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Testimony of Deputy Assistant Treasury Secretary for Tax Analysis
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Before the U.S. Senate Committee on Finance
on Tax Reform: Historical Trends in Income and Revenue

Thank you for inviting me to discuss the ever-evolving U.S. tax system. I want to discuss how the economy and the tax system have changed over the last 30 years, focusing on those issues particularly relevant for consideration of tax reform. I believe this discussion will illustrate a number of important issues that should be addressed in any serious tax reform effort, even if specific policy solutions are not immediately clear from the discussion.

Changes in the United States and World Economies

Let me start by highlighting several developments over the past few decades that help frame how we should view the U.S. tax system as it exists today.

One important theme of the past thirty years is that the United States has been and remains a dominant force in the world economy. For example, according to IMF data, the U.S. produced about 26 percent of total world output in 1980 and about the same proportion in 2010, with only minor year-to-year fluctuations (see Table 1). Furthermore, the U.S. economy remains by far the largest in the world, despite the well-publicized economic growth occurring in other countries.

Over the past three decades, however, there have been important worldwide macro-economic changes. One is the growth of so called "emerging market" economies, which include China and India. Emerging markets accounted for about 13 percent of world Gross Domestic Product (GDP) in 1980 and about 22 percent in 2010 (see Table 1). So called "developing countries," which include most of the countries of Latin America and the Middle East, also have grown in importance in recent years: their share of world GDP has increased from about 17 percent in 1980 to about 28 percent in 2010.

A second important development is the increased integration of the world economy. Long-distance communication is now much easier and cheaper than it was thirty years ago. Computers are much cheaper and much faster, and cell phones are ubiquitous. Importantly, international trade in goods and services is now more important than it once was, for the world and for the United States. In the United States, for example, the traded sector (exports plus imports) has grown from 20 percent of GDP in 1980 to 24 percent in 2009, but the most dramatic changes have occurred in emerging economies, such as China and India, where it more than doubled. Over the same period, cross border investment (both direct and portfolio investment) has also become significantly more important. For example, U.S. cross border foreign direct investment (FDI) in stocks has increased from about 11 percent of GDP in 1980 to about 55 percent of GDP in 2009. In the other G-7 countries, cross border FDI in stocks has increased from 10 percent of GDP to 65 percent of GDP over the same period.

A third development in recent years is the increasing share of total income that is earned by the most well-off Americans. As illustrated in Table 2, in 1980, families in the lowest income quintile received 5.7 percent of total income before taxes and those in the highest income quintile received 45.8 percent, while the top 1 percent of families received 9.1 percent of total pre-tax income. By 2007, the bottom quintile received only 4 percent of total pre-tax income, the top quintile received 55.9 percent and the top 1 percent of American families received 19.4 percent of total pre-tax income. This trend is even more striking when one examines IRS data on the top 0.1 percent of the income distribution and/or the 400 taxpayers with the highest Adjusted Gross Incomes (AGIs).

A fourth important economic development in the United States is the sustained growth of "pass-through" businesses. Pass-through businesses are not subject to the separate, entity-level corporate income tax, and include business organized as sole proprietorships, partnerships, and S corporations. According to IRS data (see Table 3), in 2007, 47 percent of total business income in the United States was earned by pass-throughs and 94 percent of all U.S. businesses were pass-throughs. By comparison, in 1980, pass-throughs earned about 21 percent of business income and accounted for about 83 percent of all businesses. According to data from the OECD, pass-through businesses are more prevalent in the United States than they are in other developed countries. This is especially true for large pass-throughs: 66 percent of U.S. businesses reporting a profit of over $1 million were pass-throughs, compared to 27 percent for Mexico, the country with the next largest share (U.S. Department of the Treasury, *Treasury Conference on Business Taxation and Global Competitiveness: Background Paper*, July 26, 2007, pp. 21 – 22).

Finally, there is a large difference in the U.S. Federal government's budget outlook in 2010, compared to that in 1980. During the 1980s, revenues averaged 18.3 percent of GDP, spending averaged 22.2 percent and the deficit averaged 3.9 percent of GDP. In contrast, from FY1998 to FY2001 the Federal budget was in surplus, with revenues averaging 20 percent of GDP and spending 18.5 percent. The 2001 and 2003 tax cuts pushed the Federal budget back into deficit, when combined with increased defense and non-defense spending. As the economy recovers from the recent recession, the FY 2011 Budget projects that the deficit will average about 3.8 percent of GDP over the 2013 to 2019 time frame. Over this period, the FY 2011 Budget projects that Federal revenues will average just over 19 percent of GDP.

I will now turn to specific developments with respect to the U.S. tax system over the last 30 years.

Changes in the United States Tax Systems

The U.S. Federal government now collects revenue using a different mix of taxes and receipts than it did 30 years ago (see Table 4). The individual income tax remains the largest source of receipts, but its share has fallen, from around 47 percent in the early-to-mid 1980s to around 44 percent over the past few years. In recent years, payroll taxes have accounted for a larger share of total receipts—37 percent—than they did in the early to mid 1980s—33 percent, essentially matching the decline in the share of individual income tax revenues. Corporate income tax receipts vary significantly over time, reflecting both tax law changes and overall business

conditions, but in recent years they accounted for about 10 to 12 percent of total receipts, which is more than their share of receipts in the early-to-mid 1980s (9 percent). Other taxes and receipts (e.g., excise taxes, estate and gift taxes, customs duties) collectively have accounted for a smaller share of total receipts recently (7 percent) than in the first part of the 1980s (11 percent).

Over the span of the past 30 years, Federal receipts have averaged about 18.1 percent of GDP (see Table 5). In the first half of the 1980s, receipts averaged about 18.5 percent of GDP. Receipts grew in the late 1990s, but in recent years have fallen relative to the size of the economy. For the last five years (2005-2009), receipts have averaged about 17.3 percent of GDP, below their average in the early 1980s and also below the average of the entire thirty year period.

The tax rate structures of the U.S. corporate and individual income taxes have changed quite a bit since 1980. This is especially apparent in the top income tax brackets; in 1980, the top individual income tax rate was 70 percent, while it is 35 percent today (Table 6). But the reduction is not limited to the very top. Tax rates have declined across the income spectrum. For example, the marginal rate for the median income taxpayer has fallen from 24 percent in 1980 to 15 percent today, and that for taxpayers at twice the median income has fallen from 43 percent in 1980 to 27 percent today. The top corporate tax rate has declined as well, from 46 percent in 1980 to 35 percent today (Table 7). The reduction is even greater if the domestic production deduction, which operates in a manner similar to a tax rate cut for companies that can claim it, is taken into consideration.

For individuals across much of the income spectrum, however, the significance of the alternative minimum tax (AMT) in determining tax liability has changed dramatically over the past 30 years. Indeed, 30 years ago the AMT in its current form did not exist.

First enacted in 1969 largely as an add-on tax, the minimum tax was intended to ensure that high income individuals who otherwise would have paid no income tax would pay at least some tax. The minimum tax in its current form dates to 1982 and is an alternative (or parallel) tax system whose base is larger and tax rates (generally) lower than those for the regular income tax. Taxpayers are required to pay the larger of their liability under the AMT or under the regular income tax. An AMT exemption amount was provided in order to limit the AMT to well-off taxpayers.

Although the base of the AMT has not changed significantly since 1986, the AMT rate has been raised several times (Table 6). Moreover, the AMT exemption amount has not been indexed for inflation (one of the few major dollar-denominated provisions of the individual income tax that has not been indexed). Congress has increased the exemption several times since 1982, but in recent years these increases have been in the form of temporary "patches", short-term adjustments that roughly reflect inflation. In 2009, approximately 4 million taxpayers paid the AMT, and the AMT raised about $32 billion in tax revenue, reflecting its importance as a feature of the individual income tax.

Although the number of AMT taxpayers has increased since the mid-1980s, to date the *ad hoc* increases in the exemption amount have been successful in limiting the AMT to higher income taxpayers and to limiting the revenue raised from the AMT (see Figure 1). However, the AMT exemption for joint filers has reverted to $45,000 under current law from $70,950 for tax year 2009, and, without Congressional action in 2010, the number of taxpayers on the AMT will rise to about 28 million, and the revenue collected from the AMT will rise to about $100 billion. In the FY 2011 Budget, the President proposed to permanently index the important AMT parameters for inflation, to prevent this dramatic increase from occurring.

The character of tax expenditures has also changed over the past 30 years (see Figure 2). Tax expenditures are special features of the tax code intended to provide a benefit to particular industries, activities, investments, or taxpayers. Some tax expenditures are intended to promote purely economic goals. An example is accelerated depreciation, intended to increase investment, capital formation, and overall economic growth. Other tax expenditures are intended to promote social policy goals. An example is the Earned Income Tax Credit (EITC), which is a major part of the economic safety net for low income taxpayers. The EITC, claimed by 25 million taxpayers in 2008 has been called the most effective Federal anti-poverty program. Over the 1980-2010 period, total tax expenditures more than doubled in real, inflation adjusted terms. This suggests that the tax code has been increasingly used over the past three decades to pursue all kinds of non-tax policies, even allowing for the problems with adding up tax expenditure estimates and the interactions between them, as well as the ambiguities in the classification of some tax incentives as promoting primarily business or social policies.

The tax system also reflects changing demographics. Thirty years ago, about half of all tax returns were joint returns filed by married couples, and most of the rest were single returns. Today, joint returns account for less than 40 percent of all returns and the share of returns filed by heads of households, who are mostly single parents, has about doubled, to 15 percent.

By many measures, the U.S. tax system has become increasingly complex in recent decades. For example, the instruction book for the primary individual income tax form has grown from 52 pages for 1980 to 174 pages for 2009. The income tax regulations have doubled, from less than 7,500 pages in 1980 to nearly 15,000 pages today. Between 1980 and 2008, tax returns filled out using paid preparers have increased from 38 percent of returns to 58 percent of returns. When software users are added in, about 85 percent of individual income tax returns rely on some form of assistance, either software used by the taxpayer or a practitioner. Individual taxpayers spent an estimated 2.7 billion hours complying with the income tax laws in 2008. Counting time and money spent on software and paid preparation, the individual income tax burden totaled $91 billion dollars.

The ever changing tax code is another feature of the past 30 years. Between 1980 and 2009, there were about 30 major tax bills enacted. Some have reduced taxes (e.g., the Economic Recovery Tax Act of 1981(ERTA) and the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)). Other have increased taxes (e.g., the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Omnibus Budget Reconciliation Act of 1993). These frequent changes to the tax code have contributed to complexity. But, they also have made planning more difficult, since they have increased uncertainty about future tax rules. The increased use of

phase-ins and phase-outs and sunsets of various tax provisions has added to the confusion, uncertainty, and taxpayer compliance burdens.

Although the tax code has undergone large and frequent changes in the past three decades, over the 30 year period taken altogether, the overall progressivity of the tax system has changed very little when comparing the endpoints. It seems to be true that the distribution of after-tax income has become much more concentrated at the top of the income scale. However, this mostly reflects changes in the pre-tax distribution of income rather than changes in the distributional consequences of the entire Federal tax system: the change in the distribution of after-tax income is very similar to the change in the distribution of pre-tax income.

For example, according to CBO data (see Table 2), between 1979 and 2007, the share of pre-tax income going to those in the lowest income quintile fell by 1.7 percentage points (from 5.7 percent to 4.0 percent), just about the same size as the 1.9 percentage point decline in the share of after-tax income that went to the lowest income quintile. All of the other income quintiles exhibited similar declines, except for the highest income quintile. The share of pre-tax income going to the highest quintile increased from 45.8 percent to 55.9 percent, while the after-tax share rose from 42.8 percent to 52.5 percent.

However, things appear to be somewhat different at the very top of the income distribution. According to several researchers, Federal tax policy changes, taken as a whole, have made the tax system less progressive at the very top of the income distribution, in contrast to the situation for the rest of the population. For example, Piketty and Saez (2007) compute average effective Federal tax rates (including all significant Federal taxes), for the top $1/100^{th}$ of 1 percent of the income distribution and show that they fall sharply, from 59.3 percent in 1980 to 34.7 percent in 2004, where as the average tax rate for the full population falls much more modestly, from 26.6 percent to 23.4 percent.[1] This reduction in tax progressivity, however, is not observed as one moves down the income scale in Piketty and Saez's calculations. In summary, over the 1980-2004 period, tax changes seem to have had roughly offsetting effects on progressivity, leaving the tax code at the end of the period about as progressive as it was at the beginning, at least for the vast majority of the income distribution. Other researchers extend these findings out a few more years and do not find that significant modifications to that conclusion are warranted.

Comparison to Other Countries' Tax Systems

The U.S. tax system has also changed in relation to the tax systems in the rest of the world. This is especially true with respect to corporate taxes (see Figure 3). Thirty years ago, the United States had a statutory corporate tax rate that was about the same as the rate in other developed countries (less than the mean, greater than the median for other OECD countries). In 1986, the U.S. corporate income tax rate was reduced by twelve percentage points, which made the United States a relatively low corporate income tax rate country for the next several years. Since that time, however, other developed countries have cut their maximum corporate tax rates, and the United States now has a statutory corporate rate that is above that in most other developed countries. When viewed in terms of revenue raised as a percentage of GDP, the U.S. corporate

[1] Thomas Piketty and Emmanuel Saez, *"How Progressive is the U.S. Federal Income Tax System? A Historical and International Perspective"*, Journal of Economic Perspectives, Winter 2007, pp 3-24.

income tax is about equal to the OECD average. When viewed in the context of the after-tax cost of a marginal investment, the U.S. corporate income tax is again comparable to other OECD countries, and on the low side for debt-financed investment.

The U.S. system for taxing the foreign source income of U.S. multinational corporations also has diverged from the tax systems used in other major developed countries. The United States continues to use a so called "world-wide" system, in which the United States subjects to income tax income earned abroad by the foreign subsidiaries of U.S. multinationals (generally, this income is taxed when it is repatriated to the U.S.-based parent, in the form of a dividend or other payment). This reduces a U.S.-based multinational corporation's incentive to invest abroad in low-tax jurisdications, rather than in the U.S. In contrast, other major developed countries use a "territorial tax system," which exempts all or a portion of active foreign earnings from home country tax.

Another important difference between the U.S. tax system and the tax systems in other developed countries is the reliance on consumption taxes, such as value added tax (VAT). The VAT is a consumption tax, collected incrementally at each stage of the production and distribution process. In 1980, 14 OECD countries had a VAT (not including the U.S.). In 2009, 29 of the 30 OECD countries had a VAT, with the U.S. being the outlier. Moreover, VATs represent large shares of the revenue base in most developed countries. For example, the average OECD VAT raises revenue equivalent to about 11 percent of GDP and, for the OECD as a whole, VATs raise about 19 percent of all revenue. In contrast, consumption (excise) taxes at the Federal level in the U.S. make up about 3 percent of revenues.

Implications for Tax Policy

The current position of the U.S. economy and tax system, as well as the changes over the past three decades, suggest a number of factors that are relevant in formulating tax policy for the future.

First, we face the future from a position of economic strength *vis-a-vis* the rest of the world. Nonetheless, if we are to continue to compete successfully with high growth rate emerging and developing countries, the U.S. needs a tax code that appropriately encourages economic growth.

Second, given Federal budget considerations, as recognized in successive Administration budgets, there is likely to be a need for the tax system to raise additional revenue in coming years. This could take the form of broadening the tax bases for income taxes, increasing some tax rates, or through other measures.

Third, while designing a tax system to promote economic growth is important, so is fairness (generally characterized as progressivity). Any changes to the tax code need to be cognizant of the implications they have for the overall distribution of income and tax burdens.

Fourth, business tax policy in the United States should consider the effects on non-corporate businesses such as S corporations and partnerships. In addition, tax policy should consider potential effects on the ability of U.S. based firms to thrive in the global economy.

Fifth, future tax policy changes should confront the AMT. Permanently indexing important parameters of the AMT, as proposed in successive Administration budgets, is one way to simplify and rationalize the individual income tax system.

Sixth, and finally, significant attention should be paid to simplification of the tax code, with an aim of reducing both the burden that taxpayers face in terms of time and out-of-pocket expenses to comply with the income tax laws and the resources required for the IRS to administer the tax system.

Thank you. I would be happy to answer any questions you may have.

Table 1: US vs. World GDP (2005 $ billions)

	1980	1985	1990	1995	2000	2005	2010
World	$22,258	$25,294	$29,999	$33,208	$39,297	$45,004	$49,933
Developed	$17,131	$19,381	$22,927	$25,178	$29,446	$32,402	$33,568
US	$5,839	$6,849	$8,034	$9,094	$11,226	$12,638	$13,190
Developing	$3,679	$4,231	$5,251	$6,707	$8,364	$10,667	$14,086
Former Centrally Planned	$1,448	$1,683	$1,822	$1,324	$1,486	$1,935	$2,279
Emerging Markets	$2,916	$3,512	$4,330	$5,126	$6,441	$8,405	$11,207
Developing and Formerly Centrally Planned	$5,127	$5,913	$7,072	$8,030	$9,850	$12,602	$16,366
US Share	26.2%	27.1%	26.8%	27.4%	28.6%	28.1%	26.4%
Developing country share	16.5%	16.7%	17.5%	20.2%	21.3%	23.7%	28.2%

Source: Economic Research Service of the US Department of Agriculture, based on data from the International Monetary Fund and other sources.

Table 2: Pre-tax and After-tax Income Shares

Year	Lowest Quintile			Second Quintile			Middle Quintle			Fourth Quintile			Highest Quintile			Top 1 Percent		
	Pre-Tax	After-Tax	Ratio After-tax to Pre-Tax Shares	Pre-Tax	After-Tax	Ratio After-tax to Pre-Tax Shares	Pre-Tax	After-Tax	Ratio After-tax to Pre-Tax Shares	Pre-Tax	After-Tax	Ratio After-tax to Pre-Tax Shares	Pre-Tax	After-Tax	Ratio After-tax to Pre-Tax Shares	Pre-Tax	After-Tax	Ratio After-tax to Pre-Tax Shares
1980	5.7	6.8	1.19	11.0	12.1	1.10	15.7	16.5	1.05	22.1	22.3	1.01	45.8	42.8	0.93	9.1	7.7	0.85
1985	4.8	5.5	1.15	10.1	10.9	1.08	15.2	15.8	1.04	21.9	22.0	1.00	48.6	46.7	0.96	11.5	10.6	0.92
1990	4.6	5.3	1.15	10.0	10.8	1.08	15.1	15.8	1.05	21.6	21.9	1.01	49.5	47.3	0.96	12.1	11.0	0.91
1995	4.6	5.5	1.20	9.7	10.9	1.12	14.9	15.9	1.07	21.3	21.9	1.03	50.2	46.8	0.93	12.5	10.3	0.82
2000	4.0	4.9	1.23	8.6	9.7	1.13	13.5	14.7	1.09	19.6	20.2	1.03	54.8	51.3	0.94	17.8	15.5	0.87
2005	4.0	4.8	1.20	8.5	9.6	1.13	13.4	14.5	1.08	19.7	20.5	1.04	55.1	51.5	0.93	18.1	15.6	0.86
2006	3.9	4.7	1.21	8.3	9.4	1.13	13.2	14.3	1.08	19.5	20.3	1.04	55.7	52.2	0.94	18.8	16.3	0.87
2007	4.0	4.9	1.23	8.4	9.4	1.12	13.1	14.1	1.08	19.3	20.0	1.04	55.9	52.5	0.94	19.4	17.1	0.88

Source: Congressional Budget Office.

Table 3: Shares of Total Business Returns, Receipts and Net Income, 1980-2007

	1980	1985	1990	1995	2000	2005	2006	2007
C Corporations 1/								
Returns	0.166	0.151	0.107	0.103	0.087	0.066	0.063	0.058
Total Receipts	0.870	0.855	0.771	0.748	0.708	0.664	0.656	0.654
Business Receipts	0.862	0.847	0.747	0.726	0.680	0.633	0.625	0.621
Net Income (less Deficit)	0.783	0.714	0.572	0.578	0.432	0.540	0.484	0.437
All Flow-Throughs 2/								
Returns	0.834	0.849	0.893	0.897	0.913	0.934	0.937	0.942
Total Receipts	0.130	0.145	0.229	0.252	0.292	0.336	0.344	0.346
Business Receipts	0.138	0.153	0.253	0.274	0.320	0.367	0.375	0.379
Net Income (less Deficit)	0.217	0.286	0.428	0.422	0.568	0.460	0.516	0.563

Source: IRS Statistics of Income, relevant years

Notes:

1/ Excludes RICs & REITS

2/ Includes LLCs & LLPs

Table 4: Percentage Composition of Receipts by Source, 1980 -2010

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance	Excise Taxes	Other
			Total		
1980	47.2	12.5	30.5	4.7	5.1
1981	47.7	10.2	30.5	6.8	4.8
1982	48.2	8.0	32.6	5.9	5.3
1983	48.1	6.2	34.8	5.9	5.0
1984	44.8	8.5	35.9	5.6	5.2
1985	45.6	8.4	36.1	4.9	5.0
1990	45.2	9.1	36.8	3.4	5.4
1995	43.7	11.6	35.8	4.3	4.6
2000	49.6	10.2	32.2	3.4	4.5
2005	43.1	12.9	36.9	3.4	3.8
2006	43.4	14.7	34.8	3.1	4.0
2007	45.3	14.4	33.9	2.5	3.9
2008	45.4	12.1	35.7	2.7	4.2
2009	43.5	6.6	42.3	3.0	4.7
2010 estimate	43.2	7.2	40.4	3.4	5.7

Source: Historical Tables, Budget of the U.S. Government, Fiscal Year 2011

Table 5: Receipts by Source as a Percentage of GDP, 1980 - 2010

Fiscal Year	Individual Income Taxes	Corporation Income Taxes	Social Insurance	Excise Taxes	Other	Total Receipts
			Total			Total
1980	9.0	2.4	5.8	0.9	1.0	19.0
1981	9.4	2.0	6.0	1.3	0.9	19.6
1982	9.2	1.5	6.3	1.1	1.0	19.2
1983	8.4	1.1	6.1	1.0	0.9	17.5
1984	7.8	1.5	6.2	1.0	0.9	17.3
1985	8.1	1.5	6.4	0.9	0.9	17.7
1990	8.1	1.6	6.6	0.6	1.0	18.0
1995	8.0	2.1	6.6	0.8	0.9	18.4
2000	10.2	2.1	6.6	0.7	0.9	20.6
2005	7.5	2.2	6.4	0.6	0.7	17.3
2006	7.9	2.7	6.3	0.6	0.7	18.2
2007	8.4	2.7	6.3	0.5	0.7	18.5
2008	7.9	2.1	6.2	0.5	0.7	17.5
2009	6.4	1.0	6.3	0.4	0.7	14.8
2010 estimate	6.4	1.1	6.0	0.5	0.8	14.8

Source: Historical Tables, Budget of the U.S. Government, Fiscal Year 2011

Table 6: Federal Individual Income Tax Parameters

	Regular Income Tax									Alternative Minimum Tax		
Year	Standard Deduction-Single	Standard Deduction-Joint	Personal Exemption	Lowest Statutory Tax Rate (Percent)	Highest Statutory Tax Rate (Percent)	Marginal Tax Rate at Median Income	Marginal Tax Rate at 2x Median Income	Maximum Tax Rate on Capital Gains (Percent)	Maximum Tax Rate on Dividends (Percent)	Exemption-Single	Exemption-Joint	Maximum Tax Rate (Percent)
1980	$2,300	$3,400	$1,000	14.0	70.0	24.0	43.0	28.0	70.0	n/a	n/a	n/a
1985	$2,390	$3,540	$1,040	11.0	50.0	22.0	38.0	20.0	50.0	$30,000	$40,000	20.0
1990	$3,250	$5,450	$2,050	15.0	28.0	15.0	28.0	28.0	28.0	$30,000	$40,000	24.0
1995	$3,900	$6,550	$2,500	15.0	39.6	15.0	28.0	28.0	39.6	$33,750	$45,000	28.0
2000	$4,400	$7,350	$2,800	15.0	39.6	15.0	33.3	20.0	39.6	$33,750	$45,000	28.0
2005	$5,000	$10,000	$3,200	10.0	35.0	15.0	30.1	15.0	15.0	$40,250	$58,000	28.0
2006	$5,150	$10,300	$3,300	10.0	35.0	15.0	30.1	15.0	15.0	$42,500	$62,550	28.0
2007	$5,350	$10,700	$3,400	10.0	35.0	15.0	25.0	15.0	15.0	$44,350	$66,250	28.0
2008	$5,450	$10,900	$3,500	10.0	35.0	15.0	30.0	15.0	15.0	$46,200	$69,950	28.0
2009	$5,700	$11,400	$3,650	10.0	35.0	15.0	27.0	15.0	15.0	$46,700	$70,950	28.0
2010	$5,700	$11,400	$3,650	10.0	35.0	15.0	27.0	15.0	15.0	$33,750	$45,000	28.0

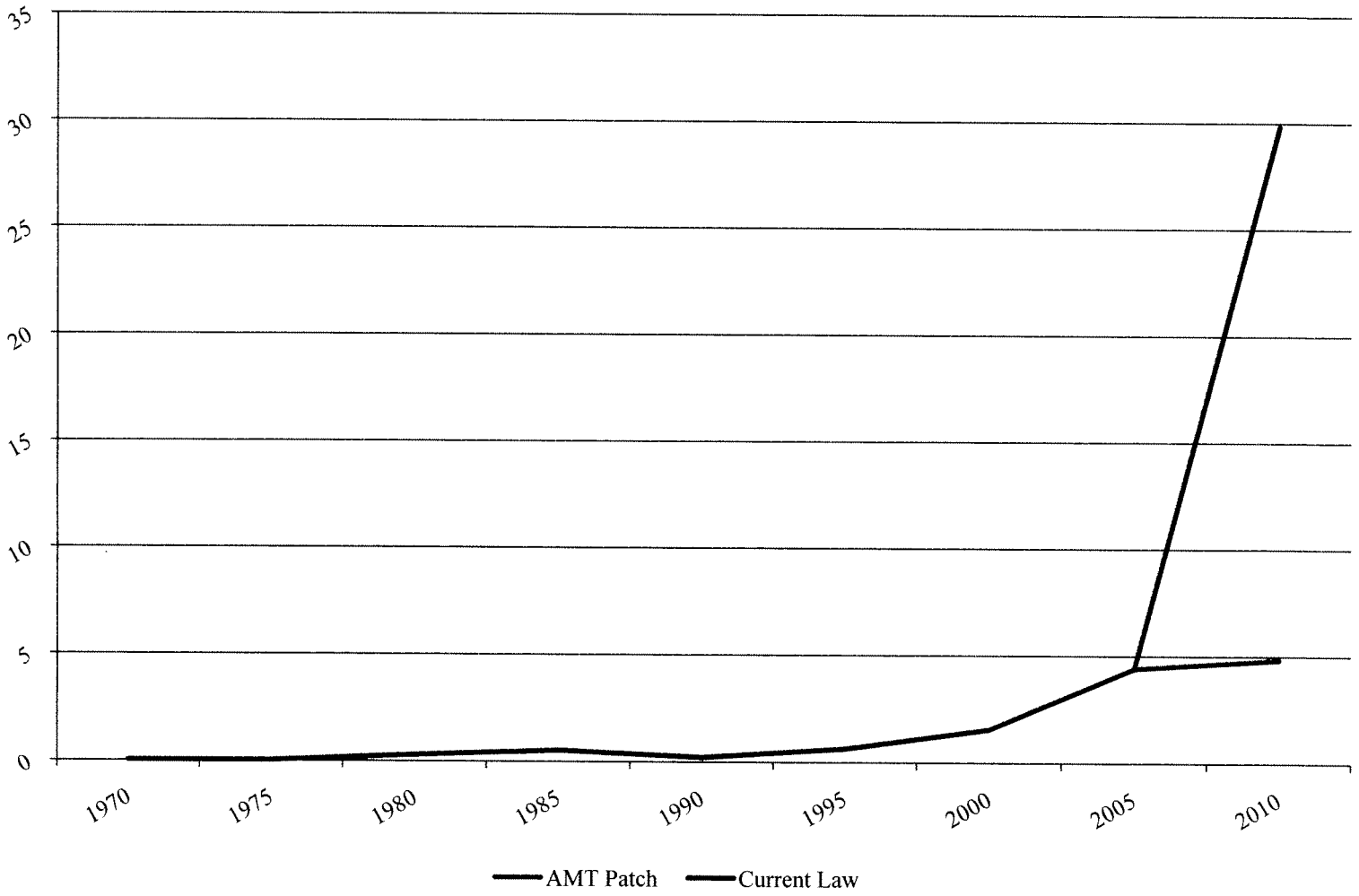
Source: Office of Tax Analysis, U.S. Department of the Treasury

Table 7: Corporate Tax Rate: 1980-2010

Year	Top Corporate Rate	Top Rate, Domestic Production Activities
1980	46.00	n/a
1985	46.00	n/a
1990	34.00	n/a
1995	35.00	n/a
2000	35.00	n/a
2005	35.00	33.95
2006	35.00	33.95
2007	35.00	32.90
2008	35.00	32.90
2009	35.00	32.90
2010	35.00	31.85

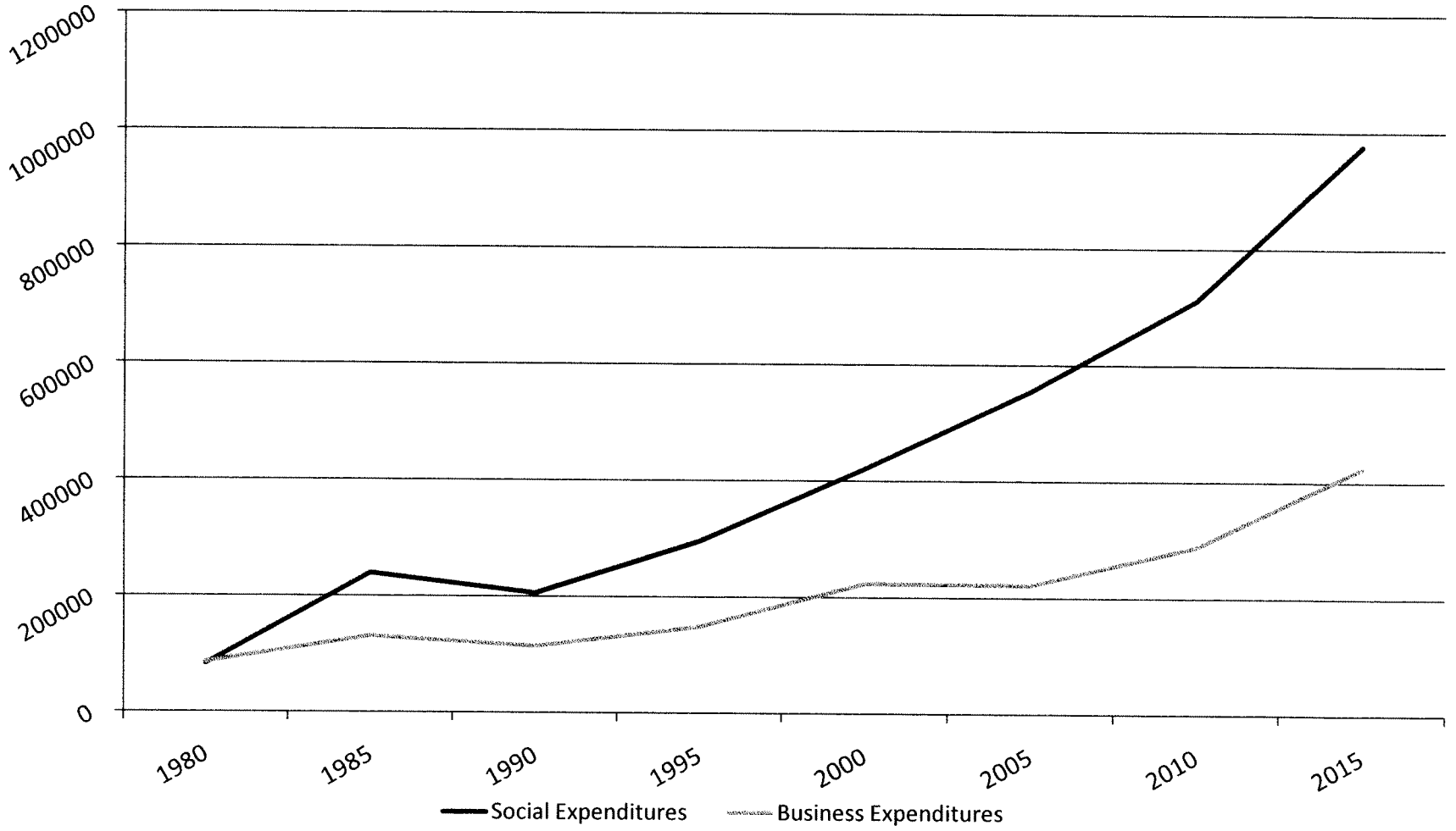
Source: Office of Tax Analysis,
U.S. Department of the Treasury

Figure 1: AMT Taxpayers as a Percentage of All Taxpayers, 1970-2010



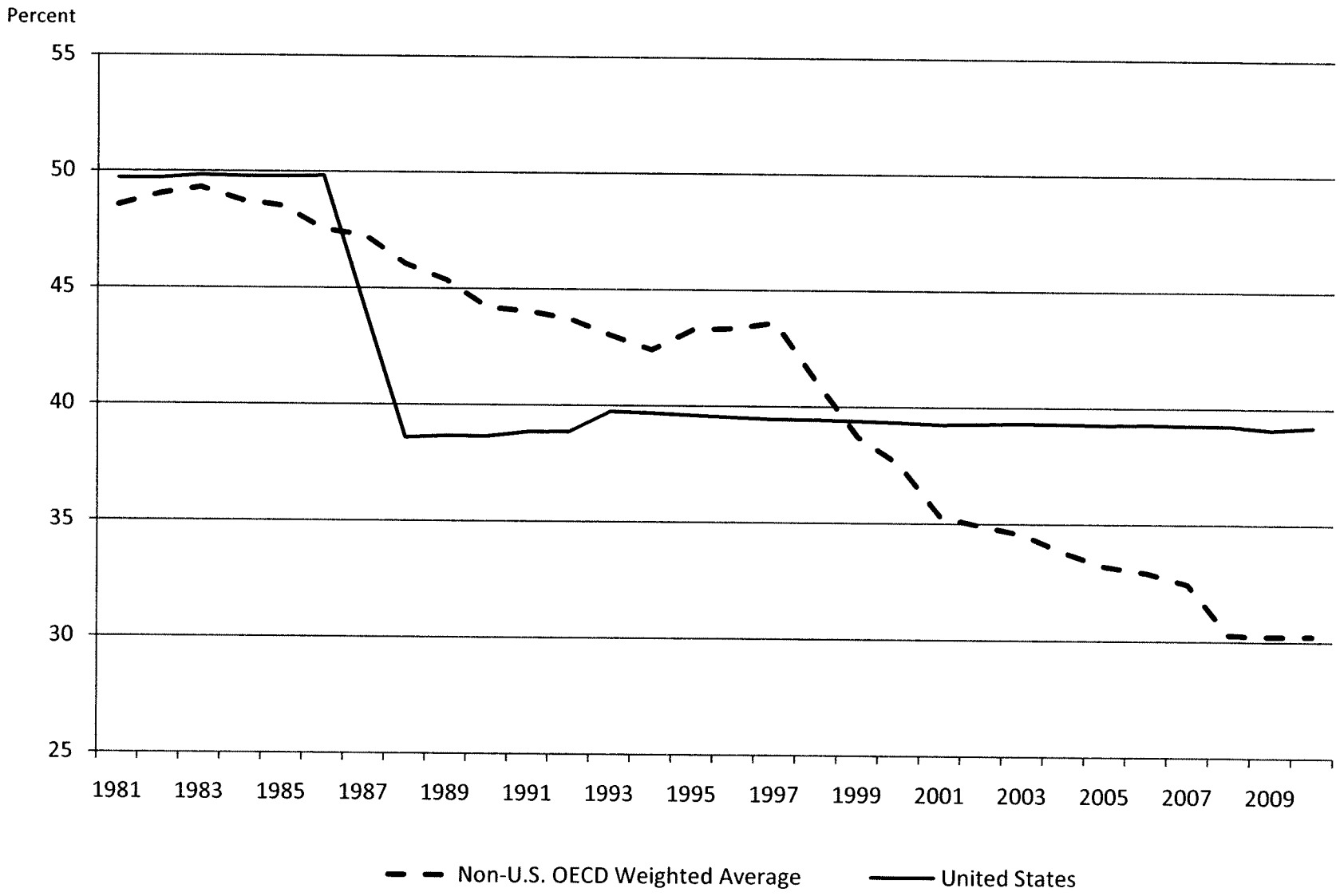
Source: Office of Tax Analysis, U.S. Department of the Treasury

Figure 2: Social and Business Tax Expenditures, Estimates for 1980-2015



Tax expenditures estimates in current dollars (millions). Estimates for 2010-2015 are based on the Administration's budget forecasts.
Source: Office of Tax Analysis, U.S. Department of the Treasury

Figure 3: U.S. vs. OECD Corporate Tax Rates



Source: Office of Tax Analysis, U.S. Department of the Treasury