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["Contract with America" Tables] [loose]

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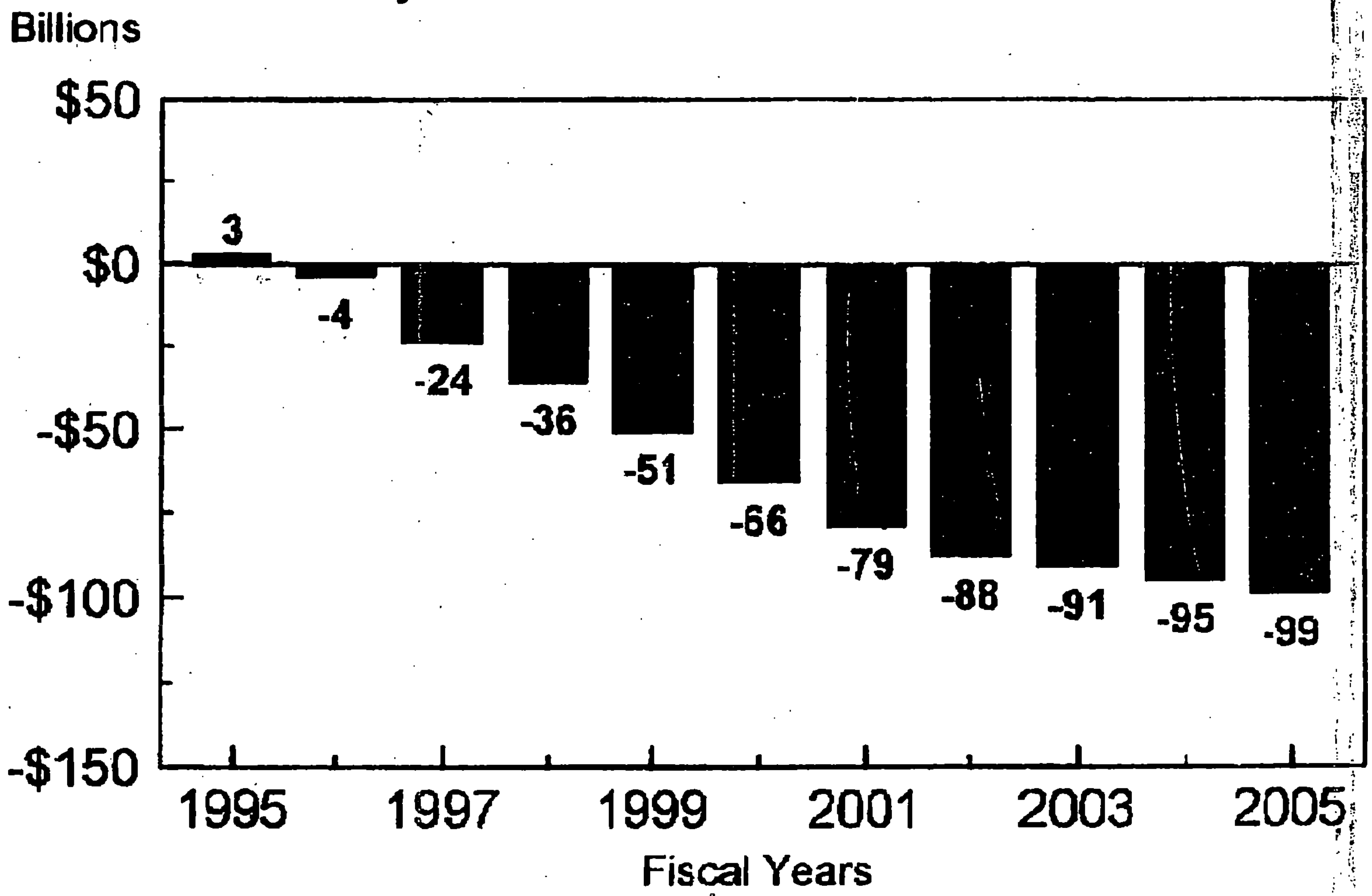
Revenue Effect of Contract With America

Ways and Means Chairman's Mark

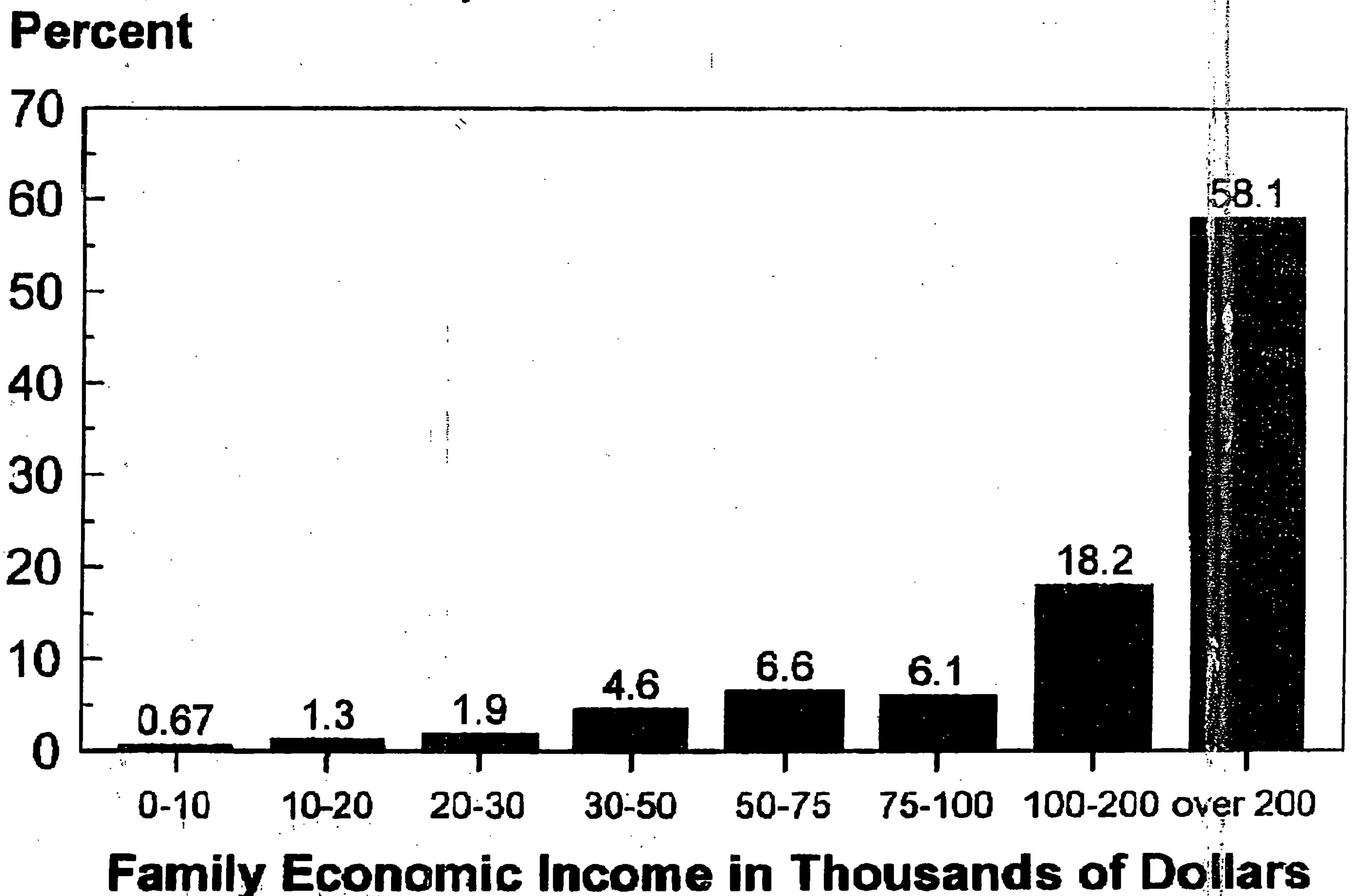


5 year cost: $178 billion
10 year cost: $630 billion

Source: Department of the Treasury, Office of Tax Analysis

Top 12 Percent Get Three-Fourths of the Capital Gains Benefits

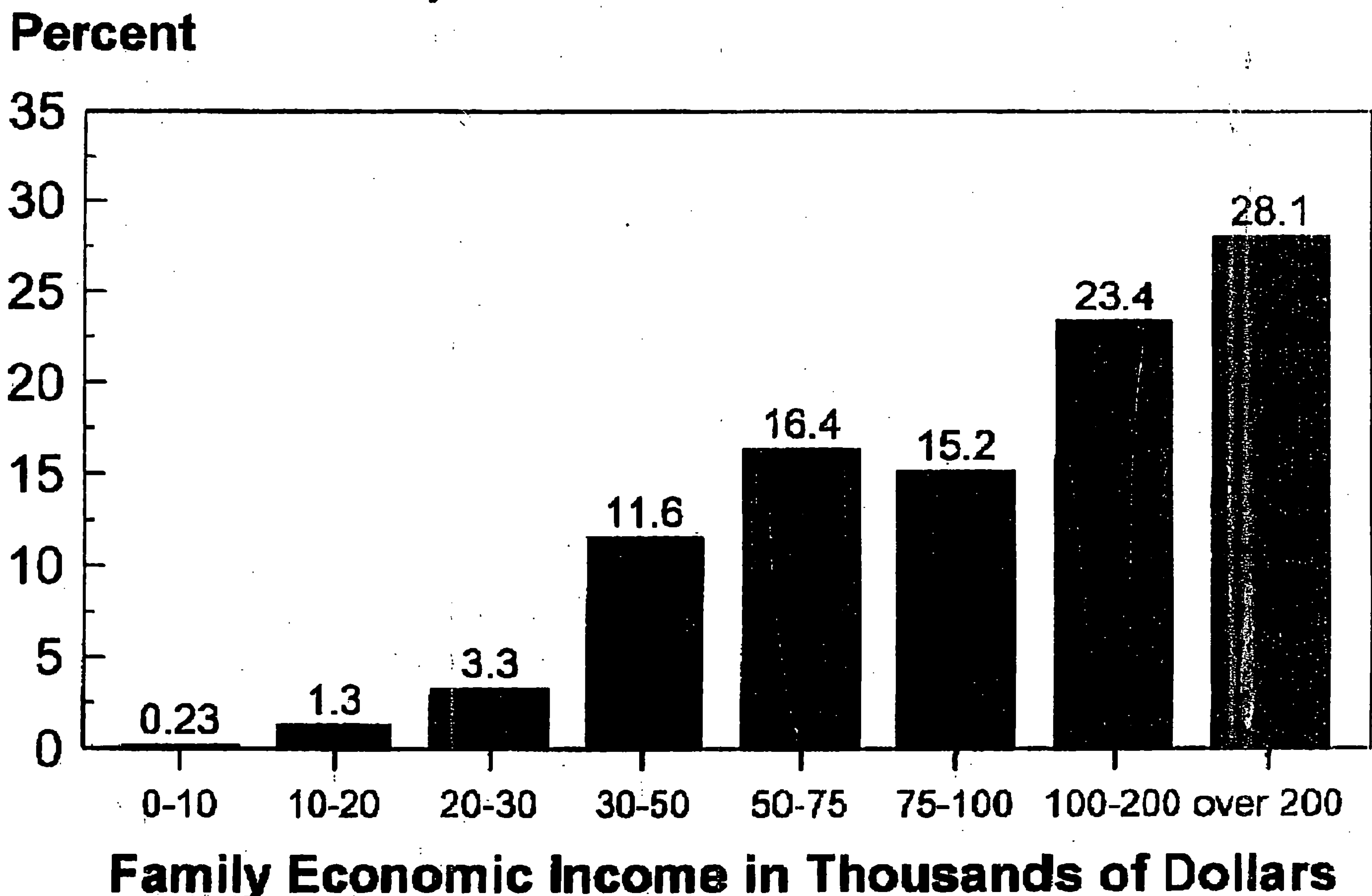
Ways and Means Chairman's Mark



Source: Department of the Treasury, Office of Tax Analysis

Top 12 Percent Get More Than Half of the Tax Benefits

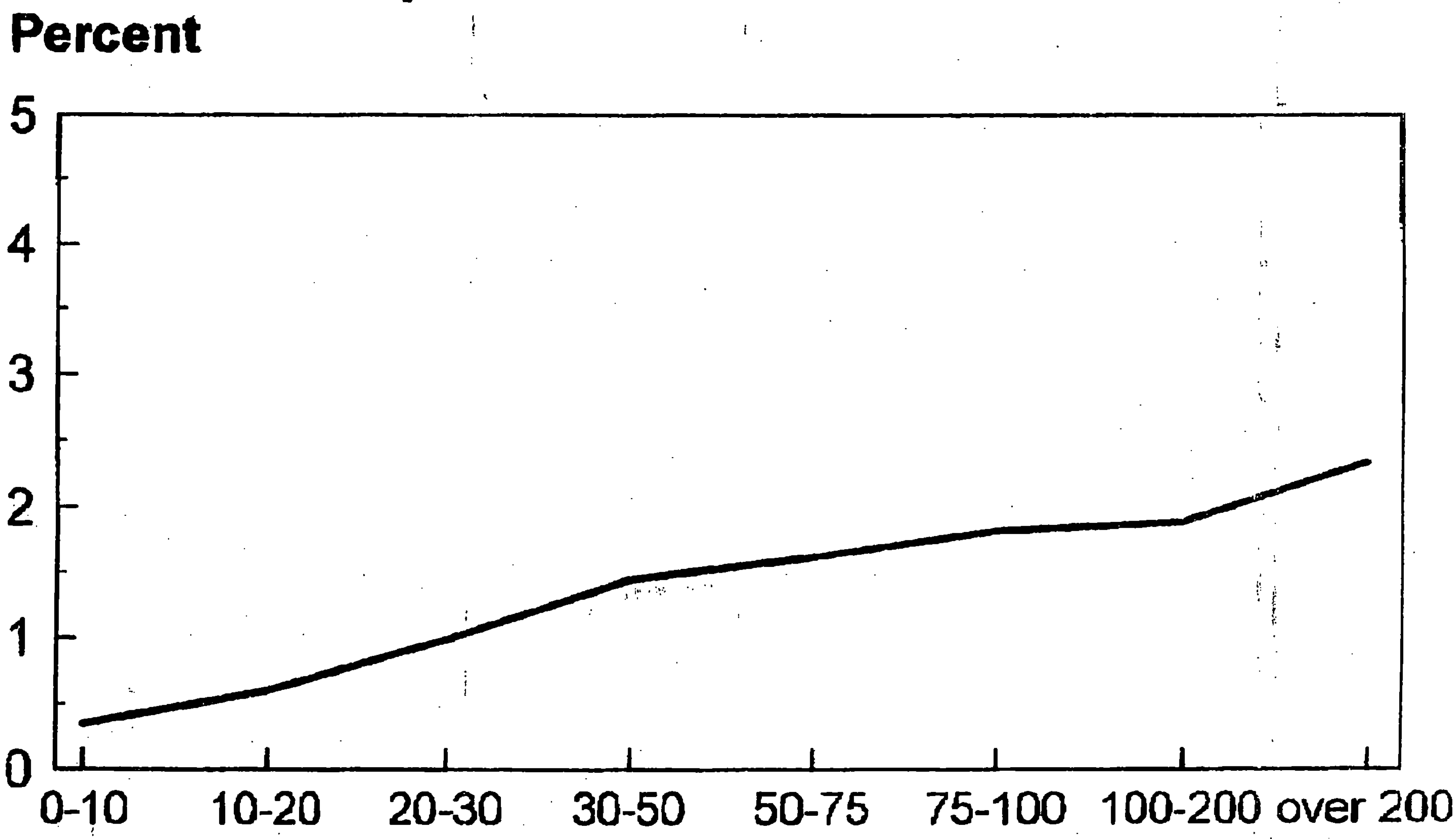
Ways and Means Chairman's Mark



Source: Department of the Treasury, Office of Tax Analysis

Tax Benefits As A Share of Income

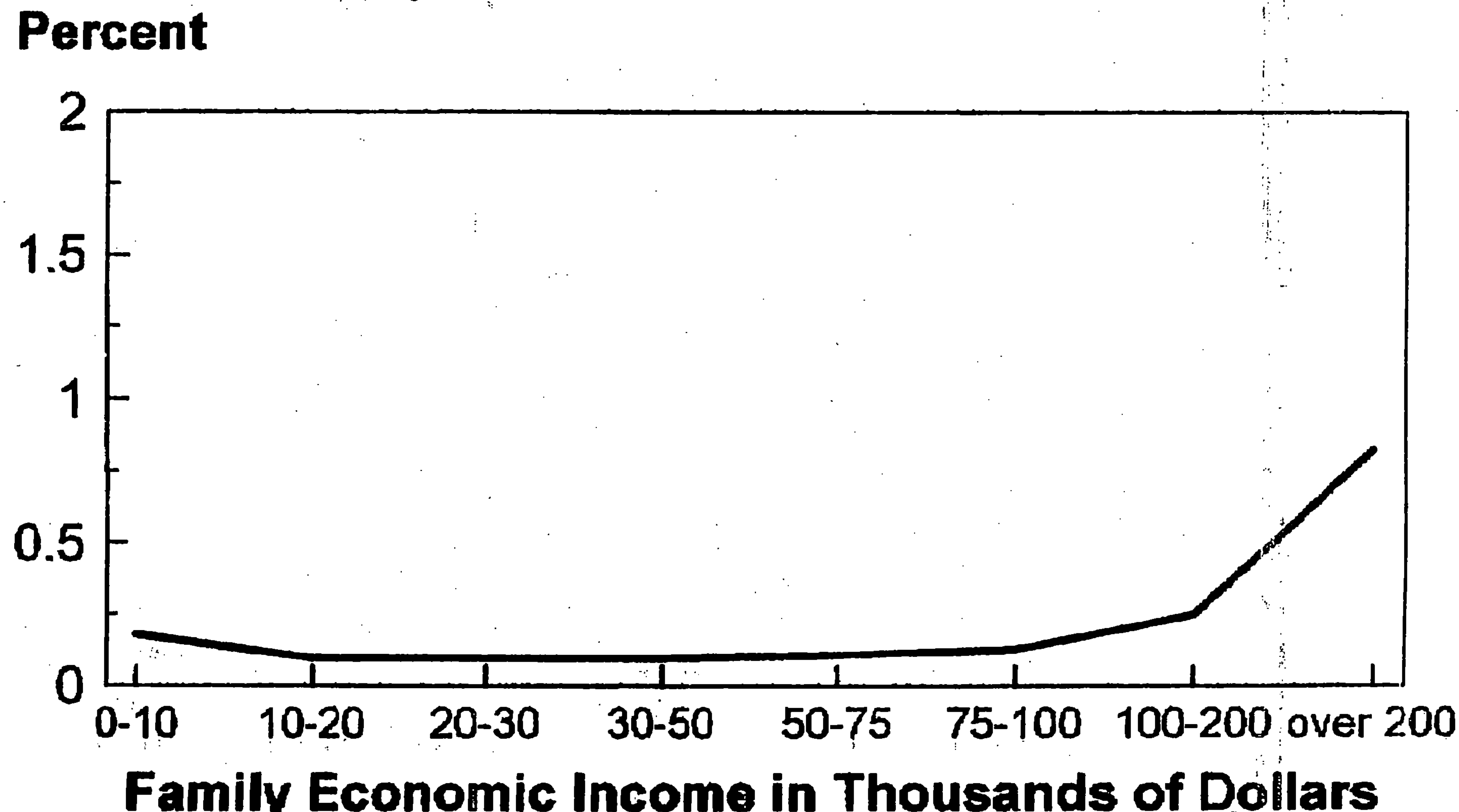
Ways and Means Chairman's Mark



Family Economic Income in Thousands of Dollars

Source: Department of the Treasury, Office of Tax Analysis

Tax Benefits As A Share of Income
Capital Gains Cut
Ways and Means Chairman's Mark



Source: Department of the Treasury, Office of Tax Analysis

Tax Proposals In "Contract with America Tax Relief Act of 1995" (1)
(Ways and Means Chairman's Mark)
(1996 Income Levels)

Family Economic Income Class (2) (000)	Number of Families (millions)	Average Tax Change ($)	Total Tax Change Amount (3) ($M)	Total Tax Change Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
0 - 10	12.5	-20	-251	0.23	-0.35	-4.43
10 - 20	16.2	-90	-1462	1.3	-0.60	-8.81
20 - 30	15.1	-247	-3716	3.3	-0.99	-7.42
30 - 50	22.7	-569	-12934	11.6	-1.46	-8.28
50 - 75	18.3	-997	-18293	16.4	-1.62	-8.17
75 - 100	10.8	-1572	-16976	15.2	-1.82	-8.66
100 - 200	10.6	-2465	-26049	23.4	-1.89	-8.80
200 & over	2.8	-11266	-31319	28.1	-2.34	-9.89
Total (4)	109.4	-1019	-111517	100.0	-1.76	-8.75

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in tax burdens due to the tax provisions in the "Contract with America Tax Relief Act of 1995," as released by the Ways and Means Chairman March 11, 1995

(2) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and gains of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than a tax-return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

(3) The change in Federal taxes is estimated at 1996 income levels but assuming fully phased in law and long-run behavior. The effect of the back-loaded ADSA proposal is measured as the present value of tax savings on one year's contributions. The effect of the neutral cost recovery proposal is measured as the present value of the tax savings from one year's investment. The effect of the prospective capital gains indexing proposal is the fully phased in tax savings, multiplied by the ratio of the sum of the present values of prospective indexing over 17 years to the sum of the present values of fully phased in indexing over 17 years, holding realizations constant. The effect on tax burdens of the proposed capital gains exclusion prospective indexing are based on the level of capital gains realizations under current law. The incidence assumptions for tax changes is the same as for current law taxes.

(4) Families with negative incomes are included in the total line but not shown separately.

Tax Proposals in "Contract with America Tax Relief Act of 1995" (1)
(Ways and Means Chairman's Mark)
(1996 Income Levels)

Family Economic Income Quintile (2)	Number of Families (millions)	Average Tax Change ($)	Total Tax Change Amount (3) ($M)	Total Tax Change Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
Lowest (4)	21.4	-36	-761	0.7	-0.42	-5.51
Second	21.9	-205	-4492	4.0	-0.91	-7.33
Third	21.9	-555	-12149	10.9	-1.44	-8.29
Fourth	21.9	-1021	-22353	20.0	-1.64	-8.22
Highest	21.9	-3255	-71228	63.9	-2.05	-9.14
Total (4)	109.4	-1019	-111517	100.0	-1.76	-8.75
Top 10%	10.9	-4821	-52755	47.3	-2.14	-9.33
Top 5%	5.5	-7369	-40318	36.2	-2.26	-9.71
Top 1%	1.1	-20382	-22276	20.0	-2.46	-10.04

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in tax burdens due to the tax provisions in the "Contract with America Tax Relief Act of 1995," as released by the Ways and Means Chairman March 11, 1995.

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

NOTE: Quintiles begin at FEI of: Second $15,604; Third $29,717; Fourth $48,560; Highest $79,056; Top 10% $108,704; Top 5% $145,412; Top 1% $349,438.

Tax Proposals in "Contract with America Tax Relief Act of 1995" (1)
(Ways and Means Chairman's Mark)
(1996 Income Levels)

Family Economic Income Class (4) ($000)	Federal Taxes Under Current Law (2) Amount ($B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Change in Federal Taxes (3) Amount ($B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Total Federal Taxes After Change Amount ($B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)
0 - 10	5.7	8.0	8.7	-0.3	(0.4)	(0.4)	5.4	7.7	8.3
10 - 20	21.5	9.8	9.7	-1.5	(0.6)	(0.7)	20.0	8.2	9.0
20 - 30	50.1	13.3	15.4	-3.7	(1.0)	(1.1)	46.4	12.3	14.2
30 - 50	156.3	17.5	21.2	-12.9	(1.4)	(1.8)	143.4	16.0	19.4
50 - 75	224.0	19.9	24.8	-18.3	(1.6)	(2.0)	205.7	18.3	22.8
75 - 100	196.1	21.1	26.7	-17.0	(1.9)	(2.3)	179.1	19.2	24.4
100 - 200	303.0	22.0	28.1	-26.0	(1.9)	(2.4)	277.0	20.1	25.7
200 & over	316.6	23.7	31.1	-31.3	(2.3)	(3.1)	285.3	21.4	28.0
Total (5)	1,275.1	20.1	25.2	-111.5	(1.8)	(2.2)	1,163.6	18.4	23.0

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in tax burdens due to the tax provisions in the "Contract with America Tax Relief Act of 1995," as released by the Ways and Means Chairman March 11, 1995.

(2) The taxes included are individual and corporate income, payroll (Social Security and unemployment), and excises. Estate and gift taxes and customs duties are excluded. The individual income tax is assumed to be borne by payors, the corporate income tax by capital income generally, payroll taxes (employer and employee shares) by labor (wages and self-employment income), excises on purchases by individuals by the purchaser, and excises on purchases by business in proportion to total consumption expenditures. Taxes due to provisions that expire prior to the end of the Budget period are excluded.

(3) The change in Federal taxes is estimated at 1996 income levels but assuming fully phased in law and long-run behavior. The effect of the back-loaded ADSA proposal is measured as the present value of tax savings on one year's contributions. The effect of the neutral cost recovery proposal is measured as the present value of the tax savings from one year's investment. The effect of the prospective capital gains indexing proposal is the fully phased in tax savings, multiplied by the ratio of the sum of the present values of prospective indexing over 17 years to the sum of the present values of fully phased in indexing over 17 years, holding realizations constant. The effect on tax burdens of the proposed capital gains exclusion and prospective indexing are based on the level of capital gains realizations under current law. The incidence assumptions for tax changes is the same as for current law taxes (see footnote 2).

(4) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments, such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family, rather than on a tax return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

(5) Families with negative incomes are included in the total line but not shown separately.

Tax Proposals in "Contract with America Tax Relief Act of 1995" (1)

(Ways and Means Chairman's Mark)

(1996 Income Levels)

Family Economic Income Quintile (4)	Federal Taxes Under Current Law (2) Amount ($B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Change in Federal Taxes (3) Amount ($B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)	Total Federal Taxes After Change Amount ($B)	As a Percent of Pre-Tax Income (%)	As a Percent of After-Tax Income (%)
Lowest (5)	14.2	7.6	8.3	-0.8	(0.4)	(0.5)	13.4	7.2	7.8
Second	61.2	12.4	14.2	-4.5	(0.9)	(1.0)	56.7	11.6	13.2
Third	146.5	17.3	21.0	-12.1	(1.4)	(1.7)	134.3	15.9	19.2
Fourth	271.8	19.9	24.9	-22.4	(1.6)	(2.0)	249.4	18.3	22.8
Highest	779.5	22.4	28.9	-71.2	(2.1)	(2.6)	708.3	20.4	26.3
Total (5)	1,276.1	20.1	25.2	-111.5	(1.8)	(2.2)	1,163.6	18.4	23.0
Top 10%	565.3	22.9	29.8	-52.8	(2.1)	(2.8)	512.5	20.8	27.0
Top 5%	415.3	23.2	30.3	-40.3	(2.3)	(2.9)	375.0	21.0	27.3
Top 1%	221.9	24.5	32.5	-22.3	(2.5)	(3.3)	199.7	22.1	29.2

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in tax burdens due to the tax provisions in the "Contract with America Tax Relief Act of 1995," as released by the Ways and Means Chairman March 11, 1995.

(2) The taxes included are individual and corporate income, payroll (Social Security and unemployment), and excises. Estate and gift taxes and customs duties are excluded. The individual income tax is assumed to be borne by payors, the corporate income tax by capital income generally, payroll taxes (employer and employee shares) by labor (wages and self-employment income), excises on purchases by individuals by the purchaser, and excises on purchases by business in proportion to total consumption expenditures. Taxes due to provisions that expire prior to the end of the Budget period are excluded.

(3) The change in Federal taxes is estimated at 1996 income levels but assuming fully phased in law and long-run behavior. The effect of the back-loaded ADSA proposal is measured as the present value of tax savings on one year's contributions. The effect of the neutral cost recovery proposal is measured as the present value of the tax savings from one year's investment. The effect of the prospective capital gains indexing proposal is the fully phased in tax savings, multiplied by the ratio of the sum of the present values of prospective indexing over 17 years to the sum of the present values of fully phased in indexing over 17 years, holding realizations constant. The effect on tax burdens of the proposed capital gains exclusion and prospective indexing are based on the level of capital gains realizations under current law. The incidence assumptions for tax changes is the same as for current law taxes (see footnote 2).

(4) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments, such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family, rather than on a tax return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

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

NOTE: Quintiles begin at FEI of: Second $15,604; Third $29,717; Fourth $48,660; Highest $79,066; Top 10% $108,704; Top 5% $145,412; Top 1% $349,438.

50% Exclusion and Indexing of Capital Gains for Individuals in the "Contract with America Tax Relief Act of 1995" (1) (Ways and Means Chairman's Mark)

(1996 Income Levels)

Family Economic Income Class (2) (000)	Families with Tax Change: Number (millions)	Families with Tax Change: Percent of All Families (%)	Families with Tax Change: Average Tax Change ($)	Total Tax Change: Amount ($M)	Total Tax Change: Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
0 - 10	0.1	0.8	-1347	-128	0.67	-0.18	-2.25
10 - 20	0.3	2.0	-778	-246	1.3	-0.10	-1.15
20 - 30	0.5	3.4	-694	-360	1.9	-0.10	-0.72
30 - 50	1.4	6.0	-657	-889	4.6	-0.10	-0.57
50 - 75	1.6	9.0	-772	-1270	6.6	-0.11	-0.57
75 - 100	1.4	12.5	-868	-1173	6.1	-0.13	-0.60
100 - 200	2.4	22.7	-1448	-3480	18.2	-0.25	-1.15
200 & over	1.4	51.6	-7766	-11137	58.1	-0.83	-3.52
Total (3)	9.1	8.4	-2097	-19164	100.0	-0.30	-1.50

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in tax burdens due to the proposed 50% exclusion and indexing of capital gains for individuals. The effect of the prospective capital gains indexing proposal is the fully phased in tax savings, multiplied by the ratio of the sum of the present values of prospective indexing over 17 years to the sum of the present values of fully phased in indexing over 17 years, holding realizations constant. The effect on tax burdens of the exclusion and indexing are based on the level of capital gains realizations under current law.

(2) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and gains of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than a tax-return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

(3) Families with negative incomes are included in the total line but not shown separately.

50% Exclusion and Indexing of Capital Gains for Individuals in the "Contract With America Tax Relief Act of 1995" (1) (Ways and Means Chairman's Mark)

(1996 Income Levels)

Family Economic Income Quintile (2)	Families with Tax Change: Number (millions)	Families with Tax Change: Percent of All Families (%)	Families with Tax Change: Average Tax Change ($)	Total Tax Change: Amount ($M)	Total Tax Change: Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
Lowest (3)	0.2	1.1	-992	-240	1.3	-0.13	-1.69
Second	0.7	3.1	-701	-472	2.5	0.10	-0.77
Third	1.3	5.9	-686	-882	4.6	-0.10	-0.60
Fourth	2.0	9.0	-761	-1500	7.8	-0.11	-0.55
Highest	4.9	22.6	-3152	-15589	81.3	-0.45	-2.00
Total (3)	9.1	8.4	-2097	-19164	100.0	-0.30	-1.60
Top 10%	3.5	31.6	-4100	-14159	73.9	-0.57	-2.50
Top 5%	2.3	42.3	-5608	-12746	66.5	-0.71	-3.07
Top 1%	0.7	52.2	-12931	-8793	45.9	-0.97	-3.96

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in tax burdens due to the proposed 50% exclusion and indexing of capital gains for individuals. The effect of the prospective capital gains indexing proposal is the fully phased in tax savings, multiplied by the ratio of the sum of the present values of prospective indexing over 17 years to the sum of the present values of fully phased in indexing over 17 years, holding realizations constant. The effect on tax burdens of the exclusion and indexing are based on the level of capital gains realizations under current law.

(2) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and gains of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than a tax-return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

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

NOTE: Quintiles begin at FEI of: Second $15,604; Third $29,717; Fourth $48,660; Highest $79,056; Top 10% $108,704; Top 5% $145,412; Top 1% $349,438.

$500 Nonrefundable Credit for Children 17 and Under in the "Contract with America Tax Relief Act of 1995" (1)
(Ways and Means Chairman's Mark)

(1996 Income Levels)

Family Economic Income Class (2) (000)	Families with Tax Change: Number (millions)	Families with Tax Change: Percent of All Families (%)	Families with Tax Change: Average Tax Change ($)	Total Tax Change: Amount ($M)	Total Tax Change: Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
0 - 10	0.02	0.1	-400	-6	0.03	-0.008	-0.11
10 - 20	1.3	8.3	-330	-442	1.9	-0.18	-2.06
20 - 30	3.4	22.9	-493	-1700	7.2	-0.45	-3.39
30 - 50	7.2	31.6	-735	-5291	22.6	-0.59	-3.39
50 - 75	7.9	42.8	-846	-6646	28.3	-0.59	-2.97
75 - 100	5.5	51.0	-871	-4796	20.4	-0.52	-2.46
100 - 200	4.8	45.6	-856	-4123	17.6	-0.30	-1.36
200 & over	0.6	22.9	-704	-449	1.9	-0.03	-0.14
Total (3)	30.8	28.2	-761	-23456	100.0	-0.37	-1.84

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in taxes due to the proposed $500 nonrefundable credit for children aged 17 and under which phases out between AGIs of $200,000 and $250,000 on all returns, regardless of filing status. The credit would be taken before the EITC. The credit amount and phaseout range would be indexed for inflation.

(2) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income, IRA and Keogh deductions, nontaxable transfer payments such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and gains of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than a tax-return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

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$500 Nonrefundable Credit for Children 17 and Under in the "Contract with America Tax Relief Act of 1995" (1) (Ways and Means Chairman's Mark)

(1996 Income Levels)

Family Economic Income Quintile (2)	Families with Tax Change: Number (millions)	Families with Tax Change: Percent of All Families (%)	Average Tax Change ($)	Total Tax Change: Amount ($M)	Total Tax Change: Percent Distribution (%)	Tax Change as a Percent of Income (%)	Tax Change as a Percent of Current Federal Taxes (%)
Lowest (3)	0.4	1.8	-236	93	0.4	-0.05	-0.66
Second	4.3	19.6	-462	-1960	8.4	-0.40	-3.23
Third	6.9	31.3	-724	-4966	21.2	-0.59	-3.39
Fourth	9.4	43.2	-848	-8008	34.1	-0.59	-2.95
Highest	9.8	44.9	-855	8406	35.8	-0.24	-1.08
Total (3)	30.8	28.2	-761	-23455	100.0	-0.37	-1.84
Top 10%	4.2	38.6	-822	-3474	14.8	-0.14	-0.61
Top 5%	1.7	31.1	-770	-1310	5.6	-0.07	0.32
Top 1%	0.1	5.9	-631	-41	0.2	-0.00	-0.02

Department of the Treasury
Office of Tax Analysis

March 13, 1995

(1) This table distributes the estimated change in taxes due to the proposed $500 nonrefundable credit for children aged 17 and under which phases out between AGIs of $200,000 and $250,000 on all returns, regardless of filing status. The credit would be taken before the EITC. The credit amount and phaseout range would be indexed for inflation.

(2) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and underreported income; IRA and Keogh deductions; nontaxable transfer payments such as Social Security and AFDC; employer-provided fringe benefits; inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are computed on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and gains of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than a tax-return basis. The economic incomes of all members of a family unit are added to arrive at the family's economic income used in the distributions.

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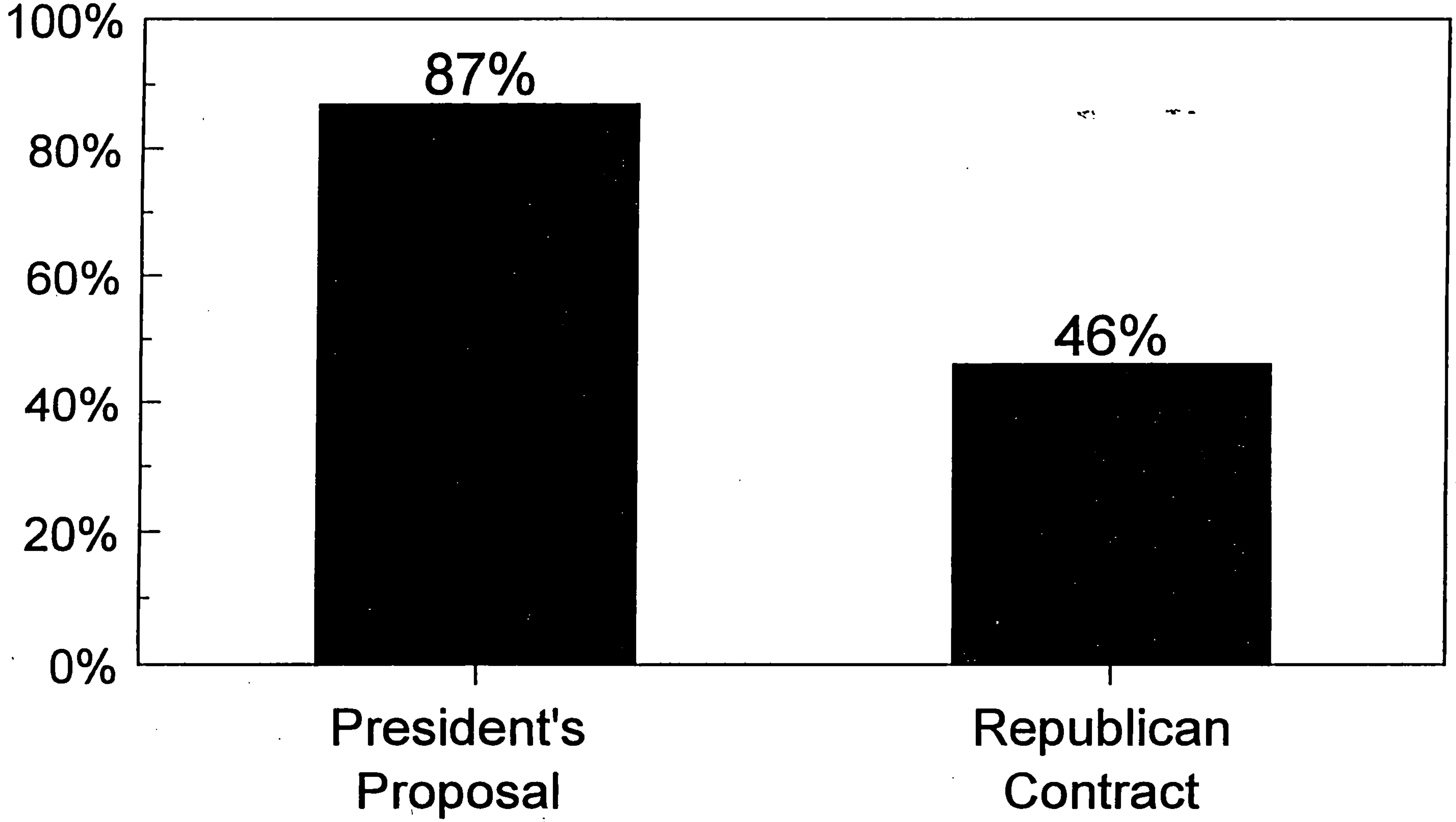
NOTE. Quintiles begin at FEI of: Second $15,604; Third $29,717; Fourth $48,660; Highest $79,056; Top 10% $108,704; Top 5% $145,412; Top 1% $349,438.

Share of Tax Cuts Going to Middle Income Families*

President's Proposal vs Republican Contract



*Families with Incomes Under $100,000

Source: Department of the Treasury, Office of Tax Analysis

Share of Tax Cuts Going to Families With Incomes Over $100,000

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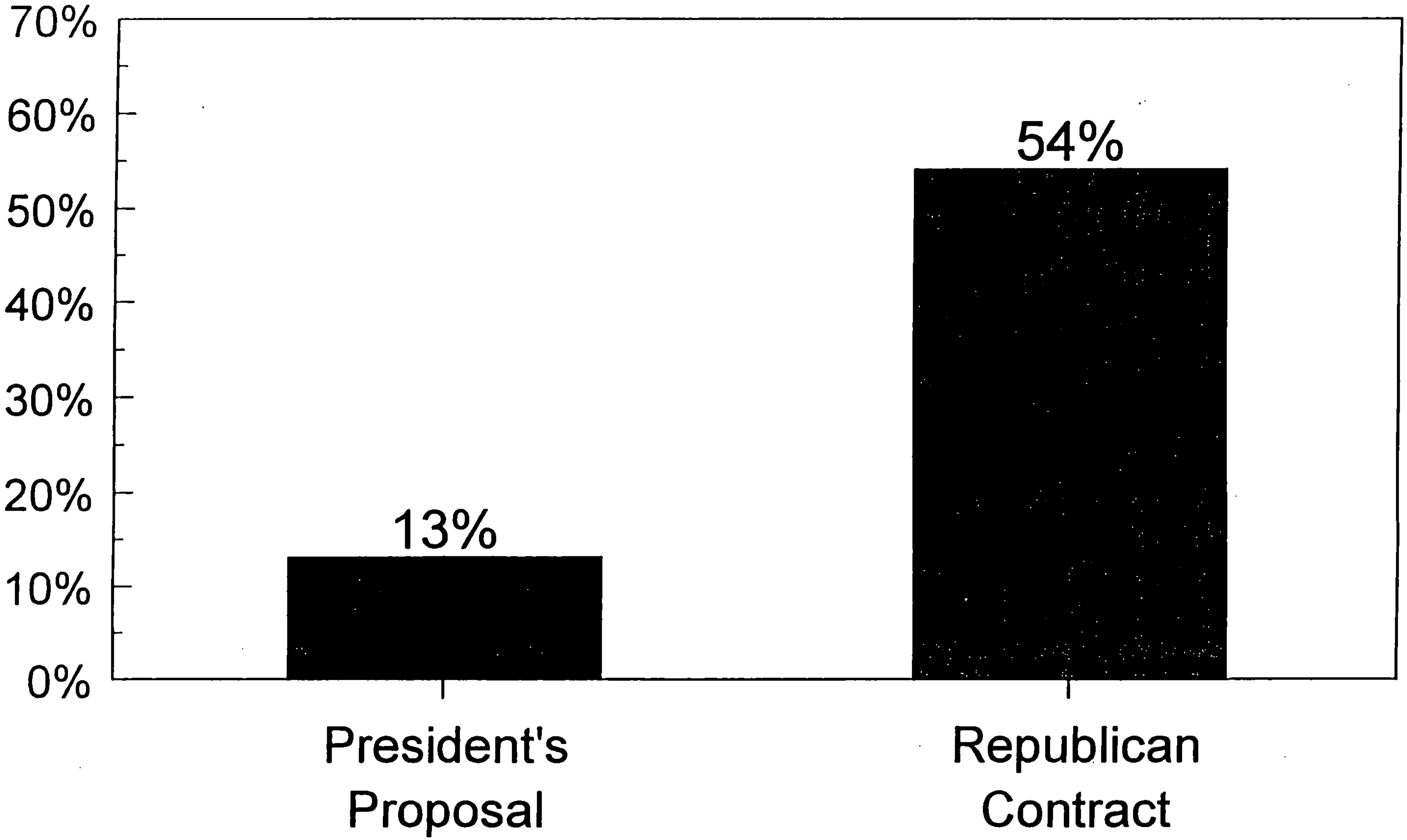
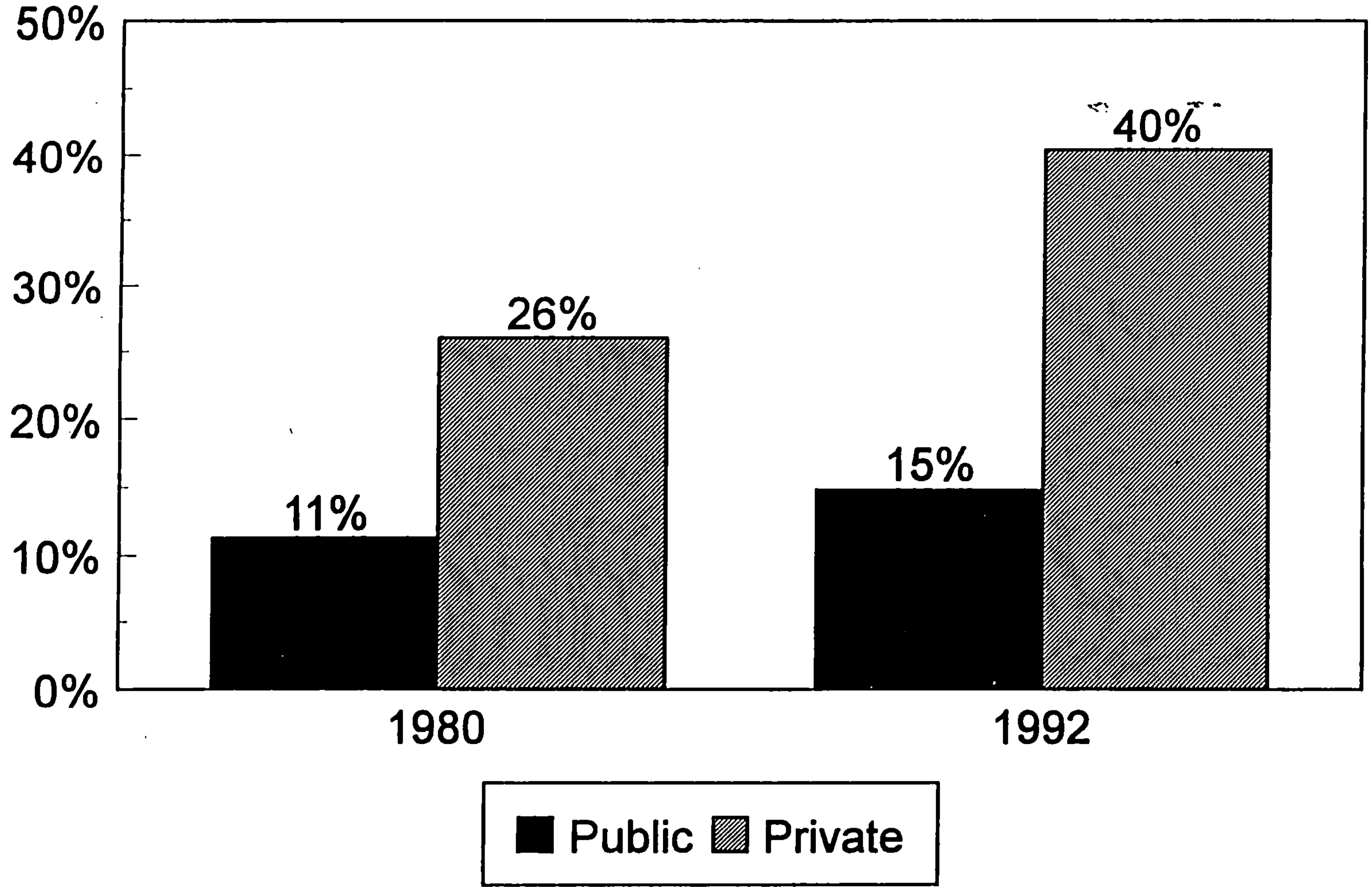


Source: Department of the Treasury, Office of Tax Analysis

Annual Cost of a College Education as a Share of Median Family Income



Source: Department of Education, National Center for Education Statistics