i * t$$

where
R = revenue impact
D = principal amount of debt
i = tax exempt interest rate
t = average marginal tax rate across all suppliers of loanable funds in the economy

In the LIPA case:

D = $8.8 billion
i = 9.0%
t = 20%
R = $160 million per year.

Adjusting for a fiscal year correction, we estimate the revenue loss of the LIPA/LILCO special exception as:

Fiscal 1988: $ 30 million
Fiscal 1989: $160 million

Fiscal 1990: $160 million

Total 1988-90: $350 million

If these conservative assumptions are relaxed, the estimated revenue loss would be greater. We believe that this revenue loser is the largest single exception in the House-passed Budget Reconciliation Bill.

3. The Revenue estimate for the general provision

If the $8.8 billion LIPA deal goes through, takeovers of investor-owned utilities will proliferate. A recent survey conducted by the Edison Electric Institute shows that properties of at least thirteen other investor-owned utilities are under active consideration for takeover using tax-exempt bonds. The potential tax-exempt debt that would be issued to consummate those transactions aggregates almost $24 billion. Coupled with LIPA/LILCO numbers, the total tax-exempt issuance could reach $30 billion. If some or all of these transactions go forward, it is predictable that others will follow.

Emil M. Sunley

Emil M. Sunley
December 3, 1987

Transition Rule for Long Island Power Authority Sparks Controversy

A local squabble over the licensing of a nuclear power plant on Long Island recently has generated considerable controversy at the Federal level, with members of Congress, Treasury officials, and representatives of some of the most high-powered law and investment banking firms in New York and Washington becoming involved in the issue. At the heart of the matter is a revenue estimate of a transition rule in the House budget reconciliation bill. Underlying the issue is the ability of House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill., to cut deals, no matter how ephemeral, to ensure committee approval of tax legislation.

Last week, *Tax Notes* reported that a special provision in the House fiscal 1988 budget reconciliation bill would allow the Long Island Power Authority (LIPA) to issue nearly $9 billion in tax-exempt bonds to purchase the stock and assets of the investor-owned Long Island Lighting Company (LILCO). This transition rule would exempt bonds issued for the acquisition from the 1986 Act's private activity bond volume caps, which were extended to bonds issued for the acquisition of investor-owned utilities by another provision in the House Ways and Means Committee's revenue package.

Although the Joint Committee on Taxation assigned a revenue loss of less than $1 million over three years to the transition rule, it now appears that the provision could lose $350 million between fiscal 1988 and 1990.

Although the Joint Committee on Taxation assigned a revenue loss of less than $1 million over three years to the transition rule, it now appears that the provision could lose $350 million between fiscal 1988 and 1990, not to mention the continuing yearly loss on the 25 to 30 year bonds.

The General Rule

The general provision in the Ways and Means bill would define as "private activity bonds" bonds issued by public authorities to purchase existing facilities operated by investor-owned utilities. The intent is to limit tax-exempt financing activity for takeover purposes and the potential for substantial revenue losses to the Treasury. Under current law, interest on state and local government bonds generally is tax-exempt if the bonds are used for purely governmental activities or for certain specified private activities.

According to the Edison Electric Institute, an association of investor-owned electric companies, state and local governments in as many as 15 jurisdictions around the country have expressed an interest in acquiring existing investor-owned electric and gas generating and transmission systems (output facilities). There is a fear, clearly recognized by the Ways and Means Committee when it included the general rule in its revenue package, that a "revenue hemorrhage" would result if these takeovers were to occur using tax-exempt financing.

The revenue loss from public authorities taking over existing investor-owned facilities would arise in two ways: one, from the issuance of tax-exempt bonds to acquire the facilities; and two, from the removal of the facilities from the corporate tax rolls.

Politics

Including the general rule in the Ways and Means package was an expedient act on the part of Rostenkowski in terms of politics and deficit reduction. It was brought to Rostenkowski's attention that the City of Chicago was exploring a takeover of Chicago's Commonwealth Edison, and that the investor-owned utility did not want to be bought out. Other investor-owned utilities in various parts of the country, including LILCO, expressed similar concerns. "The utilities were acting in unison to stop what they thought could become a trend of public takeovers of utilities," commented Richard Kessel, Executive Director of the New York State Consumer Protection Board and a member of LIPA.

Rostenkowski, by including the general rule in the Ways and Means bill, was able to satisfy one of his constituents and pick up some revenue in the process.

Rostenkowski, by including the general rule in the Ways and Means bill, was able to satisfy one of his constituents and pick up some revenue in the process.

Regardless of the political beginnings of the provision, there is a consensus within Treasury and the Ways and Means staff that the general rule is founded on good tax policy. According to the Ways and Means Committee report, "The cost to the Federal government in terms of revenue foregone could be substantial if this activity were allowed to continue and grow. Financing the purchase of...investor-owned facilities with tax-exempt bonds effectively substitutes tax-exempt securities for taxable securities. As such, any benefit that consumers may gain from using tax-exempt financing...comes at the expense of reduced Federal government revenues."

Opponents of the rule doubt the rationale behind the provision. They argue that utilities, regardless of who owns them, serve a public function and therefore should not be subject to the volume caps set for private activity bonds.

The LIPA/LILCO Dispute

Before the Ways and Means tax provisions were reported, the LIPA transition rule was added, thus allowing LIPA to issue approximately $8.9 billion in tax-exempt bonds to take over LILCO. Rep. Thomas J. Downey, D-N.Y., the Ways and Means Committee member who installed the transition rule, stated in an October 15 press release that the inclusion of this special provision "could save Long Island ratepayers $160 to $240 million in the first year and $1.4 to $1.7 billion overall." What Downey did not say was that these savings for Long Island ratepayers would be enjoyed at considerable expense to the Federal Treasury.

'Not only did I tell [Rostenkowski] I'd vote against the whole package, but I told him I'd lead the Democratic opposition,' Downey told Newsday.

Although the controversy over the $350 million revenue cost of the transition rule is coming to light against the backdrop of the deficit reduction talks, the real issue, for New Yorkers at least, is whether the Shoreham nuclear power plant will open or not. New York voters strongly oppose the plant, and Governor Mario Cuomo (D) has vowed not to let it open. Cuomo's administration wants to take over LILCO and mothball the plant.

When the general rule in the Ways and Means package was presented to the Democrats on the committee, Downey, in deference to his constituents' interests, insisted that an exception be given to LIPA. According to a report by *Newsday* October 16, Downey threatened to vote against the whole package unless the transition rule was included. "Not only did I tell [Rostenkowski] I'd vote against the whole package, but I told him I'd lead the Democratic opposition," Downey told *Newsday*.

The Revenue Estimate

The Joint Committee's $1 million revenue estimate for the transition rule was crucial, since the Ways and Means Committee politically could not have included a huge revenue loser in the bill. The general rule is estimated to raise only $77 million over three years.

The JTC estimate of the transition rule, according to a Joint Committee aide, is based on the assumption that a takeover of LILCO, and thus the issuance of the bonds, would not occur within the next three years. The $1 million figure was based on an expectation that a small number of bonds would be issued within the next three years to study the implementation of the takeover.

It appears, however, that the takeover, in fact, is planned for the near future. In an interview in the October issue of *Long Island Goodliving*, LIPA Chairman William Mack said that he expects a decision to be made on whether to take over LILCO by the end of November. He also said that should LIPA decide in favor of a takeover, "I would hope that within three to six months there could be a resolution on an expedited basis.... The courts in these takeover situations have generally produced expedited decisions."

Others also contend that the takeover will occur relatively quickly. "It is unreasonable to assume LIPA will not go foward with the takeover during the next three years," commented Emil Sunley of Deloitte, Haskins and Sells, which is working on the issue for LILCO.

The Joint Committee aide, when questioned about the timing of the bond issue, responded: "I'm not about to recommend to my estimator that he change this figure. But I wouldn't hesitate to change the estimate if I were told the bonds would be sold earlier." A member of Ways and Means staff acknowledged the discrepancy over the estimate but declined to say more.

The Future of the LIPA Transition Rule

It would appear that the chances that the LILCO transition rule will survive the reconciliation process are slim. Treasury, while refusing to comment on the transition rule, has indicated that a public statement on the issue may be made this week. Even if it is determined that the takeover will not take place within the next three years, the $350 million revenue loss eventually would occur when and if the bonds are issued. Thus, if Congress and the Administration truly want to enact a deficit reduction package that will have a long-term effect, the justification for the provision will have to be closely scrutinized.

If the transition rule is dropped, Rostenkowski again will have proven his political skills. The general rule, which he, as well as Treasury, supports, has as much chance as any of the revenue raisers contained in the House reconciliation bill of making it into the final reconciliation package. If the general rule does survive, Rostenkowski will have gotten his provision and Downey's crucial vote for the Ways and Means tax package. ■

— Ellin Rosenthal

December 14, 1987

Dear Conferee:

There is a revenue provision in the House budget reconciliation package which would limit a potentially large drain on the federal treasury. Section 10173 of H.R. 3545 would place limits on the amount of tax-exempt bonds that may be used to acquire existing nongovernmental electric and gas facilities. This provision, modified as described below, should be included in the final conference package.

A number of localities are contemplating some very large transactions to acquire the assets or stock of electric or gas utilities. If only some of those acquisitions occur, a serious loss to the federal treasury will result. This is due not only to the massive use of tax-exempt financing, but also due to the loss of federal income tax which would no longer be collected from publicly-owned facilities.

One such transaction, included as a special exception to the House provision, would allow the Long Island Power Authority to issue $8.9 billion of tax-exempt bonds to finance its contemplated takeover of the local electric company. This single exception is conservatively estimated to cost the federal treasury $350 million for the 1988-1990 period. Of course, the revenue loss would continue well beyond 1990. If this kind of acquisition is permitted to proliferate across the country, the cost to the federal treasury will be enormous. The use of tax-free bonds is intended to assist in the development of necessary public services, not to facilitate hostile takeover activites.

The Administration strongly supports the House provision, with no exceptions for specific localities. On December 2, 1987, Treasury Secretary Baker wrote the attached letter to Chairmen Bentsen and Rostenkowski, as well as ranking minority members Duncan and Packwood, to express that position. Further, we understand that proponents of the provision are urging that the House language be modified in some respects to meet legitimate concerns of states and localities where the use of tax-exempt financing as a subsidy is not a primary motivation.

On December 12, both <u>The New York Times</u> and the <u>Washington Post</u> wrote editorials supporting the House provision, with no exceptions for New York. Copies of those editorials are attached. Interestingly, Nassau and Suffolk Counties, New York (the location of the Shoreham Nuclear Power Plant which would be closed if the New York exception remains in the bill) are two of the richest counties (per capita) in the nation. We don't believe the nation's taxpayers should be forced to subsidize the electric ratepayers in those counties.

The International Brotherhood of Electrical Workers, the U.S. Chamber of Commerce and the Edison Electric Institute have all recognized the importance of the House provision, with no exceptions. A copy of their advertisement appearing in the December 3 Washington Post is also attached.

At a time when we are searching for ways to make meaningful reductions to the federal deficit, we must take steps to protect the federal revenue base from serious erosion. Inclusion in the final conference package of this provision, appropriately modified to limit the use of tax-exempt bonds to finance utility takeovers, is such a step. As the New York Times noted in its editorial, "In an era of tight federal budgets, tax-based subsidies for electricity are a scandal".

(closing)

Attachment

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVIL E. DRYFOOS, Publisher 1961-1963

Don't Make Uncle Sam Pay the Light Bill

Should electricity users be allowed to charge a hefty portion of their bills to the U.S. Treasury? A little-noticed provision in the House-passed deficit reduction bill would make such shuffles more difficult by limiting use of tax-exempt bonds to finance utility buyouts. By going along, Senate conferees would strike a blow for fiscal responsibility.

Owners of securities issued by private companies pay Federal taxes on interest or dividends. But when state and local authorities issue bonds to build everything from schools to highways to incinerators, the interest is tax-exempt.

This Federal tax exemption reduces local authorities' borrowing costs. Most private investors prefer, say, an 8 percent return free of Federal tax to a taxable 10 percent return. But the interest saving is no freebie: tax-exempt bond financing costs Uncle Sam billions of dollars in revenue annually.

The states' right to issue unlimited amounts of tax-exempt bonds for traditional government purposes has never been seriously challenged. But to slow the Federal revenue hemorrhage, Congress recently capped tax-exempt borrowing for projects that serve no clear Government purpose, like industrial parks and shopping malls.

Now the House would also cap state takeovers of private utilities, in which tax-exempt bonds are used to finance public ownership. States would remain free to construct publicly owned electric and gas facilities with tax-exempt bonds.

Such takeovers have been rare in the past. However, officials in Chicago, New Orleans and elsewhere are now promoting conversions to public power as a way of reducing ratepayers' bills. According to the private utilities trade association, some $25 billion in acquisitions are now under consideration. The House sensibly wants to halt the trend before every community figures out ways to lower electric rates at Federal taxpayers' expense.

Lamentably, the House bowed to Representative Thomas Downey's insistence that it exclude the $9 billion in bonds New York would need to take over the Long Island Lighting Company. That exclusion alone would cost Washington more than $1.4 billion in revenue. But House-Senate conferees will have the chance to undo the deal. Even if Representative Downey prevails, there's no reason to allow raids on the Treasury by dozens of other localities. In an era of tight Federal budgets, tax-based subsidies for electricity are a scandal.

The Washington Post

AN INDEPENDENT NEWSPAPER

Public Power and Public Subsidies

STATES ARE ENTITLED to take over power companies when, in their judgment, that's necessary to protect the consumer. But they aren't entitled to federal subsidies when they do it. Rep. Dan Rostenkowski, chairman of the Ways and Means Committee, has put a provision in the House's budget reconciliation bill to prohibit the use of tax-exempt bonds to pay for most public takeovers of privately owned electric utilities. That provision is now the center of a fierce quarrel in the reconciliation conference.

Public takeovers are currently under discussion on Long Island, N.Y., in Chicago and in several other cities, generally because of rising power rates. On Long Island the central issue is the Shoreham nuclear reactor, now completed but not yet in operation because of the vehement opposition of the state and local governments. Rep. Thomas J. Downey of New York got Long Island amended out of Mr. Rostenkowski's ban, but that amendment is also open to challenge in the conference.

The advocates of public power and tax-exempt takeovers argue that providing electricity is a traditional municipal function like providing water or trash collection. It's an infringement of states' rights, they object, for Congress to try to limit the tax exemptions for these purposes. The option of public ownership, its defenders emphasize, is an essential weapon for consumers confronted with inept utility management and excessive bills.

Those aren't trivial objections. But they are outweighed by the condition of the federal budget and the urgent need to cut down the volume of federal subsidies—of which tax exemption for bonds is an important example.

Hostile takeovers of power companies have been rare in the recent past, but that may well change before long. Last year's tax reform cost the utilities several major tax advantages. Electric utilities have generally been paying very modest federal income taxes, but that will now change, and the higher taxes will turn up in higher power rates for the customer. This means new incentives for public ownership, especially if the bonds to finance the takeovers remain tax-free.

If consumers on Long Island, or in Chicago, want to take public ownership of their power companies, that choice ought to be up to them. But they can't reasonably ask federal taxpayers all over the country to help them pay for it.

Oregonian Nov. 15, 1987 p. C2

Limit tax-exempt bonds

A provision in the House-passed deficit-reduction bill to curb state and local governments using tax-exempt bonds to buy facilities of investor-owned utilities is acceptable tax policy, if properly applied.

In general, the use of tax-free financing to permit a public utility to take over the assets or securities of a private utility constitutes a taxpayer subsidy of public power, at no long-term benefit to taxpayers.

Public takeovers of private utility facilities and territories often promise lower utility rates to the users of the service, but at considerable cost to federal and local treasuries when the investor-owned properties are taken off the tax rolls.

To the extent that tax-exempt bonds for this purpose would drain the U.S. Treasury, thus adding to the federal budget deficit, the activity deserves the scrutiny of Congress. But how far should Congress go?

Complicating this issue is the manner in which the House attempted to achieve the goal of limiting the use of tax-exempt bonds for public takeovers of private utility property. The House Ways and Means Committee required such bonds to fall under the state bonding cap. Each state was given a cap on tax-exempt bonding last year as part of the federal tax-reform effort.

The new House provision means that all future attempts by local governments to take over private utility property through tax-free financing would compete, under the state cap, with most other state and local proposals for issuing tax-exempt bonds.

Cities already believe that the bonding cap would impair their ability to finance projects at lowest public cost. Their share of this limited pie would become smaller if public utility districts also compete for a slice of tax-free financing.

What to do? The House and Senate should agree on a policy first. The problem with the House proposal is that its sponsors cannot make up their minds if tax-exempt financing for public takeover of private utility property is bad policy or just an abuse of acceptable policy. The House proposal, for example, exempted the Long Island Power Authority, allowing it to issue $8.9 billion in tax-free bonds to purchase Long Island Lighting Co., an investor-owned utility. Why the double standard?

If Congress can agree that financing the purchase of investor-owned utilities with tax-exempt bonds is poor public policy — one that effectively substitutes tax-exempt securities for taxable securities — then why not eliminate the tax-exempt financing subsidy for utility takeovers altogether?

This would have the additional benefit of not creating unforeseen financing problems for state and local governments competing for limited tax-free financing under the states' tax-exempt bond volume cap.

TAX-EXEMPT UTILITY TAKEOVER BONDS

One of the tax provisions of the Budget Reconciliation Bill with substantial tax policy merit also contains a particularly egregious special interest exception. Section 10173 treats as "private activity" bonds subject to a state volume cap those tax-exempt bonds used to acquire existing "nongovernmental output property" - gas and electric transmission, distribution and generating facilities. This general provision applies only to facilities that have already been built and are not owned by other governments - in other words, to property that has already been financed with taxable securities and would be acquired from a taxpayer and refinanced by a non-taxpayer with tax-exempt debt.

While Congress is trying to balance our budget, this is exactly the type of loophole they should be closing. The Secretary of the Treasury has recently supported this effort in a letter to the Chairmen and ranking minority members of the tax writing committees stating that its "potential drain on federal revenues is substantial."

What is the budget effect of stopping such tax-exempt tender offer and refinancing raids on the federal treasury? To gauge the revenue impact we have to look to the special interest provision in subsection 10173(b)(3) which would exempt an estimated $8.9 billion of bonds that could be used by the newly created Long Island Power Authority of New York State to take over an existing gas and electric system presently owned by a taxable entity and financed basically with taxable equity and debt. This LIPA issue would be four times greater than the largest tax-exempt financing on record. The general reform provision of the section does not prohibit the acquisition of this property or prohibit the use of tax-exempt financing; it merely places such bonds under the state volume cap like other private activity bonds. So, what does this exception do?

According to a press release by its sponsor, Congressman Tom Downey, the exemption will save his constituents "$160 to $240 million in the first year and $1.4 to $1.7 billion overall," from the use of tax-exempt financing. The press release goes on to say that if the state volume cap provision applied, this takeover of a private entity "would be economically unfeasible." What the press release does not say is that this windfall to Long Islanders will be financed principally at the expense of the federal treasury and taxpayers in other states since the state legislation creating this government agency specifically does not exempt it from state gross revenue, or generation and sales taxes, nor from the obligation to pay in lieu of property taxes. The effect of all of this would be to further reduce federal revenues and to require the rest of the country to subsidize a large part of this windfall of "$1.4 to $1.7 billion" for New Yorkers.

Beyond the outrageous notion of subsidizing what is an admittedly uneconomic takeover, this exception comes nowhere near meeting the normal standards for such a grandfather provision: there has been no binding commitment to acquire in this matter; it appears that the state agency has merely hired investment bankers, lawyers and consultants to produce a study on whether it is feasible to go forward with a tax-exempt tender offer for the undervalued stock of a company. So there has not even been a decision yet to proceed, much less the usually-required binding commitment, and a showing of unfairness arising from completion of similar transactions by others.

The general provision of Section 10173 is clearly good tax policy. How, then, did this unusual special interest exemption end up in the bill? Certainly not on its merits. A desperate Ways and Means chairman required the votes to report a much-needed bill and Mr. Downey is quoted as stating, "Not only did I tell him I'd vote against the whole package, but I told him I'd lead the Democratic opposition." So much for tax policy and balancing the budget.

Additionally, it appears that the purpose of the takeover is to shut down and scrap the completed Shoreham Nuclear Power Station that New York State has been opposing by refusing to participate in emergency planning required by the NRC to protect the heath and safety of its citizens. The state statute creating the Long Island Lighting Power Authority mandates that it never operate the Shoreham plant.

Given the impact of this particular raid on the federal treasury alone (much less its precedential and energy policy implications), it is clear that the special-interest exception in subsection 10173(b)(3) of the Budget Reconciliation Act should be removed from the bill and that the general provision should be enacted.

Croatian
Pres. Tudjman.
Smin ? Picture w. President

1.5-2 million CROATIANS

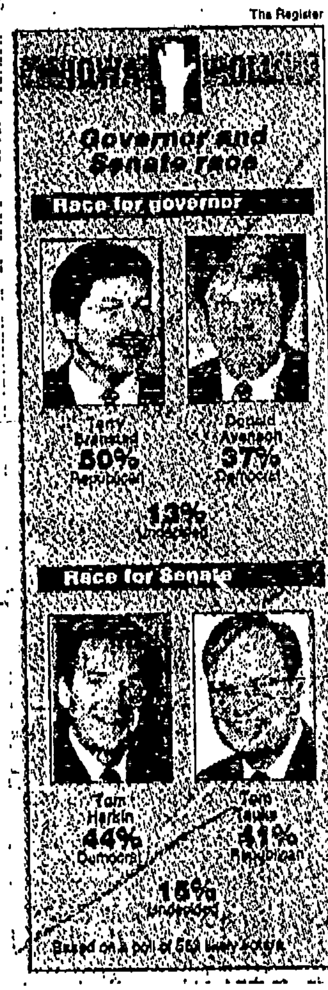
HEAVIEST CONCENTRATIONS:
ILLINOIS
CALIFORNIA
OHIO
NEW YORK
WISCONSIN
MICHIGAN
INDIANA

Des Moines
Sunday Register

Des Moines, Iowa ■ September 23, 1990 ■ Price $1.25

Poll: Tauke cuts gap; Branstad sustains lead

The Register



Harkin ahead by 3 points

By THOMAS A. FOGARTY
Register Staff Writer

U.S. Sen. Tom Harkin continues to lead challenger Tom Tauke in his race for re-election, but a Tauke surge in recent weeks has narrowed the gap to just 3 percentage points, according to a new Iowa Poll.

The poll of likely November voters shows Harkin, a Democrat, leading Tauke, a Republican congressman from Dubuque, 44 percent to 41 percent. The remaining 15 percent say they are undecided.

In the last Iowa Poll, which was taken in July, Harkin led Tauke by 13 points, 47 to 34.

The political landscape has shifted in the weeks since the last poll, and that may provide some clues for Tauke's improved showing. The candidates have met in three televised debates, in which disagreements on abortion and negative campaign practices figured prominently. Both campaigns are advertising heavily in their efforts to persuade voters.

War and Peace

Perhaps the most politically significant development since the last poll is Iraq's invasion of Kuwait on Aug. 2, an event that has renewed coffee shop discussions of war and peace, the price of oil and prospects for a national recession.

The new poll shows Tauke gaining ground among several segments of the electorate since the July poll. He has replaced Harkin as the favorite candidate among voters with college educations and among those with family incomes of more than $50,000 annually. Tauke has pulled even with Harkin since the last poll among voters in white-collar jobs.

Tauke continues to lead in his own 2nd Congressional District, which he has represented in the U.S. House for 12 years. The district includes Dubuque and Cedar Rapids. In addition, Tauke has gained a lead in the 3rd Congressional District, which includes Waterloo and Iowa City.

He has also improved his standing to a statistical dead heat in the 5th Congressional District, which Harkin

SENATE

Tauke cuts gap, Iowa Poll finds

SENATE

Continued from Page One

represented in the U.S. House for 10 years until his election to the Senate in 1984. The largely rural 5th District includes southwest and south-central Iowa, and stretches north to include Fort Dodge.

Party Lines

The race divides sharply along party lines, with Harkin winning support from 77 percent of the Democrats, and Tauke winning support from 75 percent of the Republicans. Harkin leads among independent voters, 48 to 31.

With more registered Democrats than Republicans in Iowa, these numbers suggest that Harkin's lead over Tauke should be more than three points. The Iowa Poll methodology may suggest why it is not.

The poll asks likely voters what they consider themselves to be in today's politics, not to which party they are registered. Thus, a self-identified Republican in the poll may be registered at the local courthouse as a Democrat or no-party voter.

In interviewing for the new poll, 35 percent of likely voters identified themselves as Republicans, a slightly higher figure than in the previous poll, and slightly more than would be reflected in voter registration figures. Thirty-two percent of those interviewed in the poll say they are Democrats.

Harkin's Support

Just as Tauke is popular with traditional Republican constituencies — high income and well educated voters, for example — Harkin's strongest support comes from traditional Democratic groups.

Among voters with family incomes of less than $15,000 a year, Harkin is leading 51 percent to 32 percent. And among blue-collar workers, Harkin's lead is 53 percent to 32 percent. Among voters in households with a union member, Harkin leads 59 percent to 21 percent.

In their second debate, Tauke took a position against allowing abortions for rape victims. Democrats have portrayed Tauke as an extremist on the issue, yet the poll shows no evidence that Tauke has paid a political price for an abortion stand at odds with the majority of Iowans.

Among voters who support abortion rights, who make up about two-thirds of the likely November electorate, Harkin leads Tauke, 52 percent to 31 percent. But that 21-point gap is narrower than it was in the July poll, when Harkin led by 36 points among abortion-rights supporters.

Restrictions on Abortion

Tauke has improved his standing with voters who favor greater restrictions on abortion. Tauke now leads among that group by 29 points, 60 to 31. In July, Tauke held a 23-point lead among those favoring more restrictions on abortion.

Tauke also has closed the gap with women voters since the last poll. He trails Harkin by six points among women, 45 to 39. In July, Tauke trailed by 16 points in this group, 47 to 31.

The poll suggests that Tauke's anti-abortion position has been effective in drawing support to his campaign. About 10 percent of Tauke's supporters in the poll mention abortion when asked to name the single biggest reason for supporting him. By contrast, Harkin, who is an abortion-rights supporter, derives about 4 percent of his support in the poll from Iowans who are motivated primarily by the abortion issue.

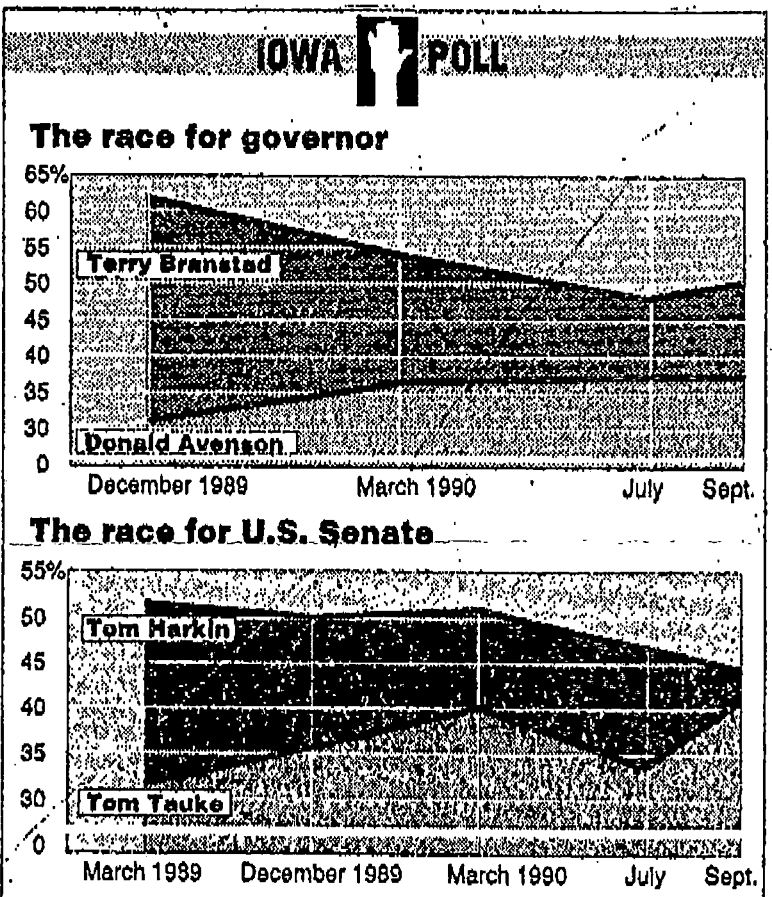
Tauke supporters also cite his experience and record in Congress, his party affiliation and his general stand on the issues as major motives in their decision-making.

Record in Politics

Harkin supporters most often mention his tenure in Congress and his record in politics as being the most important factors in choosing him.

In heartening news for those who lament the declining state of American politics, the poll suggests that relatively few Iowa voters see their choice for the Senate on Nov. 6 as the lesser of two evils. In fact, Iowa voters may mark their ballots with some enthusiasm in the Senate race, the poll indicates.

Seventy-two percent of Tauke's supporters view their choice as a pro-Tauke vote rather than an anti-Harkin vote, the poll found. Likewise, 79 percent of Harkin's supporters say theirs is a pro-Harkin vote, not an anti-Tauke vote, according to the poll.



Based on a poll of 553 Iowans

60 AP 09-24-90 04:27 EDT 39 LINES

PM-MA--Election Poll,320<

New Poll Says State Gubernatorial and U.S. Senate Race Are Even<

BOSTON (AP) The state's races for the governor's office and U.S. Senate are in a dead heat, according to a new poll.

In a Boston GlobeWBZ-TV poll released Sunday, Democratic incumbent Sen. John Kerry drew support from 45 percent of the respondents, while Republican challenger Jim Rappaport was favored by 41 percent. Thirteen percent were undecided.

In the gubernatorial race, GOP hopeful William Weld and his running mate for lieutenant governor, state Sen. Paul Cellucci, were supported by 43 percent of those polled. Democratic candidate John Silber and his running mate, state Rep. Marjorie Clapprood, received 42 percent support. Fourteen percent were undecided.

Pollsters questioned 505 Democrats, Republicans and independents. The poll had a margin of error of 4 percentage points, meaning both races were statistically tied.

``The independent voters remain the battleground in both the race for governor and U.S. Senate,'' said Gerry Chervinsky, president of KRC Communication Research, which conducted the poll.

Chervinsky said independents angry about the state's dismal financial situation could take their frustrations out on Kerry in the general election.

Kerry had a 65 percent to 24 percent lead over Rappaport among Democrats polled, while Rappaport led among Republican voters 76 to 9 percent. Among independents, Rappaport had 43 percent of respondents compared to Kerry's 41 percent.

Voters were also surveyed on the tax-slashing ballot question proposed by Citizens for Limited Taxation. The question received support from 44 percent of those surveyed, with 34 percent opposed. Twenty-one percent were undecided.

Of those polled, 40 percent said they were registered Democrats, 41 percent were registered independents and 17 percent were registered Republicans, Chervinsky said.

And although only 13 percent of the state population is registered Republican, Chervinsky said the poll reflected independents who voted in the GOP primary and consider themselves Republican.

61 AP 09-24-90 04:42 EDT 63 LINES

PM-OH--Governor Poll, Ohio Bjt,560<

Poll Shows Voinovich Holds Edge in Governor Race<

CLEVELAND (AP) The gubernatorial campaigns of Republican

PRESS RETURN TO CONTINUE OR ENTER A REQUEST.

ADDED FEATURE

RETROSPECTIVELY AND PROSPECTIVELY.

OPTION OF PAYING TAX ON SALE OF CAPITAL ASSETS @

"— 10% OF SELLING PRICE."

41 } $\frac{11}{3}$ =
52
4

15/28/29

18%

COSTS 41.4. + 45

~~9 MIL~~ LUXURY. EXCISE 9.

~~VAMT 21 to 23~~ 5.

FIRST 3 EXEMPTIONS 6.

5 x 1.29

STATE TAX @ ~~20K~~ 24 B.

OR 200K.

39.

75/28

CUT TAX FOR 3.5

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+9 LUXURY TAX

+~~4~~6. AMT

+~~9~~7 EXEMPTIONS

20.

@ 300,000.

18 / 28 / 29.

+9

+5

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20

+24.8.

STATE TAXES. = ~~24.8~~

18B

~~24.8~~.

3¢ PETROL

18

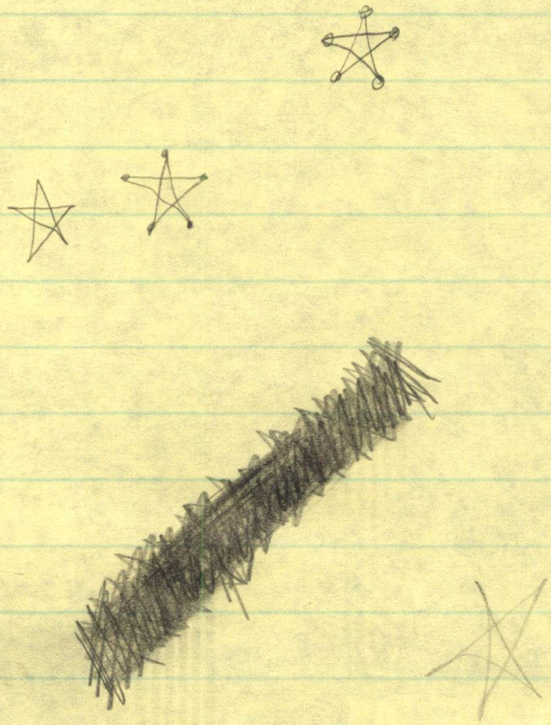
~~24~~

~~44~~

22.

~~18.8~~ 20

~~40.8~~



Mandatory outlays: Entitlements/mandatory spending:

1 Agriculture............	-1.260	-1.770	-2.936	-2.936	-2.936	-11.838	Ag
2 Medicare...............	-4.649	-8.430	-11.360	-13.150	-14.415	-52.004	W&M/E&
3a Eliminate CS Lump Sum..	-1.300	-1.773	-1.795	-1.815	-1.835	-8.518	POSC
3b Other POCS/Gov Affairs.	-0.935	-0.950	-0.965	-1.966	-2.018	-6.834	POSC
4 Mil retirement under 62	-0.422	-1.005	-1.616	-2.253	-2.940	-8.236	AS
5 Delay Federal retirement COLA 3 months.......	-0.470	-0.490	-0.490	-0.500	-0.520	-2.470	POCS/A
6 Unspec E&C/Finance.....	-0.220	-0.470	-0.550	-0.630	-0.730	-2.600	E&C
7 GSL reforms............	0.000	-0.025	-0.175	-0.245	-0.260	-0.705	E&L
8 Rail pensions..........	-0.053	-0.073	-0.074	-0.076	-0.077	-0.353	W&M
9 Soc Sec overpayments...	-0.026	-0.079	-0.055	0.000	0.000	-0.160	W&M
10a FHA assign. waivers....	-0.193	-0.193	-0.193	-0.193	-0.193	-0.965	Bank
10b Other FHA reforms......	-0.456	-0.554	0.098	-0.113	-0.271	-1.296	Bank
11 Bank Insurance Fund....	-0.800	-2.200	-2.700	-3.100	-3.200	-12.000	Bank
12 Tongass................	-0.028	-0.044	-0.044	-0.044	-0.044	-0.204	Int
13 Unspec Veterans........	-0.400	-0.420	-0.440	-0.460	-0.480	-2.200	VA
14 PBGC...................	-0.065	-0.065	-0.065	-0.065	-0.065	-0.325	W&M
Subtotal, Ent/Mand.	-11.277	-18.541	-23.360	-27.546	-29.984	-110.708	22.2 User fees
User Fees:							
15 Flood/Crime Ins........	-0.014	-0.346	-0.177	-0.150	-0.146	-0.833	Bank
16 OSHA/MSHA fees.........	-0.095	-0.195	-0.230	-0.280	-0.330	-1.130	E&L
17 Customs fees...........	-0.615	-0.591	-0.585	-0.579	-0.591	-2.961	W&M
18 NRC....................	-0.299	-0.321	-0.333	-0.345	-0.363	-1.661	E&C/In
19 VA fees (unspec).......	-0.120	-0.125	-0.130	-0.135	-0.140	-0.650	VA
20 Patent & Trademark.....	-0.100	-0.104	-0.108	-0.112	-0.116	-0.540	Judic
21 Coast Guard............	-0.200	-0.208	-0.216	-0.223	-0.230	-1.077	MM&F
22 APHIS..................	-0.079	-0.082	-0.086	-0.091	-0.095	-0.433	Ag
23 For. Serv. recreation..	-0.008	-0.008	-0.008	-0.008	-0.008	-0.040	Ag
24 EPA....................	-0.018	-0.029	-0.029	-0.029	-0.029	-0.134	E&C/MM
25 Railroad safety........	-0.020	-0.037	-0.037	-0.038	-0.038	-0.170	E&C
26 US Travel & Tourism....	-0.007	-0.009	-0.009	-0.009	-0.009	-0.043	E&C
27 Hardrock mining claims.	0.000	-0.030	-0.030	-0.030	-0.030	-0.120	Int
28 NOAA weather service...	-0.005	-0.005	-0.005	-0.005	-0.005	-0.025	MMF/S&
29 Corps of Engineers rec.	-0.020	-0.020	-0.020	-0.020	-0.020	-0.100	PWT
Subtotal, fees.....	-1.600	-2.110	-2.003	-2.054	-2.150	-9.917	
MANDATORY (gross)..	-12.877	-20.651	-25.363	-29.600	-32.134	-120.625	
Initiatives...........	(Any initiatives will be PAY-AS-YOU-GO)						
MANDATORY (net)....	-12.877	-20.651	-25.363	-29.600	-32.134	-120.625	

5% CREDIT $\nrightarrow$ 10% TAX @ SALE.

lose · if don't hold a year

Entitlements is $30 B. short.

$50 B. added spent.

∴ $80 Billion short if $130 B.

$170 B.

$$\begin{array}{r} 72 \\ \hline \$372 \\ 40 \\ \hline \$412 \\ \hline \end{array}$$

[redacted]

x	x	x		
x	x	x		
x	x	x		

VS

x	x	x	$x \pm y$	$x \pm y$
x	x	x	$x \pm y$	$x \pm y$
x	x	x	$x \pm y$	$x \pm y$

[redacted]

907-276-
7400

Mandatory Savings
Acheived through Reconciliation

		FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	5-yr Total	Jur
	1 Agriculture............	-1.1	-1.6	-1.6	-1.6	-1.6	-7.3	Ag
	2 Tongass................	0.0	0.0	0.0	0.0	0.0	-0.2	Int
	3 Unspec Veterans........	-0.4	-0.4	-0.4	-0.5	-0.5	-2.2	VA
	4a Medicare..............	-3.4	-4.9	-6.1	-7.7	-9.4	-31.5	W&M/E
	4b Gramm beneficiary cuts.	-3.1	-4.9	-5.6	-6.4	-7.1	-27.1	W&M/E
	4c Domenici cuts..........	-0.8	-2.0	-3.0	-3.6	-4.3	-13.7	W&M/E
	5 FHA assign. waivers....	-0.2	-0.2	-0.2	-0.2	-0.2	-1.0	Bank
*	6 Eliminate CS Lump Sum..	-1.3	-1.8	-1.8	-1.8	-1.8	-8.5	POSC
	7 Other POCS/Gov Affairs.	-0.9	-1.0	-1.0	-2.0	-2.0	-6.8	POSC
*	8a Fed COLA freeze/CPI-1..	-1.6	-2.8	-3.5	-4.2	-5.0	-17.1	many
	8b Mil retirement under 62	0.0	-0.3	-0.7	-1.2	-1.6	-3.9	AS
	9 Unspec E&C/Finance.....	-0.2	-0.5	-0.6	-0.6	-0.7	-2.6	E&C
	10 OSHA/MSHA fees.........	-0.1	-0.2	-0.3	-0.3	-0.4	-1.3	E&L
	11 PBGC...............	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3	W&M
	12 Other FHA reforms......	-0.5	-0.6	-0.4	-0.4	-0.3	-2.1	Bank
	13 Flood/Crime Ins........	0.0	-0.3	-0.2	-0.2	-0.1	-0.8	Bank
	14 GSL reforms............	0.0	0.0	-0.1	-0.1	-0.1	-0.4	E&L
	15 Soc Sec overpayments...	0.0	-0.1	-0.1	0.0	0.0	-0.2	W&M
	16 Rail pensions..........	-0.1	-0.1	-0.2	-0.2	-0.3	-1.0	W&M
	17 Customs fees (replace).	-0.6	-0.6	-0.6	-0.6	-0.6	-3.0	W&M
	18 NRC...................	-0.3	-0.3	-0.3	-0.3	-0.4	-1.7	E&C/I
	19 SEC....................	-0.1	0.0	0.0	0.0	0.0	-0.1	E&C
	20 VA fees (unspec).......	-0.1	-0.1	-0.1	-0.1	-0.1	-0.7	VA
	21 Patent & Trademark.....	-0.1	-0.1	-0.1	-0.1	-0.1	-0.5	Judic
	22 Coast Guard............	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1	MM&F
*	23 APHIS..................	-0.1	-0.1	-0.1	-0.1	-0.1	-0.4	Ag
	TOTAL..............	-15.3	-23.1	-27.3	-32.5	-37.2	-135.4	

May not add due to rounding.

* In President's Budget

This is closer to Data being used for Revenue Estimating and Distribution purposes.

This is final 1988 Data.

This Data is by Taxable Income Classes. Prior Tables were by Adjusted Gross Income Classes.

This is all returns

003

DISTRIBUTIONS OF TAXABLE INCOME FOR 1988 FINAL SOI
TABBED BY TAXABLE INCOME
ALL RETURNS
(DOLLARS IN MILLIONS, RETURNS IN THOUS)

1988

Taxable Income	-RETURNS-	TAXABLE- -INCOME- -DOLLARS-	--15%--- BRACKET- -RETURNS-	1ST 28%- BRACKET- -RETURNS-	--33%--- BRACKET- -RETURNS-	2ND 28%- BRACKET- -RETURNS-	-INCOME- -TAX---- -DOLLARS-	Income STATE & Local Tax Deduction	Charitable ~~LOC TAX-DED~~ -DOLLARS-	Real Estate Taxes ~~CHARITBL TAX DED -DOLLARS~~-
******** -$ 0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
0. -$ 10000.	55351.	151699.	35935.	0.	0.	0.	20847.	2401.	4871.	4548.
10000. -$ 20000.	21253.	311758.	19563.	1690.	0.	0.	45940.	5388.	5991.	5405.
20000. -$ 30000.	13886.	341944.	8886.	5000.	0.	0.	54345.	9582.	7731.	7369.
30000. -$ 50000.	12677.	481538.	0.	12279.	398.	0.	89026.	18110.	11550.	10793.
50000. -$ 60000.	2267.	123667.	0.	2032.	234.	0.	26387.	5567.	3167.	3048.
60000. -$ 70000.	1242.	80271.	0.	1078.	164.	0.	18006.	3707.	2079.	1874.
70000. -$ 80000.	696.	51796.	0.	149.	546.	0.	12198.	2472.	1389.	1174.
80000. -$ 90000.	464.	39303.	0.	0.	464.	0.	9696.	1956.	1092.	873.
90000. -$ 100000.	311.	29529.	0.	0.	310.	1.	7559.	1476.	874.	665.
100000. -$ 150000.	733.	88388.	0.	0.	640.	93.	23947.	4493.	2380.	1845.
150000. -$ 200000.	277.	47675.	0.	0.	165.	113.	13635.	2507.	1320.	833.
200000. -$ 300000.	241.	58297.	0.	0.	2.	238.	16831.	3077.	1526.	863.
300000. -$ 500000.	160.	60674.	0.	0.	0.	160.	17233.	3303.	1525.	691.
500000. -$********	142.	203429.	0.	0.	0.	142.	57219.	10654.	5454.	977.
TOTAL	109701.	2069967.	64384.	22229.	2923.	748.	412870.	74693.	50949.	40957.

	Personal property Taxes ~~REAL EST TAX DED -DOLLARS~~-	Other State Taxes ~~PER PROP TAX-DED -DOLLARS~~-	~~OTH STLO TAX DED -DOLLARS~~- Mortgage Interest Ded.
******** -$ 0.	0.	0.	0.
0. -$ 10000.	286.	222.	18236.
10000. -$ 20000.	334.	358.	22805.
20000. -$ 30000.	476.	430.	29240.
30000. -$ 50000.	740.	647.	39551.
50000. -$ 60000.	188.	159.	9866.
60000. -$ 70000.	135.	78.	6268.
70000. -$ 80000.	76.	61.	3823.
80000. -$ 90000.	51.	39.	2708.
90000. -$ 100000.	41.	27.	2128.
100000. -$ 150000.	104.	77.	5519.
150000. -$ 200000.	47.	32.	2502.
200000. -$ 300000.	66.	46.	2494.
300000. -$ 500000.	41.	39.	1912.
500000. -$********	87.	91.	2115.
TOTAL	2672.	2306.	149166.

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TABBED BY TAXABLE INCOME
SINGLE RETURNS
(DOLLARS IN MILLIONS, RETURNS IN THOUS)

1988

TAXABLE INCOME CLASS	-RETURNS-	TAXABLE- -INCOME- -DOLLARS-	--15%--- BRACKET- -RETURNS-	1ST 28%- BRACKET- -RETURNS-	--33%--- BRACKET- -RETURNS-	2ND 28%- BRACKET- -RETURNS-	-INCOME- -TAX---- -DOLLARS-	STATE & LOCAL INCOME TAX	CHARITABLE DEDUCTION ~~LOC TAX-DED- -DOLLARS-~~	REAL ESTATE TAXES ~~CHARITBL TAX-DED-~~ -DOLLARS-
******** -$ 0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
0. -$ 10000.	32072.	83644.	22130.	0.	0.	0.	12553.	663.	1375.	1132.
10000. -$ 20000.	9388.	135448.	7892.	1496.	0.	0.	20509.	1655.	1609.	1350.
20000. -$ 30000.	4111.	99592.	0.	4111.	0.	0.	18335.	2216.	1508.	1351.
30000. -$ 50000.	2134.	78733.	0.	1787.	347.	0.	17150.	2994.	1350.	1102.
50000. -$ 60000.	220.	11985.	0.	0.	220.	0.	3023.	579.	287.	195.
60000. -$ 70000.	137.	8816.	0.	0.	137.	0.	2307.	429.	201.	134.
70000. -$ 80000.	76.	5652.	0.	0.	76.	0.	1532.	257.	157.	77.
80000. -$ 90000.	47.	3933.	0.	0.	47.	0.	1099.	205.	63.	55.
90000. -$ 100000.	37.	3472.	0.	0.	35.	1.	978.	150.	78.	42.
100000. -$ 150000.	94.	11265.	0.	0.	4.	90.	3232.	570.	256.	139.
150000. -$ 200000.	34.	5936.	0.	0.	0.	34.	1689.	333.	245.	80.
200000. -$ 300000.	29.	7223.	0.	0.	0.	29.	2035.	364.	193.	73.
300000. -$ 500000.	19.	7119.	0.	0.	0.	19.	2017.	419.	204.	61.
500000. -$********	17.	25335.	0.	0.	0.	17.	7085.	1381.	849.	99.
TOTAL	48414.	488152.	30021.	7394.	865.	191.	93545.	12215.	8375.	5890.

	PERSONAL PROPERTY TAXES ~~REAL EST TAX-DED- -DOLLARS-~~	OTHER TAXES ~~PER PROP TAX-DED- -DOLLARS-~~	MORTGAGE INTEREST ~~OTH STLO TAX-DED-~~ -DOLLARS-
******** -$ 0.	0.	0.	0.
0. -$ 10000.	70.	39.	3289.
10000. -$ 20000.	84.	80.	4911.
20000. -$ 30000.	86.	80.	4759.
30000. -$ 50000.	79.	57.	3384.
50000. -$ 60000.	15.	8.	562.
60000. -$ 70000.	7.	4.	395.
70000. -$ 80000.	6.	5.	201.
80000. -$ 90000.	5.	2.	81.
90000. -$ 100000.	3.	3.	99.
100000. -$ 150000.	8.	5.	401.
150000. -$ 200000.	4.	3.	199.
200000. -$ 300000.	7.	5.	195.
300000. -$ 500000.	3.	6.	122.
500000. -$********	13.	16.	151.
TOTAL	389.	312.	18747.

Department of the Treasury
Office of Tax Analysis

September 14, 1990

09/14/90 11:24

SUMMARY OF THE ESTIMATED REVENUE EFFECTS OF SELECTED PROPOSALS TO RAISE THE MAXIMUM INDIVIDUAL TAX RATE AND TO PROVIDE FOR A CAPITAL GAINS EXCLUSION (1)

Fiscal Years 1991-1995

[Billions of Dollars]

Provision	FISCAL YEAR 1991 Maximum Effective Capital Gains Rate			FISCAL YEARS 1991-1995 Maximum Effective Capital Gains Rate		
	20%	18%	15%	20%	18%	15%
A. Rate Structure: 15%/28%/29% (2)	-0.4	-0.2	0.8	-39.3	-41.4	-52.2
B. Rate Structure: 15%/28%/30% (2)	1.4	1.6	2.6	-21.3	-23.0	-34.2
C. Rate Structure: 15%/28%/31% (2)	3.1	3.3	4.3	-3.5	-5.4	-17.4
D. Rate Structure: 15%/28%/32% (2)	4.8	5.0	5.9	13.4	11.5	0.3
E. Rate Structure: 15%/28%/33% (2)	6.6	6.7	7.6	31.1	29.0	17.7
F. Rate Structure: 15%/28%/35% (2)	10.2	10.2	11.0	68.5	65.9	53.9
G. Rate Structure: 15%/28%/30%/32% (3)	3.0	3.2	4.1	-4.9	-6.8	-18.0
H. Rate Structure: 15%/28%/32% (4)	3.0	3.2	4.1	-8.4	-10.3	-21.5
I. Rate Structure: 15%/28%/33% (5)	2.4	2.5	3.4	-14.0	-16.1	-27.4
J. Rate Structure: 15%/28%/33% (6)	2.8	2.9	3.8	-10.4	-12.5	-23.8
K. Rate Structure: 15%/28%/33% (7)	1.8	1.9	2.8	-19.5	-21.6	-32.9

Joint Committee on Taxation

(1) Estimates assume that the present-law phaseout of the 15% rate bracket and personal exemption amounts are repealed. Exclusion percentages are calculated with respect to the maximum statutory rate under each proposal. (Estimates assume present-law maximum tax rate on capital gains is repealed. Changes in individual tax rates are assumed to be effective for taxable years beginning on or after 1/1/91; changes in the capital gains exclusion are assumed to be effective for asset sales on or after 10/1/90.

(2) Top rate would begin at the beginning point of the current-law phaseouts (in 1991 at $48,950 for single, $81,600 for joint, and $69,950 for head of household).

(3) 30% rate would begin at the beginning point of the current-law phaseouts. 32% rate would begin at the end of the current-law phaseouts (in 1991 at $113,600 for single, $193,400 for joint, and $164,450 for head of household).

(4) Top rate would begin in 1991 at $60,000 for single, $100,000 for joint, and $80,000 for head of household.

(5) Top rate would begin in 1991 at $100,000 for single, $150,000 for joint, and $125,000 for head of household.

(6) Top rate would begin in 1991 at $81,250 for single, $137,500 for joint, and $117,200 for head of household.

(7) Top rate would begin in 1991 at $120,000 for single, $200,000 for joint, and $170,000 for head of household.

15-Sep-90 4:23pm

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200K → 86%

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PRELIMINARY
15-Sep-90

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CAP. GAINS 1 yr...

Estimated Revenue Effects of Selected Proposals to Raise the Maximum Individual Tax Rate and to Provide for a Capital Gains Exclusion (1)

Fiscal Years 1991-1995

[Billions of Dollars]

Provision	1991	1992	1993	1994	1995	1991-95
A. Rate Structure: 15%/28%/29% (2)						
1. 20% maximum capital gains rate (31.0% exclusion)	-0.4	-7.1	-8.6	-10.9	-12.3	-39.3
2. 18% maximum capital gains rate (37.9% exclusion)	-0.2	-7.6	-9.1	-11.6	-12.9	-41.4
3. 15% maximum capital gains rate (48.3% exclusion)	0.8	-9.0	-12.1	-15.4	-16.5	-52.2
B. Rate Structure: 15%/28%/30% (2)						
1. 20% maximum capital gains rate (33.3% exclusion)	1.4	-3.8	-4.9	-6.6	-7.4	-21.3
2. 18% maximum capital gains rate (40.0% exclusion)	1.6	-4.2	-5.3	-7.2	-7.9	-23.0
3. 15% maximum capital gains rate (50.0% exclusion)	2.6	-5.6	-8.4	-11.1	-11.7	-34.2
C. Rate Structure: 15%/28%/31% (2)						
1. 20% maximum capital gains rate (35.5% exclusion)	3.1	-0.4	-1.1	-2.4	-2.7	-3.5
2. 18% maximum capital gains rate (41.9% exclusion)	3.3	-0.9	-1.5	-3.0	-3.3	-5.4
3. 15% maximum capital gains rate (51.6% exclusion)	4.3	-2.4	-4.8	-7.2	-7.3	-17.4
D. Rate Structure: 15%/28%/32% (2)						
1. 20% maximum capital gains rate (37.5% exclusion)	4.8	2.9	2.5	1.6	1.6	13.4
2. 18% maximum capital gains rate (43.8% exclusion)	5.0	2.4	2.1	1.0	1.0	11.5
3. 15% maximum capital gains rate (53.1% exclusion)	5.9	1.0	-1.0	-2.9	-2.7	0.3
E. Rate Structure: 15%/28%/33% (2)						
1. 20% maximum capital gains rate (39.4% exclusion)	6.6	6.3	6.2	5.8	6.2	31.1
2. 18% maximum capital gains rate (45.5% exclusion)	6.7	5.8	5.8	5.1	5.6	29.0
3. 15% maximum capital gains rate (54.5% exclusion)	7.6	4.4	2.7	1.1	1.9	17.7
F. Rate Structure: 15%/28%/35% (2)						
1. 20% maximum capital gains rate (42.9% exclusion)	10.2	13.3	14.2	14.6	16.2	68.5
2. 18% maximum capital gains rate (48.6% exclusion)	10.2	12.7	13.6	13.9	15.5	65.9
3. 15% maximum capital gains rate (57.1% exclusion)	11.0	11.1	10.4	9.8	11.6	53.9

Provision	1991	1992	1993	1994	1995	1991-95
G. Rate Structure: 15%/28%/30%/32% (3)						
1. 20% maximum capital gains rate (37.5% exclusion)	3.0	-0.5	-1.4	-2.7	-3.3	-4.9
2. 18% maximum capital gains rate (43.8% exclusion)	3.2	-1.0	-1.8	-3.3	-3.9	-6.8
3. 15% maximum capital gains rate (53.1% exclusion)	4.1	-2.4	-4.9	-7.2	-7.6	-18.0
H. Rate Structure: 15%/28%/32% (4)						
1. 20% maximum capital gains rate (37.5% exclusion)	3.0	-0.8	-2.0	-3.8	-4.8	-8.4
2. 18% maximum capital gains rate (43.8% exclusion)	3.2	-1.3	-2.4	-4.4	-5.4	-10.3
3. 15% maximum capital gains rate (53.1% exclusion)	4.1	-2.7	-5.5	-8.3	-9.1	-21.5
I. Rate Structure: 15%/28%/33% (5)						
1. 20% maximum capital gains rate (39.4% exclusion)	2.4	-1.9	-3.2	-5.1	-6.2	-14.0
2. 18% maximum capital gains rate (45.5% exclusion)	2.5	-2.4	-3.6	-5.8	-6.8	-16.1
3. 15% maximum capital gains rate (54.5% exclusion)	3.4	-3.8	-6.7	-9.8	-10.5	-27.4
J. Rate Structure: 15%/28%/33% (6)						
1. 20% maximum capital gains rate (39.4% exclusion)	2.8	-1.1	-2.4	-4.3	-5.4	-10.4
2. 18% maximum capital gains rate (45.5% exclusion)	2.9	-1.6	-2.8	-5.0	-6.0	-12.5
3. 15% maximum capital gains rate (54.5% exclusion)	3.8	-3.0	-5.9	-9.0	-9.7	-23.8
K. Rate Structure: 15%/28%/33% (7)						
1. 20% maximum capital gains rate (39.4% exclusion)	1.8	-3.1	-4.4	-6.3	-7.5	-19.5
2. 18% maximum capital gains rate (45.5% exclusion)	1.9	-3.6	-4.8	-7.0	-8.1	-21.6
3. 15% maximum capital gains rate (54.5% exclusion)	2.8	-5.0	-7.9	-11.0	-11.8	-32.9

Joint Committee on Taxation

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(1) Estimates assume that the present-law phaseout of the 15% rate bracket and personal exemption amounts are repealed. Exclusion percentages are calculated with respect to the maximum statutory rate under each proposal. (Estimates assume present-law maximum tax rate on capital gains is repealed. Changes in individual tax rates are assumed to be effective for taxable years beginning on or after 1/1/91; changes in the capital gains exclusion are assumed to be effective for asset sales on or after 10/1/90.

(2) Top rate would begin at the beginning point of the current-law phaseouts (in 1991 at $48,950 for single, $81,600 for joint, and $69,950 for head of household).

(3) 30% rate would begin at the beginning point of the current-law phaseouts. 32% rate would begin at the end of the current-law phaseouts (in 1991 at $113,600 for single, $193,400 for joint, and $164,450 for head of household).

(4) Top rate would begin in 1991 at $60,000 for single, $100,000 for joint, and $80,000 for head of household.

(5) Top rate would begin in 1991 at $100,000 for single, $150,000 for joint, and $125,000 for head of household.

(6) Top rate would begin in 1991 at $81,250 for single, $137,500 for joint, and $117,200 for head of household.

(7) Top rate would begin in 1991 at $120,000 for single, $200,000 for joint, and $170,000 for head of household.

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PRELIMINARY
15-Sep-90

Estimated Revenue Effects of Selected Proposals to Raise the Maximum Individual Tax Rate and to Provide for a Capital Gains Exclusion (1)

Fiscal Years 1991-1995

[Billions of Dollars]

Provision	1991	1992	1993	1994	1995	1991-95
A. Rate Structure: 15%/28%/29% (2)						
1. 20% maximum capital gains rate (31.0% exclusion)	-0.4	-7.1	-8.6	-10.9	-12.3	-39.3
2. 18% maximum capital gains rate (37.9% exclusion)	-0.2	-7.6	-9.1	-11.6	-12.9	-41.4
3. 15% maximum capital gains rate (48.3% exclusion)	0.8	-9.0	-12.1	-15.4	-16.5	-52.2
B. Rate Structure: 15%/28%/30% (2)						
1. 20% maximum capital gains rate (33.3% exclusion)	1.4	-3.8	-4.9	-6.6	-7.4	-21.3
2. 18% maximum capital gains rate (40.0% exclusion)	1.6	-4.2	-5.3	-7.2	-7.9	-23.0
3. 15% maximum capital gains rate (50.0% exclusion)	2.6	-5.6	-8.4	-11.1	-11.7	-34.2
C. Rate Structure: 15%/28%/31% (2)						
1. 20% maximum capital gains rate (35.5% exclusion)	3.1	-0.4	-1.1	-2.4	-2.7	-3.5
2. 18% maximum capital gains rate (41.9% exclusion)	3.3	-0.9	-1.5	-3.0	-3.3	-5.4
3. 15% maximum capital gains rate (51.6% exclusion)	4.3	-2.4	-4.8	-7.2	-7.3	-17.4
D. Rate Structure: 15%/28%/32% (2)						
1. 20% maximum capital gains rate (37.5% exclusion)	4.8	2.9	2.5	1.6	1.6	13.4
2. 18% maximum capital gains rate (43.8% exclusion)	5.0	2.4	2.1	1.0	1.0	11.5
3. 15% maximum capital gains rate (53.1% exclusion)	5.9	1.0	-1.0	-2.9	-2.7	0.3
E. Rate Structure: 15%/28%/33% (2)						
1. 20% maximum capital gains rate (39.4% exclusion)	6.6	6.3	6.2	5.8	6.2	31.1
2. 18% maximum capital gains rate (45.5% exclusion)	6.7	5.6	5.8	5.1	5.8	29.0
3. 15% maximum capital gains rate (54.5% exclusion)	7.6	4.4	2.7	1.1	1.9	17.7
F. Rate Structure: 15%/28%/35% (2)						
1. 20% maximum capital gains rate (42.9% exclusion)	10.2	13.3	14.2	14.6	16.2	68.5
2. 18% maximum capital gains rate (48.6% exclusion)	10.2	12.7	13.6	13.9	15.5	65.9
3. 15% maximum capital gains rate (57.1% exclusion)	11.0	11.1	10.4	9.8	11.6	53.9

Provision	1991	1992	1993	1994	1995	1991-95
G. Rate Structure: 15%/28%/30%/32% (3)						
1. 20% maximum capital gains rate (37.5% exclusion)	3.0	-0.5	-1.4	-2.7	-3.3	-4.9
2. 18% maximum capital gains rate (43.8% exclusion)	3.2	-1.0	-1.8	-3.3	-3.9	-6.8
3. 15% maximum capital gains rate (53.1% exclusion)	4.1	-2.4	-4.9	-7.2	-7.6	-18.0
H. Rate Structure: 15%/28%/32% (4)						
1. 20% maximum capital gains rate (37.5% exclusion)	3.0	-0.8	-2.0	-3.8	-4.8	-8.4
2. 18% maximum capital gains rate (43.8% exclusion)	3.2	-1.3	-2.4	-4.4	-5.4	-10.3
3. 15% maximum capital gains rate (53.1% exclusion)	4.1	-2.7	-5.5	-8.3	-9.1	-21.5
I. Rate Structure: 15%/28%/33% (5)						
1. 20% maximum capital gains rate (39.4% exclusion)	2.4	-1.9	-3.2	-5.1	-6.2	-14.0
2. 18% maximum capital gains rate (45.5% exclusion)	2.5	-2.4	-3.6	-5.8	-6.8	-16.1
3. 15% maximum capital gains rate (54.5% exclusion)	3.4	-3.8	-6.7	-9.8	-10.5	-27.4
J. Rate Structure: 15%/28%/33% (6)						
1. 20% maximum capital gains rate (39.4% exclusion)	2.8	-1.1	-2.4	-4.3	-5.4	-10.4
2. 18% maximum capital gains rate (45.5% exclusion)	2.9	-1.6	-2.8	-5.0	-6.0	-12.5
3. 15% maximum capital gains rate (54.5% exclusion)	3.8	-3.0	-5.9	-9.0	-9.7	-23.8
K. Rate Structure: 15%/28%/33% (7)						
1. 20% maximum capital gains rate (39.4% exclusion)	1.8	-3.1	-4.4	-6.3	-7.5	-19.5
2. 18% maximum capital gains rate (45.5% exclusion)	1.9	-3.6	-4.8	-7.0	-8.1	-21.6
3. 15% maximum capital gains rate (54.5% exclusion)	2.8	-5.0	-7.9	-11.0	-11.8	-32.9

Joint Committee on Taxation

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(1) Estimates assume that the present-law phaseout of the 15% rate bracket and personal exemption amounts are repealed. Exclusion percentages are calculated with respect to the maximum statutory rate under each proposal. (Estimates assume present-law maximum tax rate on capital gains is repealed. Changes in individual tax rates are assumed to be effective for taxable years beginning on or after 1/1/91; changes in the capital gains exclusion are assumed to be effective for asset sales on or after 10/1/90.

(2) Top rate would begin at the beginning point of the current-law phaseouts (in 1991 at $48,950 for single, $81,600 for joint, and $69,950 for head of household).

(3) 30% rate would begin at the beginning point of the current-law phaseouts. 32% rate would begin at the end of the current-law phaseouts (in 1991 at $113,600 for single, $193,400 for joint, and $164,450 for head of household).

(4) Top rate would begin in 1991 at $60,000 for single, $100,000 for joint, and $80,000 for head of household.

(5) Top rate would begin in 1991 at $100,000 for single, $150,000 for joint, and $125,000 for head of household.

(6) Top rate would begin in 1991 at $81,250 for single, $137,500 for joint, and $117,200 for head of household.

(7) Top rate would begin in 1991 at $120,000 for single, $200,000 for joint, and $170,000 for head of household.

SUMMARY OF THE ESTIMATED REVENUE EFFECTS OF SELECTED PROPOSALS TO RAISE THE MAXIMUM INDIVIDUAL TAX RATE AND TO PROVIDE FOR A CAPITAL GAINS EXCLUSION (1)

Fiscal Years 1991-1995
[Billions of Dollars]

Provision	FISCAL YEAR 1991 Maximum Effective Capital Gains Rate			FISCAL YEARS 1991-1995 Maximum Effective Capital Gains Rate		
	20%	18%	15%	20%	18%	15%
A. Rate Structure: 15%/28%/29% (2)	-0.4	-0.2	0.8	-39.3	-41.4	-52.2
B. Rate Structure: 15%/28%/30% (2)	1.4	1.6	2.6	-21.3	-23.0	-34.2
C. Rate Structure: 15%/28%/31% (2)	3.1	3.3	4.3	-3.5	-5.4	-17.4
D. Rate Structure: 15%/28%/32% (2)	4.8	5.0	5.9	13.4	11.5	0.3
E. Rate Structure: 15%/28%/33% (2)	6.6	6.7	7.6	31.1	29.0	17.7
F. Rate Structure: 15%/28%/35% (2)	10.2	10.2	11.0	68.5	65.9	53.9
G. Rate Structure: 15%/28%/30%/32% (3)	3.0	3.2	4.1	-4.9	-6.8	-18.0
H. Rate Structure: 15%/28%/32% (4)	3.0	3.2	4.1	-8.4	-10.3	-21.5
I. Rate Structure: 15%/28%/33% (5)	2.4	2.5	3.4	-14.0	-16.1	-27.4
J. Rate Structure: 15%/28%/33% (6)	2.8	2.9	3.8	-10.4	-12.5	-23.8
K. Rate Structure: 15%/28%/33% (7)	1.8	1.9	2.8	-19.5	-21.6	-32.9

Joint Committee on Taxation

(1) Estimates assume that the present-law phaseout of the 15% rate bracket and personal exemption amounts are repealed. Exclusion percentages are calculated with respect to the maximum statutory rate under each proposal. (Estimates assume present-law maximum tax rate on capital gains is repealed. Changes in individual tax rates are assumed to be effective for taxable years beginning on or after 1/1/91; changes in the capital gains exclusion are assumed to be effective for asset sales on or after 10/1/90.

(2) Top rate would begin at the beginning point of the current-law phaseouts (in 1991 at $48,950 for single, $81,600 for joint, and $69,950 for head of household).

(3) 30% rate would begin at the beginning point of the current-law phaseouts. 32% rate would begin at the end of the current-law phaseouts (in 1991 at $113,600 for single, $193,400 for joint, and $164,450 for head of household).

(4) Top rate would begin in 1991 at $60,000 for single, $100,000 for joint, and $80,000 for head of household.

(5) Top rate would begin in 1991 at $100,000 for single, $150,000 for joint, and $125,000 for head of household.

(6) Top rate would begin in 1991 at $81,250 for single, $137,500 for joint, and $117,200 for head of household.

(7) Top rate would begin in 1991 at $120,000 for single, $200,000 for joint, and $170,000 for head of household.

REVENUE ESTIMATES FOR INTERACTION OF CAPITAL GAINS AND INDIVIDUAL TAX RATE CHANGES (1)

09/15/90
08:06 PM

Proposal	1991	1992	1993	1994	1995	1991-95
	Fiscal years					
			OTA			
	($ billions)					
A. Rate Structure: 15-28-29 (2)						
1. 20% maximum capital gains rate (31% exclusion)	0.1	-3.2	-5.7	-8.0	-9.0	-25.8
2. 18% maximum capital gains rate (38% exclusion)	0.3	-3.1	-5.8	-8.2	-9.3	-26.1
3. 15% maximum capital gains rate (48% exclusion)	0.6	-2.7	-5.7	-8.4	-9.6	-25.9
B. Rate Structure: 15-28-30 (2)						
1. 20% maximum capital gains rate (33% exclusion)	2.5	0.5	-1.8	-3.7	-4.4	-6.9
2. 18% maximum capital gains rate (40% exclusion)	2.7	0.7	-1.8	-3.9	-4.8	-7.0
3. 15% maximum capital gains rate (50% exclusion)	2.9	1.1	-1.7	-4.0	-5.0	-6.7
C. Rate Structure: 15-28-31 (2)						
1. 20% maximum capital gains rate (35% exclusion)	4.8	4.1	2.2	0.6	0.1	11.8
2. 18% maximum capital gains rate (42% exclusion)	5.1	4.5	2.3	0.5	-0.1	12.2
3. 15% maximum capital gains rate (52% exclusion)	5.4	4.9	2.4	0.3	-0.4	12.6
D. Rate Structure: 15-28-32 (2)						
1. 20% maximum capital gains rate (38% exclusion)	7.3	7.9	6.3	4.9	4.6	31.0
2. 18% maximum capital gains rate (44% exclusion)	7.4	8.2	6.4	4.8	4.5	31.3
3. 15% maximum capital gains rate (53% exclusion)	7.7	8.6	6.5	4.7	4.3	31.9
E. Rate Structure: 15-28-33 (2)						
1. 20% maximum capital gains rate (39% exclusion)	9.6	11.6	10.3	9.3	9.3	50.2
2. 18% maximum capital gains rate (46% exclusion)	9.7	11.9	10.5	9.3	9.2	50.7
3. 15% maximum capital gains rate (55% exclusion)	10.1	12.5	10.7	9.2	9.0	51.5
F. Rate Structure: 15-28-35 (2)						
1. 20% maximum capital gains rate (43% exclusion)	14.4	19.2	18.5	18.1	18.6	88.8
2. 18% maximum capital gains rate (49% exclusion)	14.5	19.6	18.8	18.2	18.6	89.7
3. 15% maximum capital gains rate (57% exclusion)	14.8	20.1	19.0	18.2	18.5	90.5
G. Rate Structure: 15-28-30-32 (3)						
1. 20% maximum capital gains rate (38% exclusion)	5.0	4.4	2.4	0.8	0.3	12.9
2. 18% maximum capital gains rate (44% exclusion)	5.2	4.8	2.6	0.7	0.0	13.3
3. 15% maximum capital gains rate (53% exclusion)	5.4	5.2	2.7	0.6	-0.1	13.9
H. Rate Structure: 15-28-32 (4)						
1. 20% maximum capital gains rate (38% exclusion)	5.9	5.7	3.9	2.3	1.8	19.7
2. 18% maximum capital gains rate (44% exclusion)	6.0	6.1	4.1	2.3	1.7	20.1
3. 15% maximum capital gains rate (53% exclusion)	6.3	6.5	4.2	2.2	1.5	20.7
I. Rate Structure: 15-28-33 (5)						
1. 20% maximum capital gains rate (39% exclusion)	5.2	4.9	2.8	1.2	0.7	14.7
2. 18% maximum capital gains rate (46% exclusion)	5.3	5.3	3.1	1.2	0.6	15.6
3. 15% maximum capital gains rate (55% exclusion)	5.6	6.0	3.4	1.2	0.5	16.7

REVENUE ESTIMATES FOR INTERACTION OF CAPITAL GAINS AND INDIVIDUAL TAX RATE CHANGES (1)

Proposal	09/15/90 08:06 PM	1991	1992	1993	1994	1995	1991-95
		Fiscal years OTA					
		($ billions)					
J. Rate Structure: 15-28-32 (6)							
1. 20% maximum capital gains rate (39% exclusion)		4.2	3.1	0.9	-0.8	-1.4	6.1
2. 18% maximum capital gains rate (46% exclusion)		4.3	3.5	1.1	-0.9	-1.6	6.5
3. 15% maximum capital gains rate (55% exclusion)		4.5	3.9	1.3	-1.0	-1.7	7.0
K. Rate Structure: 15-28-33 (7)							
1. 20% maximum capital gains rate (39% exclusion)		3.8	2.7	0.4	-1.4	-2.1	3.5
2. 18% maximum capital gains rate (46% exclusion)		3.9	3.2	0.7	-1.3	-2.2	4.4
3. 15% maximum capital gains rate (55% exclusion)		4.2	3.9	1.0	-1.4	-2.3	5.4

Department of the Treasury
Office of Tax Analysis

(1) Estimates assume that the present-law phaseout of the 15% rate bracket and personal exemption amounts are repealed. Exclusion percentages are calculated with respect to the maximum statutory rate under each proposal; fractions are rounded to the nearest whole number (.5 is rounded up). Estimates assume present-law maximum tax rate on capital gains is repealed. Changes in individual tax rates are assumed to be effective for taxable years beginning on or after 1/1/91; changes in the capital gains exclusion are assumed to be effective for asset sales on or after 10/1/90.
(2) Top rate would begin at the beginning point of the current-law phaseouts (in 1991, at $49,250 for singles, $73,500 for heads of household, and $82,100 for joints).
(3) 30% rate would begin at the beginning point of the current-law phaseouts (in 1991, at $49,250 for singles, $73,500 for heads of household, and $82,100 for joints);
32% rate would begin at the ending point of the current-law phaseouts for joints and heads of household with 2 exemptions and for singles with 1 exemption (in 1991, at $114,200 for singles, $165,300 for heads of household, and $194,450 for joints).
(4) Top rate would begin in 1991 at $60,000 for singles, $80,000 for heads of household, and $100,000 for joints.
(5) Top rate would begin in 1991 at $100,000 for singles, $125,000 for heads of household, and $150,000 for joints.
(6) Top rate would begin in 1991 at $81,750 for singles, $117,850 for heads of household, and $138,300 for joints. (These amounts are midway between the starting and ending points of the current-law phaseout for heads of household and joints with 2 exemptions and singles with 1 exemption.)
(7) Top rate would begin in 1991 at $133,350 for singles, $166,700 for heads of household, and $200,000 for joints.

Distributional Impact of a 28% Limiting Ratio of Regular Tax After Credits to Adjusted Gross Income (AGI), by Taxable Income Class, Based on 1988 Tax Returns with Taxable Income

Taxable Income Class	Ratio of Reg. Tax After Credit / AGI (Return Weighted)	Number of Returns with Reg. Tax After Credit / AGI Greater than 28%
$0 - $10,000	3.3%	31,000
$10,000 - $20,000	9.3%	12,000
$20,000 - $30,000	11.1%	3,000
$30,000 - $50,000	13.6%	7,000
$50,000 - $75,000	16.9%	7,000
$75,000 - $100,000	19.7%	6,000
$100,000 - $200,000	22.5%	7,000
Greater than $200,000	24.7%	8,000
Total	7.6%	81,000

Distributional Impact of a 28% Limiting Ratio of Regular Tax After Credits to Adjusted Gross Income (AGI), by Taxable Income Class, Based on 1988 Tax Returns with Taxable Income

Taxable Income Class	Ratio of Reg. Tax After Credit / AGI (Return Weighted)
\$0 - \$10,000	3.3%
\$10,000 - \$20,000	9.3%
\$20,000 - \$30,000	11.1%
\$30,000 - \$50,000	13.6%
\$50,000 - \$75,000	16.9%
\$75,000 - \$100,000	19.7%
\$100,000 - \$200,000	22.5%
Greater than \$200,000	24.7%
Total	7.6%

This is closer to Data being used for

Revenue Estimating and Distribution purposes.

This is final 1988 Data.

This Data is by Taxable Income

Classes. Prior Tables were by

Adjusted Gross Income Classes.

This is ~~all~~ Head of Household and Single returns –

Dollars in Thousands

Returns in Millions

Returns in ~~millions~~ thousands . HEAD OF HOUSEHOLD RETURNS 1988 DOLLARS IN MILLIONS ~~THOUSANDS~~

TAXABLE INCOME CLASS	-RETURNS-	TAXABLE- -INCOME- -DOLLARS-	--15%--- BRACKET- -RETURNS-	1ST 28%- BRACKET- -RETURNS-	--33%--- BRACKET- -RETURNS-	2ND 28%- BRACKET- -RETURNS-	-INCOME- -TAX---- -DOLLARS-	STATE & LOCAL INCOME TAX	CHAR DEDUCTION ~~LOC TAX-DED~~ -DOLLARS-	REAL ESTATE TAXES ~~CHARITBL TAX-DED~~ -DOLLARS-
******** -$ 0.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
0. -$ 10000.	7677.	19653.	4257.	0.	0.	0.	1516.	219.	369.	439.
10000. -$ 20000.	2170.	30928.	2170.	0.	0.	0.	4243.	507.	443.	477.
20000. -$ 30000.	933.	22630.	484.	449.	0.	0.	3452.	714.	441.	533.
30000. -$ 50000.	398.	14293.	0.	398.	0.	0.	2744.	523.	261.	332.
50000. -$ 60000.	38.	2054.	0.	38.	0.	0.	451.	110.	29.	56.
60000. -$ 70000.	28.	1796.	0.	5.	23.	0.	418.	82.	44.	41.
70000. -$ 80000.	14.	1047.	0.	0.	14.	0.	260.	44.	23.	21.
80000. -$ 90000.	6.	540.	0.	0.	6.	0.	139.	17.	8.	11.
90000. -$ 100000.	7.	707.	0.	0.	7.	0.	198.	29.	17.	21.
100000. -$ 150000.	15.	1825.	0.	0.	14.	1.	506.	75.	28.	33.
150000. -$ 200000.	6.	1042.	0.	0.	0.	6.	300.	49.	15.	15.
200000. -$ 300000.	5.	1240.	0.	0.	0.	5.	349.	75.	16.	14.
300000. -$ 500000.	3.	1315.	0.	0.	0.	3.	373.	77.	20.	16.
500000. -$********	2.	3216.	0.	0.	0.	2.	898.	189.	52.	13.
TOTAL	11303.	102288.	6912.	890.	65.	17.	15848.	2711.	1765.	2023.

	PERSONAL PROPERTY TAX ~~REAL EST TAX-DED~~ -DOLLARS-	OTHER TAX DEDUCT ~~PER PROP TAX-DED~~ -DOLLARS-	MORTGAGE INTEREST ~~OTH STLO TAX-DED~~ -DOLLARS-
******** -$ 0.	0.	0.	0.
0. -$ 10000.	29.	20.	2088.
10000. -$ 20000.	27.	27.	2075.
20000. -$ 30000.	26.	26.	1832.
30000. -$ 50000.	15.	6.	896.
50000. -$ 60000.	1.	6.	189.
60000. -$ 70000.	4.	0.	146.
70000. -$ 80000.	2.	3.	69.
80000. -$ 90000.	1.	0.	31.
90000. -$ 100000.	1.	0.	39.
100000. -$ 150000.	2.	3.	102.
150000. -$ 200000.	2.	0.	46.
200000. -$ 300000.	1.	0.	40.
300000. -$ 500000.	1.	1.	42.
500000. -$********	1.	2.	38.
TOTAL	112.	95.	7634.

Pearlman

[JOINT COMMITTEE PRINT]

ESTIMATES OF FEDERAL TAX EXPENDITURES FOR FISCAL YEARS 1991-1995

PREPARED FOR THE

COMMITTEE ON WAYS AND MEANS

AND THE

COMMITTEE ON FINANCE

BY THE STAFF

OF THE

JOINT COMMITTEE ON TAXATION

MARCH 9, 1990

U.S. GOVERNMENT PRINTING OFFICE

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Table 2.—Distribution by Income Class of All Returns, Taxable Returns, Itemized Returns, and Tax Liability, at 1991 Rates and 1991 Law and 1991 Income Levels [1]

[Money amounts in millions of dollars, returns in thousands]

Income class (thousands) [2]	All returns [3]	Taxable returns	Itemized returns		Tax liability
			Total	Taxable	
Below $10	25,592	3,672	422	156	−213
$10 to $20	28,106	17,293	2,035	1,296	14,160
$20 to $30	22,896	20,076	3,816	3,334	34,466
$30 to $40	17,105	16,492	5,431	5,201	44,829
$40 to $50	9,669	9,522	4,275	4,129	37,026
$50 to $75	12,475	12,387	8,009	7,877	90,986
$75 to $100	3,599	3,581	2,948	2,943	45,362
$100 to $200	3,134	3,119	2,818	2,812	82,771
$200 and over	1,142	1,133	1,053	1,034	137,138
Total	**123,717**	**87,273**	**30,807**	**28,781**	**486,523**

[1] Tax law as in effect on January 1, 1991, is applied to the 1991 level and sources of income and their distribution among taxpayers. Excludes individuals who are dependents of other taxpayers.

[2] The income concept used to place tax returns into classes is adjusted gross income (AGI) plus (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) inside build-up on life insurance, (4) workers' compensation, (5) nontaxable social security benefits, (6) deductible contributions to individual retirement accounts, (7) the minimum tax preferences, and (8) net losses, in excess of minimum tax preferences, from passive business activities.

[3] Includes filing and nonfiling units. Filing units include all taxable and nontaxable returns. Nonfiling units include individuals with income that is exempt from Federal income taxation (*e.g.*, transfer payments, interest from tax-exempt bonds, etc.)

Note: Detail may not add to total due to rounding.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]

[Money amounts in millions of dollars, returns in thousands]

Income class (thousands) [2]	Medical deduction		Real estate tax deduction	
	Returns	Amount	Returns	Amount
Below $10	59	11	43	2
$10 to $20	724	190	892	74
$20 to $30	1,191	351	2,700	297
$30 to $40	1,692	621	4,516	615
$40 to $50	912	338	3,901	594
$50 to $75	869	483	7,543	2,214
$75 to $100	209	271	2,804	1,394
$100 to $200	138	425	2,651	2,026
$200 and over	25	191	942	1,391
Total	5,819	2,881	25,993	8,606

Footnotes at end of Table 3.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income class (thousands) [2]	State and local income tax deduction		Charitable contributions deduction	
	Returns	Amount	Returns	Amount
Below $10	66	2	53	1
$10 to $20	1,008	83	966	52
$20 to $30	2,809	376	2,970	244
$30 to $40	4,454	934	4,875	738
$40 to $50	3,689	906	4,054	657
$50 to $75	6,915	3,553	7,854	1,951
$75 to $100	2,594	2,451	2,887	1,177
$100 to $200	2,454	5,081	2,764	2,516
$200 and over	866	7,723	1,024	6,297
Total	24,854	21,110	27,446	13,632

Footnotes at end of Table 3.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income class (thousands) [2]	Child care credit		Earned income credit [3]	
	Returns	Amount	Returns	Amount
Below $10	29	5	1,907	1,352
$10 to $20	1,241	508	5,717	4,039
$20 to $30	2,083	1,025	2,848	842
$30 to $40	1,815	932	165	59
$40 to $50	1,222	579	33	15
$50 to $75	1,670	748	19	5
$75 to $100	477	221	4	3
$100 to $200	260	114	0	0
$200 and over	52	28	0	0
Total	**8,848**	**4,159**	**10,693**	**6,316**

Footnotes at end of Table 3.

Table 3.—Distribution by Income Class of Selected Individual Tax Expenditure Items, at 1991 Rates and 1991 Income Levels [1]—Continued

[Money amounts in millions of dollars, returns in thousands]

Income class (thousands) [2]	Untaxed Social Security benefits		Additional standard deduction for the elderly and blind	
	Returns	Amount	Returns	Amount
Below $10	(4)	(5)	3	(5)
$10 to $20	3,360	641	1,667	193
$20 to $30	3,190	1,698	3,005	428
$30 to $40	3,158	2,448	2,131	362
$40 to $50	5,245	5,612	1,120	203
$50 to $75	6,062	7,186	842	204
$75 to $100	2,040	1,927	163	47
$100 to $200	1,140	1,399	103	31
$200 and over	204	376	34	9
Total	**24,372**	**21,286**	**9,068**	**1,476**

[1] Excludes individuals who are dependents of other taxpayers.

[2] The income concept used to place tax returns into classes is adjusted gross income (AGI) plus (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) inside buildup on life insurance, (4) workers' compensation, (5) nontaxable social security benefits, (6) deductible contributions to individuals retirement accounts, (7) the minimum tax preferences, and (8) net losses, in excess of minimum tax preference, from passive business activities.

[3] Includes the refundable portion of the earned income credit.

[4] Less than 500.

[5] Less than $500,000.

Note: Detail may not add to total due to rounding.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns	Adjusted gross income less deficit (AGI)	Salaries and wages		Taxable interest		Tax-exempt interest [1]		Dividends	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All returns, total	**109,808,729**	**3,097,302,476**	**93,464,145**	**2,347,226,082**	**69,694,430**	**182,574,232**	**3,545,284**	**34,565,844**	**22,861,803**	**77,933,963**
No adjusted gross income	980,736	-32,202,690	400,721	6,987,793	637,509	2,879,328	34,682	763,543	213,862	564,806
$1 under $1,000	3,151,542	1,874,247	2,096,504	2,155,180	1,347,270	566,295	31,068	11,556	311,025	106,414
$1,000 under $2,000	3,874,366	6,799,250	3,143,349	4,766,713	1,523,166	909,884	20,200	13,612	349,271	201,691
$2,000 under $3,000	3,616,252	8,993,676	3,114,255	7,748,217	1,469,171	976,944	5,272	3,801	268,964	171,817
$3,000 under $4,000	3,339,780	11,676,237	2,839,879	9,646,035	1,441,828	1,109,183	13,076	86,556	289,891	315,767
$4,000 under $5,000	3,127,276	14,050,387	2,578,625	10,974,504	1,283,407	1,400,819	11,575	30,060	276,068	243,527
$5,000 under $6,000	3,096,885	17,086,658	2,451,676	12,873,653	1,351,768	1,728,575	21,733	57,336	290,890	414,005
$6,000 under $7,000	3,143,823	20,442,505	2,510,210	15,607,948	1,457,188	2,245,345	12,908	27,928	331,625	368,883
$7,000 under $8,000	3,141,309	23,501,364	2,438,302	17,001,508	1,379,784	2,625,757	26,734	62,044	349,853	452,904
$8,000 under $9,000	3,043,969	25,876,728	2,340,201	18,321,141	1,478,623	3,005,250	35,487	65,074	368,172	530,265
$9,000 under $10,000	3,001,060	28,496,961	2,340,977	20,774,014	1,473,826	2,861,306	28,362	183,070	349,727	683,474
$10,000 under $11,000	2,846,862	29,880,942	2,281,247	22,239,909	1,386,373	2,693,802	40,580	173,380	366,616	632,069
$11,000 under $12,000	2,704,483	31,094,103	2,098,825	22,191,645	1,378,880	3,067,879	62,133	190,563	315,574	599,844
$12,000 under $13,000	2,717,452	33,955,670	2,220,842	25,501,701	1,376,555	2,859,632	32,925	127,894	327,612	684,891
$13,000 under $14,000	2,791,180	37,651,270	2,278,935	28,290,997	1,476,247	3,108,330	40,682	413,384	388,888	678,502
$14,000 under $15,000	2,615,657	37,887,900	2,165,500	28,369,048	1,442,576	2,848,836	32,311	149,990	329,035	613,197
$15,000 under $16,000	2,588,961	40,131,355	2,148,781	31,034,738	1,387,696	2,982,839	58,301	303,592	381,448	808,776
$16,000 under $17,000	2,356,359	38,825,006	2,014,879	30,758,631	1,321,616	2,813,693	24,120	47,870	370,247	664,890
$17,000 under $18,000	2,449,543	42,888,890	2,098,369	34,053,709	1,384,557	2,890,737	49,188	294,648	296,225	544,096
$18,000 under $19,000	2,190,218	40,488,540	1,816,347	30,756,677	1,259,382	2,889,044	50,499	173,379	381,130	910,219
$19,000 under $20,000	2,130,959	41,581,869	1,839,840	33,321,517	1,295,581	2,591,438	31,244	200,252	358,436	800,868
$20,000 under $25,000	9,265,834	207,584,614	8,173,939	170,093,251	5,910,496	11,691,966	169,534	721,751	1,577,694	2,825,522
$25,000 under $30,000	7,474,376	205,014,579	6,795,748	171,757,515	6,316,061	9,582,847	203,695	823,410	1,526,257	2,641,407
$30,000 under $40,000	11,961,164	415,415,014	10,998,805	352,271,623	9,600,827	18,715,417	438,511	2,348,843	3,055,383	6,045,659
$40,000 under $50,000	8,232,520	367,676,006	7,641,542	312,604,115	7,143,618	14,778,588	370,962	2,162,923	2,653,847	4,693,817
$50,000 under $75,000	8,919,836	533,420,045	8,261,019	442,882,897	8,272,212	21,676,010	625,626	4,369,570	3,857,111	9,942,486
$75,000 under $100,000	2,512,140	213,652,821	2,241,468	160,869,549	2,430,220	12,480,820	363,532	3,521,461	1,468,212	8,123,693
$100,000 under $200,000	1,795,016	237,769,105	1,525,931	150,246,615	1,754,012	15,858,001	415,981	5,312,457	1,215,418	9,426,924
$200,000 under $500,000	654,837	183,443,982	455,379	89,205,703	649,234	11,321,398	198,597	4,951,169	433,920	7,840,509
$500,000 under $1,000,000	119,231	80,742,982	99,547	36,748,171	118,783	5,947,368	57,906	2,923,228	102,244	4,818,481
$1,000,000 and over	65,303	172,535,388	54,414	46,198,249	65,184	11,306,202	37,882	4,051,611	59,057	12,475,300
Taxable returns, total	**86,984,752**	**2,997,570,657**	**75,412,014**	**2,239,387,039**	**61,710,866**	**168,052,558**	**3,349,173**	**32,816,886**	**20,918,526**	**74,592,965**
Nontaxable returns, total	**22,823,977**	**99,731,819**	**18,052,131**	**107,839,024**	**7,983,574**	**14,521,674**	**196,111**	**1,748,957**	**1,943,278**	**3,340,998**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	State income tax refunds: Number of returns	State income tax refunds: Amount	Alimony received: Number of returns	Alimony received: Amount	Business or profession, Net income: Number of returns	Business or profession, Net income: Amount	Business or profession, Net loss: Number of returns	Business or profession, Net loss: Amount	Capital gains distributions reported on Form 1040: Number of returns	Capital gains distributions reported on Form 1040: Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All returns, total	**19,629,870**	**10,890,354**	**463,973**	**2,995,916**	**10,473,148**	**140,336,317**	**3,076,329**	**17,904,176**	**1,784,122**	**953,878**
No adjusted gross income	80,228	101,525	*810	*16,244	117,213	1,219,385	318,515	5,481,752	8,523	5,834
$1 under $1,000	18,980	8,422	—	—	103,269	174,628	38,920	100,058	57,396	4,539
$1,000 under $2,000	29,620	3,345	—	—	168,412	213,975	28,530	143,533	43,286	16,625
$2,000 under $3,000	42,318	17,927	*13,762	*28,787	175,768	364,088	54,398	108,803	39,373	11,911
$3,000 under $4,000	26,849	9,890	*2,886	*11,254	212,000	573,957	44,018	216,520	*22,916	*6,217
$4,000 under $5,000	41,232	17,965	*14,429	*52,015	195,300	647,633	40,749	136,278	25,125	6,743
$5,000 under $6,000	53,100	21,799	*13,762	*47,982	276,350	1,179,146	42,091	160,812	*25,295	*10,920
$6,000 under $7,000	58,614	10,004	*21,733	*81,117	230,330	872,243	41,644	169,063	32,599	5,277
$7,000 under $8,000	109,272	29,321	*13,752	*71,627	232,880	1,116,681	26,625	59,333	*13,752	*3,276
$8,000 under $9,000	72,505	21,862	*13,752	*54,342	211,221	1,104,382	48,607	93,193	29,714	21,783
$9,000 under $10,000	86,374	29,417	*23,086	*109,100	227,881	1,370,219	25,744	90,680	32,209	17,869
$10,000 under $11,000	80,660	56,912	*10,866	*45,747	217,077	1,267,091	60,856	222,031	26,732	9,960
$11,000 under $12,000	112,348	23,877	*5,771	*46,806	196,337	1,108,229	37,495	127,360	*19,524	*10,378
$12,000 under $13,000	125,290	47,300	*13,752	*79,874	216,471	1,370,237	34,515	105,525	30,294	13,808
$13,000 under $14,000	146,087	33,621	*2,886	*1,157	236,568	1,591,758	57,988	279,470	*22,590	*9,133
$14,000 under $16,000	205,404	47,914	*22,409	*76,295	189,840	1,610,460	39,273	169,174	38,838	29,053
$15,000 under $16,000	197,219	48,676	*11,543	*38,120	187,631	1,317,869	47,706	203,628	*18,847	*18,179
$16,000 under $17,000	204,039	48,367	*10,866	*16,588	203,150	1,590,745	45,897	130,785	36,811	19,568
$17,000 under $18,000	278,983	80,127	*10,866	*35,894	245,403	1,812,720	46,601	225,442	34,191	19,163
$18,000 under $19,000	182,123	59,851	*11,543	*52,275	187,548	1,516,145	49,702	202,267	28,864	9,488
$19,000 under $20,000	257,912	90,859	*12,468	*123,719	213,944	1,910,603	38,622	207,838	*24,523	*14,245
$20,000 under $25,000	1,398,254	424,102	56,040	299,971	903,816	8,104,552	263,002	1,213,783	127,780	66,253
$25,000 under $30,000	1,685,624	621,023	29,616	180,790	818,329	7,604,153	216,680	748,626	148,060	51,818
$30,000 under $40,000	4,100,348	1,466,947	65,416	559,396	1,305,090	13,228,716	432,737	1,503,750	259,657	142,332
$40,000 under $50,000	3,486,583	1,428,305	38,506	239,332	967,939	10,929,934	327,871	1,256,279	196,034	98,802
$50,000 under $75,000	4,185,170	2,005,370	19,892	177,105	1,195,931	21,465,497	383,823	1,393,133	284,674	93,301
$75,000 under $100,000	1,167,637	910,931	14,752	326,858	462,771	14,390,390	125,154	728,640	80,493	89,210
$100,000 under $200,000	835,234	1,163,113	7,020	162,984	415,358	21,622,783	105,618	932,740	54,585	48,066
$200,000 under $500,000	269,716	879,855	1,381	58,788	123,410	11,569,918	35,652	589,351	13,083	25,030
$500,000 under $1,000,000	61,773	439,003	226	5,319	24,641	3,662,070	10,207	290,477	1,430	28,171
$1,000,000 and over	37,531	742,837	184	6,730	13,381	3,759,434	6,205	508,954	518	35,709
Taxable returns, total	**18,772,853**	**10,465,805**	**402,375**	**2,729,207**	**8,316,707**	**129,277,994**	**2,303,021**	**10,205,630**	**1,678,454**	**914,943**
Nontaxable returns, total	**857,017**	**424,550**	**61,598**	**266,709**	**2,156,441**	**11,058,323**	**772,308**	**7,698,547**	**104,668**	**38,935**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Sales of capital assets reported on Schedule D				Sales of property other than capital assets				Taxable IRA distribution	
	Net gain		Net loss		Net gain		Net loss			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
All returns, total	**7,846,452**	**159,293,299**	**4,575,590**	**7,951,934**	**962,870**	**6,039,169**	**789,657**	**3,641,980**	**2,656,201**	**11,205,923**
No adjusted gross income	165,419	3,560,641	107,862	263,790	58,069	382,287	73,586	1,691,636	13,546	65,515
$1 under $1,000	61,375	57,133	51,843	34,233	*8,258	*2,211	*2,211	*7,430	*9,397	*11,999
$1,000 under $2,000	48,933	169,287	67,904	96,046	*8,790	*46,958	*8,721	*2,664	*5,771	*10,443
$2,000 under $3,000	75,456	191,038	31,066	43,202	*13,969	*23,925	*4,419	*21,053	*13,402	*17,148
$3,000 under $4,000	95,029	185,126	53,653	76,862	*7,531	*28,839	*9	*34	*19,524	*26,367
$4,000 under $5,000	74,704	146,026	34,304	73,235	*13,899	*78,655	*10,176	*7,539	38,403	103,031
$5,000 under $6,000	65,171	154,686	72,317	124,714	*4,182	*27,408	*3,647	*44,517	28,925	93,551
$6,000 under $7,000	90,235	166,616	45,919	98,483	*11,628	*21,786	*4,659	*37,408	32,437	91,819
$7,000 under $8,000	107,624	264,075	87,281	161,629	*6,957	*25,706	*8,163	*19,190	*25,295	*53,497
$8,000 under $9,000	92,456	212,063	50,152	77,763	*9,841	*24,178	*13,419	*32,481	56,362	125,354
$9,000 under $10,000	105,530	232,238	73,952	96,384	*12,081	*10,637	*9,163	*7,046	39,047	107,767
$10,000 under $11,000	103,467	216,846	67,426	117,405	*16,950	*37,657	*12,358	*21,574	67,408	172,503
$11,000 under $12,000	107,124	414,172	65,345	116,203	21,687	38,336	*3,847	*1,328	56,362	208,855
$12,000 under $13,000	75,019	179,193	60,268	106,924	19,429	51,632	*10,268	*9,516	83,009	230,602
$13,000 under $14,000	100,329	344,483	70,888	111,747	*7,671	*19,406	*8,657	*18,737	43,972	120,385
$14,000 under $15,000	98,516	217,948	66,039	131,798	*9,840	*7,229	*10,944	*61,302	81,837	274,583
$15,000 under $16,000	101,519	354,352	73,484	128,042	*9,930	*23,378	*17,049	*28,241	59,570	125,305
$16,000 under $17,000	114,003	311,139	61,817	99,786	*12,856	*64,889	*6,692	*45,310	65,851	263,495
$17,000 under $18,000	112,123	434,971	55,829	94,481	17,643	77,729	*9,100	*10,279	60,723	149,914
$18,000 under $19,000	104,530	433,257	75,647	151,098	*10,763	*26,721	*13,884	*14,167	49,213	189,170
$19,000 under $20,000	88,506	257,737	90,903	133,055	*11,707	*20,652	22,449	75,926	61,500	113,875
$20,000 under $25,000	498,209	1,930,112	311,461	537,638	44,916	137,624	50,735	108,123	239,131	720,692
$25,000 under $30,000	472,333	1,839,258	276,740	614,733	69,527	183,095	44,039	150,035	102,171	592,803
$30,000 under $40,000	1,007,125	4,348,514	561,285	920,148	103,884	370,304	88,324	180,271	382,352	1,355,611
$40,000 under $50,000	807,427	4,073,465	491,530	799,836	113,064	433,557	68,729	113,535	320,668	1,152,749
$50,000 under $75,000	1,287,974	10,772,991	789,949	1,294,649	124,562	749,462	103,104	289,742	401,161	2,129,840
$75,000 under $100,000	645,014	7,673,055	332,371	595,611	74,913	447,742	43,265	129,137	112,447	731,994
$100,000 under $200,000	714,914	21,159,834	305,674	620,076	75,485	709,866	70,394	284,955	79,717	875,343
$200,000 under $500,000	287,351	22,633,859	106,850	249,175	42,178	772,987	44,583	189,317	20,627	506,157
$500,000 under $1,000,000	79,549	16,656,781	22,779	56,652	12,107	403,655	12,801	95,643	3,781	167,232
$1,000,000 and over	49,469	59,712,613	10,144	26,528	8,565	790,677	9,362	143,857	2,592	398,524
Taxable returns, total	**7,075,717**	**153,554,107**	**4,020,176**	**6,798,037**	**772,657**	**5,194,385**	**649,638**	**1,961,668**	**2,409,231**	**10,406,568**
Nontaxable returns, total	**770,735**	**5,739,193**	**555,415**	**1,153,897**	**190,213**	**844,923**	**140,021**	**1,680,312**	**246,970**	**799,354**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Pensions and annuities				Total rental and royalty				Partnership and S Corporation	
	Total		In adjusted gross income		Net income		Net loss		Net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
All returns, total	**17,258,835**	**176,747,627**	**16,541,165**	**139,988,187**	**4,769,914**	**27,284,070**	**5,138,677**	**28,015,845**	**2,808,126**	**95,718,173**
No adjusted gross income	63,795	662,143	55,081	437,159	88,949	663,118	159,896	2,540,323	20,670	523,520
$1 under $1,000	37,110	148,028	37,110	93,404	26,871	68,098	34,699	161,482	*14,460	*6,760
$1,000 under $2,000	75,776	316,763	64,233	60,825	30,096	43,768	27,369	122,637	*8,657	*8,063
$2,000 under $3,000	135,351	330,166	126,694	262,546	43,388	70,066	48,452	240,440	*17,314	*20,214
$3,000 under $4,000	172,561	654,250	169,676	343,263	56,542	72,976	44,412	174,628	*19,524	*27,940
$4,000 under $5,000	258,956	777,701	256,071	725,904	81,119	190,009	54,182	128,033	*18,415	*102,742
$5,000 under $6,000	296,838	1,079,106	291,087	938,756	110,619	255,694	38,341	248,417	37,351	137,140
$6,000 under $7,000	385,601	1,643,085	382,675	1,514,812	82,081	130,017	63,461	332,198	20,339	118,521
$7,000 under $8,000	440,232	1,987,849	432,251	1,675,083	114,863	302,440	61,549	187,414	38,022	139,064
$8,000 under $9,000	513,236	2,588,367	504,579	2,424,602	102,598	214,814	59,827	223,508	46,203	141,879
$9,000 under $10,000	516,926	2,738,878	511,154	2,516,267	112,610	302,903	60,018	208,265	30,409	129,102
$10,000 under $11,000	477,077	2,698,089	463,326	2,655,507	113,019	320,254	50,227	258,312	42,909	214,042
$11,000 under $12,000	504,200	3,397,012	502,450	3,241,875	86,318	180,038	42,677	171,064	30,703	208,380
$12,000 under $13,000	474,022	2,899,398	474,022	2,806,441	98,408	351,488	57,014	250,948	46,467	339,688
$13,000 under $14,000	470,065	3,639,299	461,408	3,230,342	84,580	286,274	77,698	288,360	50,326	195,438
$14,000 under $15,000	440,753	3,503,402	433,136	3,248,134	82,893	215,939	78,877	395,007	30,353	144,750
$15,000 under $16,000	471,355	3,715,895	462,698	3,174,080	79,140	352,011	62,762	247,650	38,941	242,143
$16,000 under $17,000	430,372	2,930,010	427,486	2,764,967	86,902	203,921	63,147	224,308	37,702	134,905
$17,000 under $18,000	302,482	3,475,798	372,959	3,100,283	101,728	265,979	82,635	275,648	*13,660	*104,155
$18,000 under $19,000	448,907	4,673,014	443,136	4,041,500	67,639	129,646	73,909	256,117	34,108	93,412
$19,000 under $20,000	347,732	3,098,651	347,732	2,758,469	75,632	328,919	60,097	275,516	35,107	190,641
$20,000 under $25,000	1,577,199	16,265,942	1,549,918	13,670,092	382,987	1,183,064	350,824	1,479,623	138,262	1,018,387
$25,000 under $30,000	1,198,534	12,831,520	1,182,838	10,887,779	314,209	1,151,898	357,134	1,538,646	167,330	1,134,521
$30,000 under $40,000	2,007,623	20,221,910	1,892,440	17,002,137	605,259	1,921,473	682,777	3,181,820	301,542	2,007,611
$40,000 under $50,000	1,712,386	18,494,254	1,620,813	15,433,647	430,276	1,967,097	849,803	2,797,953	263,311	2,670,960
$50,000 under $75,000	2,110,033	27,446,300	1,988,770	19,917,728	598,140	3,089,990	891,914	4,985,490	425,637	5,595,844
$75,000 under $100,000	672,460	11,885,153	602,659	7,906,531	256,521	2,207,161	380,237	2,626,082	255,234	5,038,081
$100,000 under $200,000	451,793	10,466,916	386,220	8,649,264	276,597	3,948,932	358,377	2,362,807	366,081	14,461,348
$200,000 under $500,000	123,618	5,762,608	99,994	2,623,433	125,985	3,367,332	128,630	1,106,520	187,869	17,414,338
$500,000 under $1,000,000	31,221	3,056,555	24,355	1,213,226	33,007	1,505,120	28,749	409,007	50,879	11,074,842
$1,000,000 and over	18,461	4,380,476	14,717	2,675,370	20,802	1,963,628	15,096	376,022	32,324	32,079,936
Taxable returns, total	**15,151,870**	**166,594,320**	**14,493,248**	**131,664,081**	**4,033,450**	**24,988,124**	**4,451,717**	**22,700,094**	**2,571,508**	**93,989,145**
Nontaxable returns, total	**2,104,765**	**10,153,307**	**2,047,917**	**8,324,086**	**736,463**	**2,275,946**	**686,980**	**5,315,750**	**236,620**	**1,729,028**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Partnership and S Corporation—Continued		Estate and trust				Farm			
	Net loss		Net income		Net loss		Net income		Net loss	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)	(50)
All returns, total	**2,916,251**	**33,118,252**	**500,652**	**4,124,229**	**64,860**	**486,441**	**933,921**	**11,042,167**	**1,477,052**	**14,044,151**
No adjusted gross income	187,437	10,825,047	7,574	36,555	3,937	65,408	41,961	520,197	222,323	4,358,225
$1 under $1,000	*2,339	*106,094	*708	*4,289	*708	*1,161	23,360	16,178	20,969	175,649
$1,000 under $2,000	*18,587	*120,291	*11,543	*13,851	—	—	20,284	78,168	22,471	164,933
$2,000 under $3,000	15,509	238,709	*2,886	*378	—	—	*13,013	*21,048	16,429	137,548
$3,000 under $4,000	*17,859	*141,979	*8,660	*1,769	—	—	20,772	55,736	*12,841	*108,765
$4,000 under $5,000	21,983	112,151	*10,064	*35,987	—	—	*17,082	*29,568	32,411	247,919
$5,000 under $6,000	12,909	108,826	*11,543	*24,895	—	—	26,276	84,344	18,179	149,586
$6,000 under $7,000	*13,872	*7,876	*5,771	*6,184	*2,387	*91,292	31,751	127,434	38,385	190,016
$7,000 under $8,000	24,161	150,476	*6,095	*8,454	—	—	26,561	101,263	24,167	246,456
$8,000 under $9,000	20,385	57,320	*5,085	*7,176	*1,859	*1,515	21,755	153,620	38,387	193,639
$9,000 under $10,000	28,440	267,989	*5,771	*13,520	—	—	28,459	188,667	32,317	231,053
$10,000 under $11,000	*19,606	*68,360	*11,543	*8,639	—	—	*11,605	*38,946	31,861	208,631
$11,000 under $12,000	*22,671	*126,876	*8,657	*14,884	—	—	18,548	161,759	21,135	283,132
$12,000 under $13,000	18,097	101,170	*2,886	*26,344	—	—	20,342	103,333	32,065	190,468
$13,000 under $14,000	18,277	71,778	*15,983	*65,018	*2,387	*69,668	*16,573	*113,768	15,010	85,956
$14,000 under $15,000	26,920	114,384	*11,543	*59,004	—	—	*7,436	*56,197	21,858	104,516
$15,000 under $16,000	34,452	91,735	*8,091	*53,871	*2,886	*817	*7,436	*47,640	18,445	145,026
$16,000 under $17,000	18,228	116,577	*2,886	*33,918	—	—	18,211	63,759	22,337	144,538
$17,000 under $18,000	30,295	202,878	*28	*( )	*2,886	*2,366	19,825	147,708	22,444	108,393
$18,000 under $19,000	38,008	153,133	*8,657	*20,223	—	—	*9,647	*46,285	33,439	228,017
$19,000 under $20,000	44,345	134,945	*7,981	*8,923	—	—	18,288	126,479	22,573	202,060
$20,000 under $25,000	171,893	888,426	40,646	232,197	*2,393	*22,737	63,167	552,085	120,438	630,854
$25,000 under $30,000	137,067	815,931	23,375	29,260	—	—	77,419	903,081	124,580	833,708
$30,000 under $40,000	293,320	1,112,535	63,479	160,441	*6,663	*33,791	138,273	1,528,664	139,201	874,812
$40,000 under $50,000	318,945	1,254,950	43,687	187,575	*6,750	*18,100	82,347	1,137,049	130,758	630,809
$50,000 under $75,000	478,553	2,146,414	72,049	278,951	7,964	15,447	92,132	2,060,366	133,702	818,329
$75,000 under $100,000	276,736	1,846,453	27,837	187,086	3,586	9,658	25,152	684,679	43,208	367,676
$100,000 under $200,000	357,363	3,693,084	42,294	665,785	11,640	69,983	23,753	697,756	38,021	713,611
$200,000 under $500,000	174,531	3,836,708	22,495	853,369	6,873	49,441	8,084	759,052	18,666	825,842
$500,000 under $1,000,000	40,410	1,867,507	6,901	311,878	1,793	21,677	2,057	155,757	5,058	281,636
$1,000,000 and over	22,052	2,642,544	4,945	1,073,827	1,279	33,503	1,463	283,630	3,290	358,582
Taxable returns, total	**2,511,188**	**20,531,189**	**440,624**	**3,926,792**	**63,408**	**280,467**	**647,836**	**8,984,129**	**955,567**	**7,341,466**
Nontaxable returns, total	**405,063**	**12,587,063**	**59,929**	**197,437**	**11,472**	**205,974**	**286,086**	**2,058,058**	**621,486**	**6,702,685**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Unemployment compensation in adjusted gross income		Social security benefits				Total income (less loss)		Statutory adjustments	
			Total		In adjusted gross income				Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)
All returns, total	**6,984,679**	**11,639,160**	**10,207,167**	**85,213,916**	**4,048,028**	**14,600,121**	**109,734,505**	**3,125,226,759**	**10,712,525**	**27,924,274**
No adjusted gross income	18,189	38,472	142,142	1,071,711	2,587	10,048	906,513	-32,018,488	73,648	184,201
$1 under $1,000	*15,982	*17,907	114,920	652,315	*2,211	*300	3,151,542	1,805,936	*20,791	*11,689
$1,000 under $2,000	33,952	28,950	145,665	909,526	*2,806	*1,544	3,874,368	5,839,737	39,320	40,487
$2,000 under $3,000	78,771	74,342	167,900	1,209,026	—	—	3,616,252	9,041,119	42,363	47,543
$3,000 under $4,000	74,352	78,679	191,875	1,469,284	—	—	3,339,780	11,754,053	43,804	77,616
$4,000 under $5,000	129,538	157,221	270,003	1,959,712	—	—	3,127,276	14,122,339	74,066	71,852
$5,000 under $6,000	150,089	209,912	288,962	1,985,287	—	—	3,096,885	17,180,186	69,022	93,528
$6,000 under $7,000	218,468	317,334	341,918	2,620,646	*4,076	*8,516	3,143,823	20,578,432	121,246	133,927
$7,000 under $8,000	210,541	319,350	361,395	2,691,775	*2,887	*1,264	3,141,309	23,657,586	113,176	158,222
$8,000 under $9,000	250,561	391,611	456,395	3,676,578	*2,211	*5,976	3,043,869	26,067,604	146,573	190,956
$9,000 under $10,000	222,380	400,044	391,002	3,053,687	—	—	3,001,060	28,706,650	153,245	209,698
$10,000 under $11,000	208,808	360,444	346,027	2,740,726	*8,657	*19,089	2,848,862	30,097,130	158,566	216,187
$11,000 under $12,000	231,048	437,849	355,844	2,734,998	*2,886	*9,009	2,704,483	31,312,834	146,803	218,631
$12,000 under $13,000	184,547	333,327	310,872	2,602,230	—	—	2,717,452	34,244,815	171,255	280,145
$13,000 under $14,000	238,088	424,705	297,419	2,638,600	*8,657	*31,731	2,791,180	37,831,678	150,809	180,406
$14,000 under $15,000	196,819	293,419	289,677	2,398,745	*8,657	*7,249	2,015,657	38,102,601	147,130	234,621
$15,000 under $16,000	223,408	408,987	250,043	2,109,393	*8,657	*31,428	2,588,961	40,346,274	151,070	213,918
$16,000 under $17,000	192,531	265,508	219,406	1,799,017	*5,771	*2,638	2,356,359	39,258,219	181,252	333,214
$17,000 under $18,000	198,988	353,719	209,659	1,967,675	*4,596	*37,661	2,449,543	43,169,811	186,474	282,821
$18,000 under $19,000	191,183	312,169	206,882	1,789,809	*8,898	*28,875	2,100,218	40,839,774	200,177	351,235
$19,000 under $20,000	191,852	292,264	187,776	1,689,940	*20,200	*64,814	2,130,959	41,938,584	218,086	376,715
$20,000 under $25,000	710,799	1,277,986	767,941	6,117,444	221,846	209,290	9,265,834	208,701,555	1,121,589	2,116,941
$25,000 under $30,000	614,001	1,027,058	833,067	5,350,862	484,387	730,807	7,474,376	207,124,758	1,100,142	2,110,179
$30,000 under $40,000	1,016,097	1,789,760	1,104,329	9,308,976	1,091,817	3,109,526	11,961,164	419,318,142	1,918,785	3,003,120
$40,000 under $50,000	818,391	1,011,881	769,589	6,748,838	769,599	3,243,040	8,232,520	370,200,916	1,415,245	2,524,910
$50,000 under $75,000	454,437	802,819	743,659	6,910,411	743,559	3,443,473	6,919,835	537,310,006	1,257,942	3,880,981
$75,000 under $100,000	79,554	132,891	270,126	2,818,798	270,125	1,408,035	2,512,140	216,108,345	519,597	2,455,524
$100,000 under $200,000	27,287	60,405	250,597	2,875,637	250,595	1,337,722	1,705,016	241,670,030	524,718	3,910,745
$200,000 under $500,000	3,223	8,594	89,395	1,109,086	89,395	554,977	654,837	165,661,562	108,406	2,217,570
$500,000 under $1,000,000	633	1,874	20,411	255,174	20,411	127,583	119,231	81,200,739	37,071	537,757
$1,000,000 and over	197	590	12,581	171,216	12,581	85,805	65,303	172,806,735	20,107	361,347
Taxable returns, total	**5,595,284**	**9,461,584**	**8,112,546**	**68,697,708**	**4,016,115**	**14,412,820**	**88,984,762**	**3,024,384,368**	**9,988,981**	**26,733,728**
Nontaxable returns, total	**1,389,395**	**2,177,576**	**2,094,621**	**16,516,208**	**31,914**	**87,301**	**22,749,783**	**100,922,385**	**403,544**	**1,190,546**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Statutory adjustments—Continued								Basic standard deduction	
	Employee business expense		Deductible IRA payments		Payments to a Keogh plan		Alimony paid			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	(70)
All returns, total	**1,373,344**	**4,240,803**	**6,390,790**	**11,946,011**	**796,034**	**6,542,546**	**568,654**	**3,948,466**	**76,612,914**	**281,281,502**
No adjusted gross income	4,443	66,429	15,003	30,321	1,054	1,823	5,266	56,459	--	—
$1 under $1,000	—	—	*5,856	*8,310	—	—	—	—	3,111,989	5,016,585
$1,000 under $2,000	*1,437	*17,318	*10,866	*12,872	—	—	—	—	3,833,636	8,435,204
$2,000 under $3,000	*4,419	*2,041	23,008	38,166	—	—	—	—	3,545,089	10,112,800
$3,000 under $4,000	*5,771	*29,524	*24,120	*41,928	—	—	—	—	3,252,156	10,409,327
$4,000 under $5,000	*5,771	*17,940	26,764	35,149	*2,209	*667	*2,886	*4,502	3,055,351	10,165,337
$5,000 under $6,000	*6,657	*7,843	29,363	49,946	—	—	*820	*20,524	2,985,975	10,111,109
$6,000 under $7,000	*2,886	*369	64,211	100,468	*2,209	*1,821	*7,304	*13,714	3,009,015	10,642,404
$7,000 under $8,000	*5,095	*18,685	48,906	86,163	*3,647	*4,162	*2,880	*19,132	2,958,925	10,655,688
$8,000 under $9,000	*11,697	*26,250	61,429	98,876	*4,419	*4,940	*10,866	*37,462	2,880,283	10,404,328
$9,000 under $10,000	*9,674	*41,431	76,043	105,500	*1,437	*12,309	*5,771	*28,509	2,814,177	10,349,223
$10,000 under $11,000	*8,657	*16,717	80,756	140,808	—	—	*7,981	*34,215	2,671,553	9,946,979
$11,000 under $12,000	*15,285	*34,374	101,874	163,843	—	—	*3,916	*4,159	2,496,434	9,431,289
$12,000 under $13,000	*2,886	*14,769	103,810	195,713	*6,278	*11,032	*10,190	*45,964	2,474,505	9,346,408
$13,000 under $14,000	*9,514	*20,180	74,617	117,071	*6,628	*11,380	*8,657	*14,417	2,533,739	9,677,143
$14,000 under $15,000	*11,861	*32,617	78,224	138,998	—	—	*6,667	*47,520	2,269,606	8,602,658
$15,000 under $16,000	*5,771	*19,366	113,178	164,674	*6,368	*6,705	*2,209	*10,605	2,257,329	8,591,160
$16,000 under $17,000	*14,269	*62,909	120,416	196,905	*3,647	*7,824	*8,168	*45,303	2,022,096	7,898,370
$17,000 under $18,000	26,152	59,817	100,115	176,033	*2,886	*2,014	*4,104	*23,586	2,084,706	8,194,086
$18,000 under $19,000	*19,846	*58,983	129,113	237,823	*3,694	*1,567	*7,887	*29,657	1,863,562	7,442,748
$19,000 under $20,000	*16,128	*61,766	136,577	219,617	*11,277	*19,778	*14,191	*51,963	1,757,702	6,920,678
$20,000 under $25,000	111,421	341,912	813,179	1,412,533	25,260	73,622	39,339	186,107	7,126,323	28,971,329
$25,000 under $30,000	116,779	343,398	795,843	1,404,243	28,209	101,913	31,243	145,964	5,020,115	21,393,446
$30,000 under $40,000	207,061	591,588	1,393,221	2,619,610	70,261	242,927	86,094	329,760	5,954,317	26,711,411
$40,000 under $50,000	202,768	464,043	963,929	1,460,476	60,461	197,031	68,811	308,463	2,731,379	12,869,492
$50,000 under $75,000	296,617	907,352	533,741	1,346,414	174,926	872,913	93,344	576,836	1,543,290	7,405,897
$75,000 under $100,000	120,519	439,228	197,697	558,823	117,765	958,589	61,546	435,666	242,293	1,130,306
$100,000 under $200,000	69,682	404,326	187,373	544,686	175,392	2,194,345	50,360	644,918	96,303	442,974
$200,000 under $500,000	22,767	105,412	60,751	183,622	69,640	1,363,270	25,666	492,425	17,420	79,412
$500,000 under $1,000,000	3,698	28,349	12,214	36,321	12,390	285,416	6,711	175,459	2,682	11,950
$1,000,000 and over	1,604	13,665	6,587	18,902	6,050	146,489	3,898	163,113	962	4,060
Taxable returns, total	**1,313,600**	**3,946,800**	**6,111,101**	**11,470,562**	**776,331**	**6,484,204**	**546,642**	**3,783,524**	**56,405,776**	**207,489,690**
Nontaxable returns, total	**59,744**	**293,804**	**279,689**	**475,449**	**19,704**	**58,342**	**21,812**	**164,944**	**20,207,138**	**73,792,112**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Additional standard deduction		Itemized deductions							
			Total		Medical and dental expense deduction		Taxes paid deduction		Interest paid deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	(79)	(80)
All returns, total	**10,323,320**	**9,266,936**	**31,790,366**	**386,565,374**	**4,743,464**	**17,829,495**	**31,240,681**	**120,136,673**	**29,510,503**	**175,148,346**
No adjusted gross income	—	—	—	—	—	—	—	—	—	—
$1 under $1,000	110,283	80,147	9,800	98,275	*7,590	*37,971	7,829	16,808	7,241	41,774
$1,000 under $2,000	154,377	132,429	25,445	192,676	22,559	84,810	19,673	17,532	16,787	79,203
$2,000 under $3,000	175,005	147,233	42,983	383,742	35,629	131,784	38,660	58,418	37,211	160,047
$3,000 under $4,000	248,528	209,696	65,891	381,280	45,568	99,847	65,891	66,844	49,253	164,916
$4,000 under $5,000	327,773	277,169	47,307	412,143	33,043	172,320	37,888	48,867	37,467	136,199
$5,000 under $6,000	421,809	342,276	96,978	801,692	61,283	374,945	79,663	80,335	60,138	223,330
$6,000 under $7,000	531,460	439,502	115,957	899,526	74,569	321,372	99,533	115,910	79,461	340,338
$7,000 under $8,000	521,283	454,335	167,855	1,391,983	123,262	637,544	136,889	185,904	113,802	410,359
$8,000 under $9,000	599,605	533,816	141,953	1,120,430	98,843	660,678	111,250	104,212	86,755	179,725
$9,000 under $10,000	578,053	608,852	160,731	1,389,971	101,468	560,980	143,807	208,398	121,035	472,826
$10,000 under $11,000	486,469	439,026	165,119	1,552,254	114,139	762,958	137,710	141,578	115,301	421,291
$11,000 under $12,000	534,319	466,861	190,734	1,608,576	118,395	657,793	171,211	186,162	138,792	482,133
$12,000 under $13,000	432,898	387,038	232,080	1,746,059	105,022	333,232	220,433	334,885	194,433	787,846
$13,000 under $14,000	440,532	397,193	247,927	1,852,483	131,638	593,408	234,090	280,792	199,007	679,656
$14,000 under $15,000	316,412	292,413	335,575	2,675,115	160,129	634,842	316,052	422,697	264,279	963,454
$15,000 under $16,000	368,798	327,829	303,451	2,336,924	146,890	693,391	286,137	416,692	248,384	866,783
$16,000 under $17,000	319,742	290,576	321,864	2,342,745	124,112	385,756	304,465	409,288	279,088	1,175,880
$17,000 under $18,000	310,939	287,677	354,645	2,617,004	131,014	387,720	345,479	520,705	299,388	1,251,812
$18,000 under $19,000	308,464	287,481	314,256	2,439,984	113,680	676,181	296,181	428,435	271,974	985,855
$19,000 under $20,000	268,355	248,615	365,953	2,589,656	123,719	289,039	367,286	505,459	327,224	1,233,873
$20,000 under $25,000	883,691	806,197	2,109,515	15,889,803	619,862	1,730,994	2,041,520	3,462,489	1,933,665	7,268,492
$25,000 under $30,000	513,738	453,461	2,438,504	18,927,981	498,042	1,228,051	2,391,662	4,376,929	2,312,100	9,598,057
$30,000 under $40,000	642,131	594,409	5,983,442	52,231,920	774,503	2,080,941	6,033,240	13,683,686	5,698,032	26,683,305
$40,000 under $50,000	422,079	400,548	5,492,785	53,981,849	441,427	1,359,135	5,457,737	16,521,772	5,254,605	27,075,451
$50,000 under $75,000	298,167	286,328	7,372,696	89,408,641	405,837	1,737,574	7,336,419	28,269,289	7,061,050	43,279,906
$75,000 under $100,000	85,317	86,775	2,269,846	38,831,732	81,578	455,196	2,263,250	12,808,333	2,124,232	18,188,694
$100,000 under $200,000	41,221	40,624	1,698,712	41,541,074	41,524	638,462	1,692,218	14,764,039	1,544,124	17,767,588
$200,000 under $500,000	8,207	8,210	537,410	23,238,307	7,305	280,856	534,143	9,846,387	479,424	8,408,088
$500,000 under $1,000,000	1,280	1,283	116,520	9,408,160	705	30,579	116,225	4,480,174	102,418	2,685,006
$1,000,000 and over	404	389	64,326	16,675,413	139	6,138	64,038	8,374,658	55,834	3,248,679
Taxable returns, total	**7,951,477**	**7,093,968**	**30,287,645**	**366,077,695**	**3,761,434**	**10,245,042**	**29,931,984**	**117,865,277**	**28,358,579**	**167,420,366**
Nontaxable returns, total	**2,371,843**	**2,162,969**	**1,502,623**	**20,467,679**	**982,030**	**7,584,453**	**1,308,617**	**2,271,396**	**1,151,924**	**7,727,980**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Itemized deductions—Continued								Exemptions	
	Contributions deduction		Moving expenses		Net limited miscellaneous deductions		Other miscellaneous deductions			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(81)	(82)	(83)	(84)	(85)	(86)	(87)	(88)	(89)	(90)
All returns, total	**29,058,948**	**50,519,926**	**901,684**	**3,601,280**	**7,361,881**	**18,548,686**	**2,131,837**	**1,544,668**	**222,111,527**	**431,471,224**
No adjusted gross income	—	—	—	—	—	—	—	—	1,990,453	3,779,718
$1 under $1,000	8,980	1,276	—	—	*928	*448	—	—	1,774,394	3,399,718
$1,000 under $2,000	*15,254	*5,367	—	—	*11,659	*5,764	—	—	2,574,519	4,996,334
$2,000 under $3,000	32,028	18,692	—	—	*15,685	*14,801	—	—	2,926,499	5,658,054
$3,000 under $4,000	55,036	19,743	—	—	31,349	39,930	—	—	3,159,345	6,113,035
$4,000 under $5,000	32,627	39,242	—	—	*13,956	*15,514	—	—	3,609,737	6,987,630
$5,000 under $6,000	44,497	47,092	—	—	29,151	70,571	—	—	3,784,288	7,345,800
$6,000 under $7,000	83,412	78,774	—	—	30,374	21,867	*5,771	*20,953	4,571,983	8,888,195
$7,000 under $8,000	130,677	82,473	*2,886	*6,210	39,443	47,748	*7,304	*3,328	4,981,315	9,674,050
$8,000 under $9,000	119,543	141,874	—	—	32,236	28,835	*5,771	*5,113	4,820,219	9,327,658
$9,000 under $10,000	103,745	73,179	*2,886	*211	40,910	74,579	*4	*(2)	5,073,200	9,811,319
$10,000 under $11,000	128,016	139,356	—	—	43,824	87,072	—	—	4,781,630	9,281,677
$11,000 under $12,000	139,800	86,253	*2,886	*6,484	48,561	86,943	*8,657	*808	4,841,990	9,390,977
$12,000 under $13,000	183,302	195,452	*3,222	*18,652	43,690	66,914	*2,886	*245	4,855,867	9,420,353
$13,000 under $14,000	204,671	206,073	*3,175	*1,761	39,249	78,070	*10,545	*12,724	5,237,190	10,159,148
$14,000 under $15,000	281,243	334,234	*4,323	*54,691	70,337	87,241	*4,312	*137	4,824,481	9,363,729
$15,000 under $16,000	240,642	219,779	*6,095	*10,312	65,992	119,080	*7,293	*7,664	4,846,755	9,391,791
$16,000 under $17,000	258,634	252,170	—	—	51,093	116,154	*14,609	*3,408	4,720,557	9,166,894
$17,000 under $18,000	300,748	285,820	*7,209	*26,168	90,072	131,541	*22,578	*23,064	4,893,336	9,699,021
$18,000 under $19,000	263,633	244,939	*10,094	*31,402	63,330	148,893	*5,777	*439	4,524,164	8,799,457
$19,000 under $20,000	321,133	372,668	*12,304	*35,921	104,039	137,498	*35,485	*16,200	4,272,868	8,295,949
$20,000 under $25,000	1,864,033	2,019,436	59,937	166,304	510,481	917,201	123,906	122,367	19,919,712	38,714,479
$25,000 under $30,000	2,140,195	2,307,264	56,818	141,032	628,608	1,137,343	173,331	90,134	17,806,706	34,624,573
$30,000 under $40,000	5,415,513	5,908,513	153,190	406,769	1,551,140	2,884,562	379,340	248,723	31,709,469	61,650,879
$40,000 under $50,000	5,121,668	6,567,361	148,117	431,307	1,209,098	2,750,389	434,143	207,171	23,746,301	46,203,832
$50,000 under $75,000	7,040,777	10,732,078	225,290	961,271	1,611,271	4,018,825	510,866	244,737	26,818,009	52,223,814
$75,000 under $100,000	2,109,775	4,581,176	105,612	553,859	471,986	1,894,524	201,892	72,891	7,435,618	14,482,525
$100,000 under $200,000	1,630,432	5,567,858	83,011	609,645	330,539	2,046,649	128,517	211,913	5,348,900	10,411,609
$200,000 under $500,000	520,409	3,697,460	12,892	108,563	70,938	842,112	35,602	123,569	1,638,453	3,189,445
$500,000 under $1,000,000	113,601	1,824,639	1,965	23,149	11,618	286,013	7,973	63,791	345,373	672,615
$1,000,000 and over	62,924	4,579,885	773	7,580	4,324	391,507	5,272	66,200	178,117	346,947
Taxable returns, total	**27,945,800**	**49,290,383**	**877,168**	**3,475,372**	**6,984,629**	**17,712,768**	**2,067,050**	**1,432,663**	**176,966,071**	**343,998,473**
Nontaxable returns, total	**1,113,148**	**1,229,542**	**24,516**	**125,909**	**377,252**	**835,918**	**64,787**	**112,005**	**45,145,457**	**87,472,752**

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Taxable income		Income tax before credits		Total tax credits		Income tax after credits		Alternative minimum tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(91)	(92)	(93)	(94)	(95)	(96)	(97)	(98)	(99)	(100)
All returns, total	**90,097,359**	**2,081,050,200**	**90,048,533**	**422,186,637**	**14,042,284**	**6,789,387**	**86,975,112**	**415,397,250**	**87,890**	**711,047**
No adjusted gross income	—	—	*8	*719	*6	*39	*8	*679	4,450	61,007
$1 under $1,000	903,466	171,153	903,466	30,753	*3,801	*11	899,665	30,741	*9	*167
$1,000 under $2,000	1,094,045	511,015	1,078,083	87,158	—	—	1,078,083	87,158	—	—
$2,000 under $3,000	889,033	513,753	882,395	81,601	*3,801	*53	882,395	81,548	—	—
$3,000 under $4,000	1,344,081	982,863	1,338,290	153,560	—	—	1,338,290	153,560	*3	*75
$4,000 under $5,000	956,217	1,452,748	953,332	236,385	—	—	953,332	236,385	—	—
$5,000 under $6,000	2,011,521	2,529,236	2,007,102	379,254	25,676	1,209	1,984,312	378,046	*8	*95
$6,000 under $7,000	2,073,701	3,873,065	2,071,491	573,578	68,460	5,135	2,018,366	568,443	—	—
$7,000 under $8,000	1,937,013	5,128,274	1,944,898	799,676	66,782	12,809	1,904,498	786,867	—	—
$8,000 under $9,000	2,105,586	6,858,595	2,102,349	1,026,165	201,981	24,470	1,927,493	1,001,695	*6	*113
$9,000 under $10,000	2,220,782	8,363,872	2,217,896	1,238,378	341,439	70,236	1,908,438	1,168,142	—	—
$10,000 under $11,000	2,393,519	9,976,998	2,391,309	1,496,622	431,471	117,234	2,016,677	1,379,388	*120	*362
$11,000 under $12,000	2,407,581	11,138,213	2,404,695	1,661,590	537,138	148,039	1,911,349	1,513,651	*1,021	*1,498
$12,000 under $13,000	2,499,884	13,847,666	2,499,884	2,033,437	565,102	223,881	2,062,722	1,809,556	**8	**199
$13,000 under $14,000	2,609,927	16,082,624	2,609,927	2,411,672	663,814	289,874	2,186,182	2,121,698	**	**
$14,000 under $15,000	2,472,756	17,560,426	2,472,756	2,648,466	658,465	273,193	2,186,721	2,375,272	*5	*834
$15,000 under $16,000	2,512,616	19,791,801	2,512,615	2,957,847	703,998	265,878	2,353,148	2,691,969	—	—
$16,000 under $17,000	2,261,320	19,828,709	2,261,320	2,940,300	644,420	208,805	2,181,909	2,731,495	*338	*37
$17,000 under $18,000	2,403,096*	22,306,794	2,403,098	3,398,245	745,136	185,010	2,336,063	3,214,235	**31	**79
$18,000 under $19,000	2,149,357	21,717,060	2,149,355	3,254,628	468,881	107,345	2,127,588	3,147,283	**	**
$19,000 under $20,000	2,109,231	23,603,337	2,109,231	3,535,651	211,490	106,233	2,090,789	3,429,418	*820	*4,585
$20,000 under $25,000	9,181,634	123,706,858	9,181,634	16,778,791	1,059,459	520,671	9,131,387	16,258,120	*817	*7,937
$25,000 under $30,000	7,445,454	129,887,776	7,447,841	20,693,072	974,278	440,931	7,421,952	20,252,141	*33	*495
$30,000 under $40,000	11,927,195	274,864,607	11,927,195	44,990,259	1,837,963	862,592	11,902,725	44,127,667	5,913	13,649
$40,000 under $50,000	8,224,307	254,373,273	8,224,307	43,245,670	1,400,269	629,276	8,219,219	42,616,394	4,495	19,001
$50,000 under $75,000	8,913,264	384,234,835	8,913,264	75,266,750	1,674,446	739,675	8,911,591	74,527,074	7,898	19,594
$75,000 under $100,000	2,509,890	159,386,766	2,509,890	35,894,060	423,737	314,207	2,509,085	35,579,763	13,378	40,593
$100,000 under $200,000	1,792,619	185,443,672	1,792,610	48,646,467	288,191	395,943	1,792,218	48,249,524	29,445	155,739
$200,000 under $500,000	553,969	137,028,818	553,966	39,465,009	95,989	310,321	553,815	39,154,688	14,020	206,855
$500,000 under $1,000,000	119,105	70,697,392	119,105	20,162,733	27,939	203,645	119,087	19,959,088	3,445	73,122
$1,000,000 and over	65,232	155,588,082	65,232	44,098,242	18,344	332,601	65,214	43,765,661	1,632	105,011
Taxable returns, total	**86,943,478**	**2,073,187,616**	**86,975,142**	**421,013,715**	**10,969,893**	**5,616,465**	**86,975,112**	**415,397,250**	**87,890**	**711,047**
Nontaxable returns, total	**3,153,881**	**7,862,585**	**3,073,391**	**1,172,922**	**3,073,391**	**1,172,922**	—	—	—	—

Footnotes at end of table.

Table 1.—All Returns: Selected Income, Adjustments, Deductions, and Tax Items, by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of adjusted gross income	Total income tax [3]		Total tax liability [4]	
	Number of returns	Amount	Number of returns	Amount
	(101)	(102)	(103)	(104)
All returns, total	**86,984,752**	**416,108,297**	**88,816,847**	**433,222,195**
No adjusted gross income	4,455	61,686	134,016	230,982
$1 under $1,000	899,674	30,908	948,055	56,874
$1,000 under $2,000	1,078,083	87,158	1,223,524	116,944
$2,000 under $3,000	882,395	81,548	1,023,512	125,623
$3,000 under $4,000	1,338,292	153,635	1,600,414	228,131
$4,000 under $5,000	953,332	236,386	1,090,290	313,390
$5,000 under $6,000	1,984,319	378,141	2,059,611	506,211
$6,000 under $7,000	2,018,366	568,443	2,102,417	664,428
$7,000 under $8,000	1,904,498	788,867	2,017,052	921,907
$8,000 under $9,000	1,927,499	1,001,808	2,046,694	1,132,614
$9,000 under $10,000	1,908,438	1,168,142	2,000,282	1,328,598
$10,000 under $11,000	2,016,786	1,379,750	2,095,442	1,534,431
$11,000 under $12,000	1,911,662	1,515,049	1,984,186	1,678,235
$12,000 under $13,000	2,062,728	1,809,737	2,136,137	2,020,868
$13,000 under $14,000	2,188,194	2,121,715	2,280,716	2,357,610
$14,000 under $15,000	2,186,726	2,376,107	2,239,676	2,593,850
$15,000 under $16,000	2,353,148	2,691,869	2,389,142	2,910,483
$16,000 under $17,000	2,182,245	2,731,533	2,222,283	2,967,948
$17,000 under $18,000	2,336,090	3,214,306	2,361,272	3,491,420
$18,000 under $19,000	2,127,569	3,147,292	2,145,847	3,383,765
$19,000 under $20,000	2,090,900	3,434,003	2,104,692	3,721,598
$20,000 under $25,000	9,132,204	18,268,056	9,166,278	19,546,399
$25,000 under $30,000	7,421,986	20,252,636	7,444,196	21,544,026
$30,000 under $40,000	11,903,474	44,141,317	11,924,084	46,352,489
$40,000 under $50,000	8,219,534	42,635,395	8,220,634	44,498,408
$50,000 under $75,000	8,912,219	74,546,869	8,913,919	77,623,746
$75,000 under $100,000	2,510,081	35,620,366	2,610,636	37,146,868
$100,000 under $200,000	1,793,283	48,405,283	1,794,159	50,084,494
$200,000 under $500,000	654,197	39,361,543	654,363	39,935,141
$500,000 under $1,000,000	119,117	20,032,210	119,165	20,153,541
$1,000,000 and over	65,247	43,870,671	65,253	44,071,163
Taxable returns, total	**86,984,752**	**416,108,297**	**86,984,752**	**431,939,584**
Nontaxable returns, total	—	... —	1,832,095	1,282,611

[1] Not included in adjusted gross income.
[2] Less than $500.
[3] Total income tax represents income tax after credits (including the earned income credit), plus alternative minimum tax.
[4] Total tax liability represents income tax after credits (including the earned income credit), plus alternative minimum tax, plus any other additional taxes, e.g., self-employment tax and penalty tax on individual retirement arrangements (IRA's).
* Estimate should be used with caution because of the small number of sample returns on which it is based.
** Data combined to avoid disclosure of information for specific taxpayers.
NOTE: Detail may not add to total because of rounding.

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Table 1.—Individual Income Tax Returns: Selected Income and Tax Items for Selected Tax Years, 1970–1988

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1985	1986	1987	p1988
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All returns	74,279,831	82,229,332	93,902,469	101,660,287	103,045,170	106,996,270	109,808,729
Form 1040 returns	74,279,831	54,527,726	57,122,592	67,006,425	68,909,828	71,032,103	71,227,348
Form 1040A returns	N/A	27,701,606	36,779,877	18,124,702	17,584,689	17,446,685	19,154,916
Form 1040EZ returns	N/A	N/A	N/A	16,529,160	16,550,653	18,517,482	19,426,465
Adjusted gross income (AGI)	631,692,540	947,784,873	1,613,731,497	2,305,951,483	2,481,681,046	2,773,824,198	3,097,302,476
Salaries and wages:							
Number of returns	66,965,659	73,520,046	83,802,109	87,198,001	88,217,638	90,984,304	93,464,145
Amount	531,883,892	795,399,462	1,349,842,802	1,928,200,978	2,031,025,984	2,163,905,509	2,347,226,062
Taxable interest received:							
Number of returns	32,630,355	40,378,240	49,019,575	64,526,434	66,236,518	67,933,810	69,594,430
Amount	22,021,267	43,433,554	102,009,444	182,109,194	167,640,438	168,966,067	182,574,232
Dividends in AGI: [1]							
Number of returns	7,729,939	8,853,491	10,738,982	15,527,579	16,753,537	22,324,321	22,861,803
Amount	15,806,924	21,892,126	38,761,253	55,046,351	61,623,348	66,791,158	77,933,963
Business or profession net income less loss:							
Number of returns	6,159,985	7,242,542	8,881,119	11,900,341	12,360,345	13,002,055	13,548,477
Amount	30,554,201	39,421,478	55,129,154	78,772,577	90,423,763	105,460,627	122,432,141
Net capital gain less loss in AGI: [2]							
Number of returns	7,962,663	7,574,823	9,970,921	11,125,595	15,560,453	15,450,141	14,206,164
Amount	9,006,683	14,071,893	30,029,074	67,694,001	132,841,678	137,398,726	152,295,243
Pensions and annuities in AGI: [3]							
Number of returns	3,249,558	5,068,937	7,373,704	13,133,295	14,771,235	16,497,586	16,541,165
Amount	7,878,808	20,886,871	43,339,736	95,096,003	107,696,794	124,754,833	139,988,167
Unemployment compensation in AGI:							
Number of returns	N/A	N/A	1,798,210	4,771,546	5,106,015	7,370,742	6,984,679
Amount	N/A	N/A	2,028,456	6,355,539	6,975,196	12,286,674	11,639,160
Social security benefits in AGI:							
Number of returns	N/A	N/A	N/A	2,956,073	3,174,904	3,637,211	4,048,028
Amount	N/A	N/A	N/A	9,594,182	10,648,112	12,524,112	14,500,121
Rents and royalties net income less loss:							
Number of returns	6,557,498	7,143,812	8,208,132	9,970,604	9,394,506	9,492,112	9,501,497
Amount	3,232,817	5,202,078	4,105,381	−12,963,727	−15,292,084	−9,254,758	−7,071,879
Partnership and S Corporation net income less loss:							
Number of returns	n.a.	n.a.	n.a.	5,487,671	5,817,455	5,574,532	5,724,377
Amount	12,637,912	12,811,091	10,099,346	−2,526,591	−5,859,500	24,314,070	62,599,921
Farm net income less loss:							
Number of returns	3,026,530	2,755,041	2,608,430	2,620,861	2,524,331	2,420,186	2,410,973
Amount	2,788,713	3,563,325	−1,792,466	−12,005,483	−7,284,231	−1,323,464	−3,001,964
Total statutory adjustments:							
Number of returns	6,370,552	9,024,255	13,148,919	37,763,418	38,034,061	11,620,127	10,712,525
Amount	7,665,251	15,101,999	28,614,061	95,082,299	99,008,229	30,116,329	27,924,274
Individual Retirement Arrangements:							
Number of returns	N/A	1,211,794	2,564,421	16,205,846	15,535,531	7,318,727	6,390,790
Amount	N/A	1,436,443	3,430,894	38,211,574	37,758,393	14,065,722	11,946,011
Self-employed retirement plans:							
Number of returns	591,655	595,892	568,936	675,822	773,296	759,083	796,034
Amount	847,892	1,603,788	2,007,666	5,181,993	6,194,817	6,183,441	6,542,546
Married couples who both work:							
Number of returns	N/A	N/A	N/A	24,835,278	25,647,221	N/A	N/A
Amount	N/A	N/A	N/A	24,614,983	26,672,241	N/A	N/A
Exemptions:							
Number of exemptions	204,126,402	212,202,596	227,925,098	244,180,202	245,752,978	217,495,163	222,111,527
Number, age 65 or over	8,904,331	9,937,208	11,847,168	16,748,810	17,395,776	N/A	N/A
Total deductions:							
Number of returns	73,862,448	81,585,541	88,491,251	98,848,828	98,180,981 [4]	108,005,861	108,403,282
Amount	120,549,755	233,181,778	348,000,155	554,733,523	611,293,162	607,223,513	679,104,111 [5]
Itemized deductions:							
Number of returns	35,430,047	26,074,081	28,950,282	39,848,184	40,667,008	35,627,790	31,790,368
Total amount [6]	88,178,487	122,280,601	218,028,139	405,023,525	447,057,972	392,020,128	388,565,374
Medical and dental expense	10,585,749	11,422,312	14,972,082	22,926,214	25,112,007	17,151,819	17,829,495
Taxes paid	32,014,673	44,141,289	69,404,275	128,084,618	143,446,005	119,388,068	120,136,673
Interest paid	23,929,477	38,885,282	91,187,006	180,094,578	198,568,331	179,942,422	175,148,346
Contributions	12,892,732	15,393,331	25,809,608	47,962,848	53,815,979	49,623,907	50,519,925
Taxable income:							
Number of returns	59,593,598	65,852,602	88,104,898	96,124,046	97,358,296	90,079,102	90,097,359
Amount	401,154,285	595,492,866	1,279,985,360	1,820,740,833	1,947,024,584	1,850,597,119	2,081,050,200
Income tax before credits:							
Number of returns	59,596,755	65,854,734	76,135,819	85,994,216	86,800,724	89,717,924	90,048,533
Amount	84,156,695 [7]	132,452,044	256,294,315	332,165,333	367,591,985	373,857,125	422,186,637
Total tax credits [8]	396,810	[illegible]	[illegible]	[illegible]	7,028,731	[illegible]	6,769,387
Child care credit	N/A	N/A	956,439	3,127,702	3,397,090	3,438,314	3,802,787
Credit for the elderly and disabled	167,656	128,968	134,993	109,642	85,764	68,633	67,443
Residential energy credit	N/A	N/A	562,141	811,675	N/A	N/A	N/A
Foreign tax credit	169,623	381,985	1,341,675	782,561	773,939	[illegible]	968,788
Investment credit	30,554	1,593,150	3,288,415	(9)	(9)	(9)	(9)
General business credit	N/A	N/A	N/A	4,791,132	1,115,836	1,018,624	622,696
Income tax after credits	83,787,323	[illegible]	[illegible]	321,917,289	[illegible]	[illegible]	415,397,250
Total income tax: [10]							
Number of returns	59,317,371	61,490,737	73,906,244	82,846,420	83,967,413	86,723,796	86,984,752
Amount	83,909,317	124,526,297	250,341,440	325,710,254	367,287,213	369,202,757	416,108,297

See notes following Table 20.

Table 6.—Total Adjusted Gross Income Estimated from National Income and Product Accounts (NIPA) and Adjusted Gross Income Reported on Individual Income Tax Returns per SOI, Tax Years 1947–1988

[All figures are estimates—money amounts are in billions of dollars]

Tax year	Adjusted gross income (AGI)		Difference	
	Total (per NIPA) [1]	Reported on tax returns (per SOI)	Amount	Percentage of total
	(1)	(2)	(3)	(4)
1947	170.6	149.7	20.9	12.3
1948	184.6	163.6	21.0	11.4
1949	181.7	160.6	21.1	11.6
1950	201.4	179.1	22.3	11.1
1951	228.8	202.4	26.4	11.5
1952	241.8	215.3	26.5	11.0
1953	257.1	228.7	28.4	11.0
1954	256.4	229.2	27.2	10.6
1955	277.1	248.5	28.6	10.3
1956	279.9	267.8	30.1	10.1
1957	310.7	280.4	30.3	9.8
1958	316.0	281.2	34.8	11.0
1959	338.7	305.1	33.6	9.9
1960	352.5	315.5	37.0	10.5
1961	365.8	329.9	35.9	9.8
1962	387.8	348.7	39.1	10.1
1963	408.7	368.8	39.9	9.8
1964	442.0	396.7	45.3	10.2
1965	479.4	429.2	50.2	10.5
1966	520.0	468.5	51.5	9.9
1967	555.4	504.8	50.6	9.1
1968	610.0	554.4	55.6	9.1
1969	663.4	603.5	59.9	9.0
1970	698.3	631.7	66.6	9.5
1971	745.6	673.6	72.0	9.7
1972	824.7	746.0	78.7	9.5
1973	926.0	827.1	98.9	10.7
1974	1,004.0	905.5	98.5	9.8
1975	1,048.0	947.8	100.2	9.6
1976	1,166.7	1,053.9	112.8	9.7
1977	1,297.0	1,158.5	138.5	10.7
1978	1,466.9	1,302.4	164.5	11.2
1979	1,647.3	1,465.4	181.9	11.0
1980	1,807.9	1,613.7	194.2	10.7
1981	1,990.0	1,772.6	217.4	10.9
1982	2,059.4	1,852.1	207.3	10.1
1983	2,176.3	1,942.6	233.7	10.7
1984	2,407.3	2,139.9	267.4	11.1
1985	2,603.4	2,306.0	297.4	11.4
1986	2,823.4	2,481.7	341.7	12.1
1987	3,139.8	2,773.8 [2]	366.0 [2]	11.7 [2]
1988	n.a.	3,130.7	n.a.	n.a.
p1989	n.a.	3,097.3	n.a.	n.a.

See notes following Table 20.

Gov. Sununu/Director Darman

<u>The tables faxed</u> are <u>not</u> the distribution of income, taxes, or other items now being used for revenue estimating or distributional estimating purposes. That data will follow ASAP.