FOIA Number: 2019-0568-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Economic Council

Series/Staff Member: Gene Sperling

Subseries:

OA/ID Number: 9625

FolderID:

Folder Title:
[Talking Points - President's Middle Class Tax Proposal vs. Republican's "Contract with America" Plan] [loose]

Stack:	Row:	Section:	Shelf:	Position:
S	17	5	7	3

Talking Points

Distribution Table on President's Middle-Class Tax Cut Proposal

President's Proposal Compared to "Contract with America"

- This table shows that the "Contract with America" would give over half (53.8 percent) of the Republican's proposed tax cut to families with incomes <u>over</u> $100,000.

- In sharp contrast, the President's proposal would give 87 percent of the benefit to families with incomes <u>below</u> $100,000.

Talking Points

Distributional Effects of President's Tax Proposals: 1993 and 1995.

- OBRA 93 cut income taxes for families with income below $50,000.

  - The only significant increases were on families with incomes over $200,000.

- The President's middle-income tax cut proposal will cut income taxes for families in all income classes.

  - The cuts are heavily concentrated in the middle class.

- The combination of OBRA 93 and the President's middle-class tax cut proposal will result in an income tax cut for families in all income groups below $200,000.

Talking Points

Distributional Effects of President's Tax Proposals

- Most of the benefit goes to the middle class.

- 23.2 percent goes to families with incomes of $30,000 to $50,000;

- 32.4 percent goes to families with incomes of $50,000 to $75,000; and

- 25.7 percent goes to families with incomes of $75,000 to $100,000.

- In all, 87 percent of tax cuts go to families with income under $100,000.

  - Only 13 percent goes to families with income over $100,000.

- For families receiving a tax benefit, the average cut is $724.

Percentage Distribution of Tax Cuts: Republican "Contract with America" and the President's Middle-Class Tax Cut Proposal

(1994 Income Levels)

Family Economic Income Class (1) (000)	Republican "Contract with America" (%)	President's Middle-Class Tax Cut (%)
0 - 10	0.4	0.1
10 - 20	1.7	1.1
20 - 30	3.6	4.3
30 - 50	11.4	23.3
50 - 75	14.8	32.5
75 - 100	13.9	25.6
100 - 200	21.9	12.4
200 & over	31.9	0.6
Total (2)	100.0	100.0

Department of the Treasury
Office of Tax Analysis

15-Dec-94

(1) 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.

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