Congress of the United States
JOINT COMMITTEE ON TAXATION
Washington, DC 20515–6453

MAY 18 2007

MEMORANDUM

TO: [redacted]

FROM: Thomas A. Barthold TAB.

SUBJECT: Tabulations

This memorandum is in response to your request of May 3, 2007, for distributional information related to the repeal of certain provisions of the "Economic Growth and Tax Relief Reconciliation Act of 2001" ("EGTRRA") and the "Jobs and Growth Tax Relief Reconciliation Act of 2003" ("JGTRRA") under the regular income tax and a distribution of the repeal of these provisions when the alternative minimum tax ("AMT") is also considered.

The information provided below shows the static change in tax liability by adjusted gross income ("AGI") category from repealing the selected provisions of EGTRRA and JGTRRA. The estimated static change in tax liability assumes no change in taxpayer behavior and, therefore, is not a revenue estimate of the receipts to the Federal Government from the repeal of these provisions. Generally, in response to the repeal of the provisions listed above, we would expect the amount of taxable income that taxpayers report would change. For example, among other effects, some taxpayers would choose to alter their mix of taxable and tax-exempt compensation. This would affect both our estimates of liabilities under the regular tax and under the AMT.

The EGTRRA and JGTRRA provisions that are assumed repealed are: (1) the reduction in individual marginal income tax rates including the creation of the 10-percent rate bracket; (2) the phased-in repeal of the limitations on itemized deductions and personal exemptions; (3) the marriage penalty relief provisions related to the standard deduction, the expansion of the 15-percent individual income tax rate bracket, and the earned income tax credit; (4) the expansion of the dependent care tax credit; (5) the changes to the child tax credit; (6) the changes to the adoption tax credit; (7) the modifications to the student loan interest deduction; (8) the simplification of the earned income tax credit; (9) the reduced tax rates on capital gains and dividend income, and (10) the treatment of the child tax credit, the adoption credit, and the earned income credit under the AMT.

The following tabulation for tax year 2008 includes the distribution of change in tax liability for repeal of these EGTRRA and JGTRRA provisions. It does not account for changes in taxpayer behavior.

TO: [redacted]
SUBJECT: Tabulations

Tax Year 2008			
	Repeal of certain EGTRRA and JGTRRA provisions[1]		
	Static change in tax liability assuming no behavioral effects		
	Change in income tax liability assuming no AMT	Change in income tax liability including AMT	Difference
Adjusted Gross Income	**(Billions)**	**(Billions)**	**(Billions)**
$0 - $20,000	$6.3	$6.3	[2]
$20,000 - $40,000	$26.5	$26.5	[2]
$40,000 - $50,000	$10.6	$10.5	[2]
$50,000 - $75,000	$24.5	$23.7	$0.8
$75,000 - $100,000	$25.1	$19.7	$5.3
$100,000 - $200,000	$53.3	$28.5	$24.8
$200,000 - $500,000	$37.4	$13.7	$23.7
$500,000 - $1,000,000	$20.5	$17.3	$3.2
$1,000,000 and above	$64.9	$62.6	$2.2
Total	**$269.0**	**$208.9**	**$60.2**

NOTE: Details may not add to totals due to rounding. Taxpayers with AGI less than zero are not included in the table.
[1] The repealed provisions of EGTRRA and JGTRRA are: (a) the reduced marginal income tax rates; (b) the phase-out of the Pease and PEP limitations; (c) the marriage-penalty relief; (d) the reduced tax rates on capital gains and dividend income; (e) the changes to dependent care credit; (f) the changes to the child credit; (g) the changes to student loan interest deduction; (h) the changes to the adoption credit; (i) the changes to the earned income tax credit; (j) the treatment of the child credit, adoption credit, and EIC under the AMT.
[2] Less than $50 million.

Because AGI does not include tax-exempt interest, excluded foreign earned income, and other items that arguably enhance a taxpayer's economic well being, the distribution of static liabilities presented above should be viewed with caution.