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REPORT FROM  
THE GOVERNOR'S TASK FORCE  
ON  
INDIVIDUAL INCOME TAX  
SIMPLIFICATION



EXECUTIVE ORDER No. 82-7

Providing For The Establishment Of A Governor's  
Task Force On Income Tax Simplification

I, ALBERT H. QUIE, Governor of the State of Minnesota, by virtue of the authority vested in me by the Constitution and applicable statutes, including but not limited to, Minnesota Statutes 1981, Sections 4.035 and 15.0593, do hereby issue this Executive Order:

WHEREAS, the individual income tax system was adopted by the Legislature in 1933; and

WHEREAS, during the past 49 years, the Legislature has made numerous changes in Minnesota's individual income tax system; and

WHEREAS, many of these changes have made the income tax system more complicated and difficult to understand; and

WHEREAS, the goals of any income tax system should be to provide equity and simplicity.

NOW, THEREFORE, I Order:

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1. The establishment of a Governor's Task Force on Tax Simplification pursuant to Minnesota Statutes 1981, Section 15.0593 and other applicable statutes. The Task Force shall consist of fifteen (15) members appointed by the Governor. At least one-half of the members of the Task Force shall be taxpayers who are not professional tax practitioners. The Chair of the Task Force shall be chosen by the Governor.

2. The Task Force shall examine three major approaches to simplification of the individual income tax system: (1) a federal piggyback system, including the option of actual federal collection and the option of state collection based on a percent of federal tax or a percent of federal adjusted gross income; (2) alternative changes in Minnesota law, other than the federal piggyback system, which would facilitate tax simplification; and (3) simplification of forms and instructions under existing law.

3. The Task Force shall prepare a report containing detailed recommendations to be submitted to the Governor and to the Senate Committee on Taxes and Tax Laws and the House Committee on Taxes by October 1, 1982.

4. The Department of Revenue shall provide staff for the Task Force.

5. The terms of Task Force members shall coincide with the term of this Executive Order.

Pursuant to Minnesota Statutes 1981, Section 4.035, this Order shall be effective fifteen (15) days after its publication in the State Register and filing with the Secretary of State and shall remain in effect until it is rescinded by proper authority or expires in accordance with the provisions of



Section 4.035, Subdivision 3.

IN TESTIMONY WHEREOF, I hereunto set my hand on this 26th day of April,  
1982.

Albert H. Quie  
ALBERT H. QUIE  
GOVERNOR

Filed According to Law:

Joan Anderson Growe  
Joan Anderson Growe  
Secretary of State.

STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED  
APR 26 1982

Joan Anderson Growe  
Secretary of State

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MEMBERS OF THE TASK FORCE

Frederick Bassinger, Chairman

Minneapolis

Piggybacking Subcommittee:

Richard Townsend, Chairman  
Mercedes Dolan  
Grace LeVasseur  
James Lundberg

Edina  
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Staples  
Minnetonka

Law Change Subcommittee:

Norman Indall, Chairman  
Donald Groth  
Jerome Patterson  
Victoria Sandberg  
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Administrative Change Subcommittee:

Bruce Weber, Chairman  
Janet Blexrud  
Roger Reinhart  
Donald Severtson  
Joseph Skovholt

Roseville  
Arden Hills  
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Burnsville  
St. Paul

Special Acknowledgement:

The Task Force appreciates the fine assistance granted by the staff of the Commissioner of Revenue. We especially wish to thank the following for their special assistance in providing the necessary information and explanations for us to obtain our objective:

Gerome T. Caulfield - Director of Large Case Audit Division  
Daniel Salomone - Director of Revenue Department Research Office  
Wesley Skjegstad - Technical Assistant to Director of Income Tax  
Joanne Furey - Tax Examiner - Forms Design  
Daniel Lee - Tax Examiner - Audit Review  
Janese Venable, Mary Farrell, Barbara Nesvold and Mary Lacho - Stenographers and Secretarial Work.



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GOVERNOR'S TASK FORCE  
Income Tax Simplification

Chairman's Remarks to Task Force

This project is a significant opportunity for us to contribute to an important goal of any tax system--simplicity. However, simplicity is only one goal and it must be considered along with competing goals. Before we begin discussing goals, we must put the entire tax system and its results in perspective.

Less than two percent of the Minnesota taxpayers have federal adjusted gross income of \$50,000 or more, while they pay 17.2 percent of the taxes. However, the large number of taxpayers in the middle income levels still pay the major portion of the taxes. If one considers the property tax refund credit as a negative income tax calculation, approximately 50 percent of the people in the lower tax brackets really produce a negative income tax revenue. The refunds from the property tax refund credit as a group exceed the total taxes paid.

A study should be made of the Minnesota tax laws, procedures, and forms concentrating on the changes which have made the present system so complex. This is felt to be a necessity to determine the acceptance of possible changes. The forms to be included in the study of individual income tax simplification include the individual income tax, small business corporation, partnership, and fiduciary returns. In addition, certain schedules will also be affected by possible changes. These include: itemized deductions, federal income tax deduction, minimum tax, lump sum distribution tax, income taxes paid to another state, gas tax credit, exempt agricultural electricity credit, pollution control credit, farm loss limitation, and residential energy credit.

The tax burdens by type of tax and amount of income should be studied. The types of tax that an individual Minnesota resident pays may be broken down into three basic taxes: tax on income, tax on property, and tax on purchases (sales and similar excise taxes). Studies prepared by the Department of Revenue show that, after considering the property tax refund as a reduction in property taxes, it becomes fully apparent that Minnesota utilizes the individual income tax to produce the largest portion of the state revenue, and it is the largest portion of an individual's Minnesota tax burden.

Several possible courses of action must be discussed. The first is to look at the present return and decide what law changes should be enacted to simplify the form. This would include certain items which may be a complication but have sufficient reasons to support their retention. The second is to look at other forms of taxes which would produce a simpler system but not grossly distort the present tax burdens. This study should include the several different forms of "piggybacking" on the federal computations. The third area of consideration was suggesting changes which could be adopted without legislative action.

Minnesota residents already bear an unusually high amount of tax. We must be concerned that any recommendations to reduce the rates of tax on an expanded income base not result in an actual increase in taxes collected under the guise of income tax simplification.

We should attempt not to drastically alter the size or distribution of the tax burden or to editorialize on how revenue is expended because this would be outside our charge and is best left to the political process. Our approach would be to identify alternatives, weigh the pros and cons of each alternative, eliminate the undesirable ones, and bring to the public's attention those alternatives we feel should be subjected to constructive public debate.

The general criteria we might use include analyzing the goals we feel a good system should consider such as:

1. What taxes should be paid by those receiving the benefits of the related expenditures?
2. How much reliance should be placed on ability to pay?
3. Should the tax system be used to promote social policies or to redistribute wealth?
4. What is equitable and how should it be applied?
5. What part should stability play when relating to the above?
6. How can simplicity be obtained given the multiple goals of the system?

No one criteria can be used as a true test of any tax or of the entire system. All of the criteria have to be considered together and each individual will give each of the criteria a different weight. A brief explanation of each of these is set forth in the following descriptions.

#### Benefits Received

Under the concept of benefits received, taxpayers are treated as though their taxes are payment to the Government for goods and services they receive. Taxes are assessed on the basis of benefits derived from the utilization of tax revenues. An example is the gasoline tax. Revenues from taxes on the purchase of gasoline are used for highway construction and maintenance. The fairness of this is that those who consume the most gasoline are the ones who use the highways the most and, therefore, pay the most tax. Even here the degree of usage (i.e. wear and tear) may be disproportionate to the amount paid.

#### Ability to Pay

The concept of ability to pay is often interpreted as meaning that the tax burden should be apportioned among taxpayers according to their level of income. Built into this concept of ability to pay is the thought that each additional layer of income is used less for necessities and more for luxuries. One could therefore conclude that the ability to pay is equal to the ability to do without.

#### Incentives and Deterrents to Promote Social Policy

This concept of taxation as it exists in Minnesota appears to be using the tax system to provide incentives or deterrents to advance economic or social goals. The current system has many incentives intended to assist particular industries or groups. Incentives are given to encourage such socially desirable goals as increasing home ownership, reducing unemployment, energy conservation and pollution control. There is considerable disagreement as to the desirability of using tax incentives instead of direct state expenditures such as loans, guarantees or out-right grants. This is why there are "Tax Shelters." This forces the private sector to take an active role in solving social problems and can help reduce some inefficiency of public operations. However, it can reward people for what they would do anyway and tends to reward higher bracket taxpayers. It also keeps the tax rates high. In our deliberations we should be aware that our tax system is being used extensively to promote social policy.

In order to assess the merits of the incentive approach, it is reasonable to assume that the incentive being used will attain the goals the state wants to achieve and would otherwise be willing to finance. Unfortunately, little has historically been done to quantify and monitor this assumption.

Wealth Redistribution

Taxation under the wealth redistribution philosophy is the attempt to use the tax system to promote an economic and social goal which may be different from that pursued under the incentives and deterrents philosophy. Rather than seeking to use the private sector to accomplish goals, wealth redistribution contemplates the use of the government as an intermediary for redistribution of resources. As the term is generally applied, it refers to the leveling of economic and social benefits among citizens, thus reducing the standard of living disparity between high and low income earners.

The leveling is accomplished by requiring that high income taxpayers pay a larger percentage of their income in income taxes than that required of low income taxpayers, i.e., progressive taxation. The appropriate degree of progression in the tax system is one obvious point of contention among taxpayers.

Equity

The concept of equity is, in effect, that those who are in a similar situation should bear a similar share of the tax burden. More often, the converse is cited as justification for certain tax laws; that is, those who are in different situations should be taxed differently.

Stability

Stability, as that term is used here, means that the tax system should not be subject to frequent major overhauls. To the extent stability is not achieved, the effectiveness of the system may well be impaired. Major overhauls of tax law create confusion and require substantial public efforts and resources in order to be assimilated.

Simplicity

While the idea of a tax system that is simple to administer and understand is an appealing one, it is difficult to attain given the multiple goals of our tax system. Its present complexity is evidence that "simplicity" has been subordinated to other goals.

Conflicts

As stated earlier, these philosophies provide a rationale of sorts for various present tax policies. However, applying them to arrive at a comprehensive theory causes some problems. In fact, consideration of a specific tax issue may have philosophies which conflict with each other.

Once having pointed out that the fairness or unfairness of a particular tax provision depends upon the philosophy against which that provision is measured, the question naturally arises as to whether there is any overall sense in which individuals with differing interests can agree upon the fairness or unfairness of the tax system. Stated in this manner, however, the issue resembles that common to all group decisions under a representative form of government. In that setting, measuring the fairness of the tax system becomes a matter of assessing the reasonableness of the political compromise giving rise to it. That involves asking whether the competing legitimate interests of a diverse population have been adequately represented in achieving the final result.

We have all heard the word "loophole" used repeatedly. The term is difficult to define. Is there any such thing in the tax laws? Different philosophies of taxation have been manifested in the tax laws, all trying to accomplish different objectives. The mere question of there being loopholes is inevitably distressing, for it suggests that our legislators have been busily engaged in some sort of improper activity.

What may be a loophole to one person is to another an incentive that was put in the tax law to encourage him to follow a certain course of action that the state wants him to follow. He can even feel patriotic if he does what the state has asked him to do.

Unfortunately, we cannot learn very much by asking, "What is a loophole?" The only meaningful questions are those that focus on the precise purposes and effects of a special dispensation. Of course, the answers will vary, for they will reflect different standards of good and evil. But at least they will deal with the relevant issues.

To those that follow the philosophy of ability to pay, the lower tax rate for capital gains is a loophole. To the investor it is right and just because it preserves and stimulates our system of private enterprise. They will point to the benefits received by others because of their investments, including increased employment and productivity which in turn provide a larger base of income to tax.

A self-assessing system like the one Minnesota has cannot function properly if there is grave distrust and disillusionment. Upon a detailed study and applying a general assumption that there is a mutual respect for the interest of all others in considering the fairness of tax policy, many of the present tax system's detractors might find it much fairer than they had originally thought.

While the above remarks may appear to conflict with our charge of simplification, it is important that we not operate in a vacuum. We must weigh simplicity against the competing goals of equity and ability to pay. If we do not, our recommendation well might be to divide the budget by the number of citizens and assess everyone an equal amount.

Preliminary research finds no evidence of an economic profile of the State or an overall structural framework for our present tax system. By a structural framework I mean an expression of the principles or guiding philosophies that have determined our present system. It rather appears to be a patchwork of individual legislators' perceptions about particular segments that are of concern to them and their constituents at a particular time. An economic profile would compliment this structural framework by allowing legislators to make informed decisions knowing where the state is presently projected to be headed economically on both a short and long-term basis. This could lead to the establishment of an agreed upon set of objective criteria by which suggested policy alternatives could be evaluated and needed stability be established.

We should not attempt to develop such an economic profile, structural framework, or objective criteria but may want to recommend it be done in the near future. Once this is in the sunlight, public discussion and the political process can concentrate on concepts instead of getting lost in individual interests.

We must consider the advisability of using the Minnesota tax system to promote social policies or whether simplicity should prevail. While it may be acceptable for the United States to use its tax system for such purposes, should the main purpose of a state system be to raise revenue thereby simplifying it? Either an expenditure is necessary or not. If it is necessary it should be budgeted and accounted for. However, if the Legislature continued to follow the social policy philosophy, should it develop "tax expenditure" accounting procedures similar to the Federal so it will know the cost of such policy and periodically assess its continued desirability?

We should remember that the desirability of eliminating social legislation cannot be an absolute. If the philosophy of New Federalism is to leave to the states the

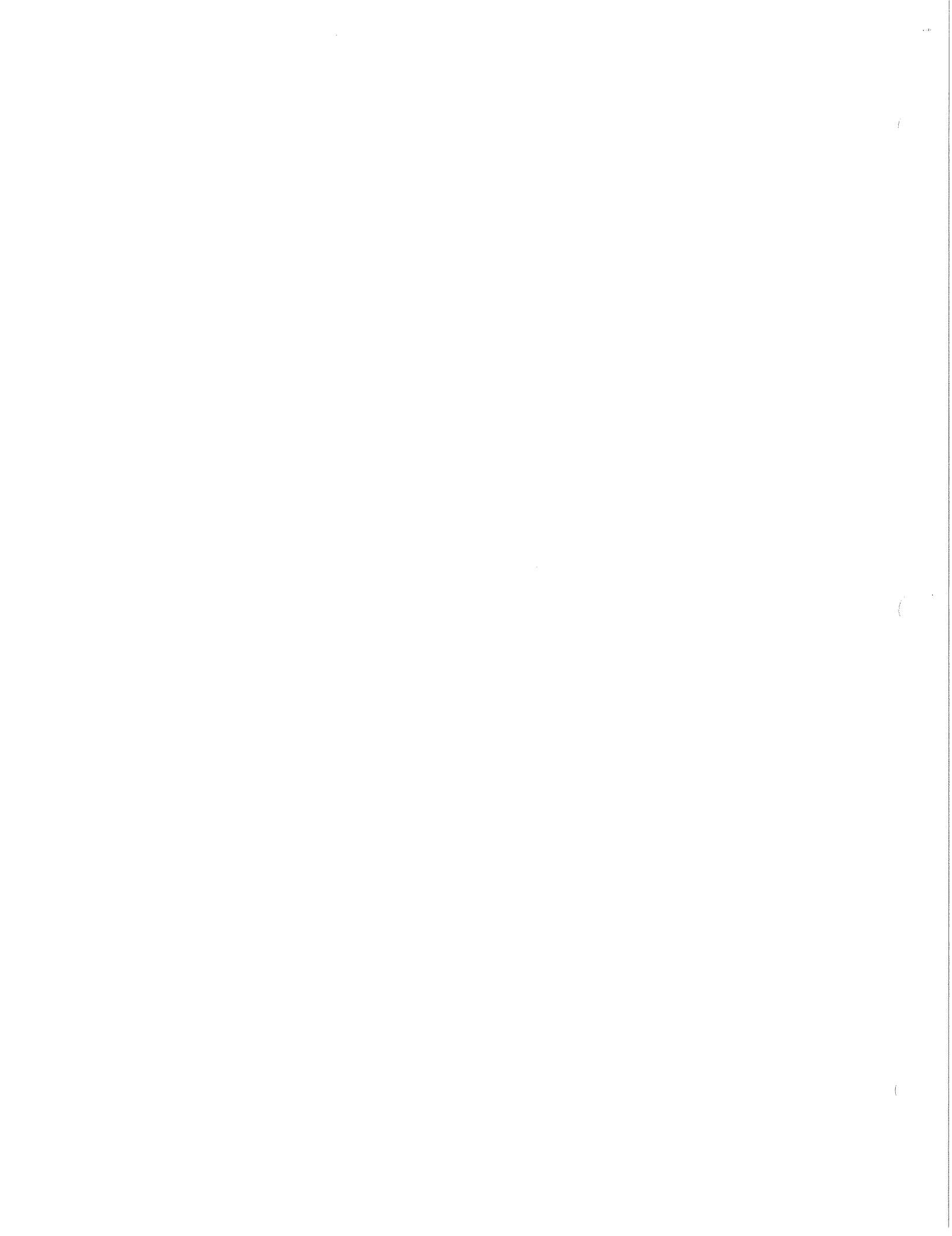
policies which can best be handled by the states, the income tax return may have to assume a role in the overall administration of such policy or policies.

This brings us to the point of our study. We should consider maintaining the present system as well as the following list of alternatives:

1. Base tax on gross receipts.
2. Base tax on gross income after deducting ordinary and necessary expenses to earn such income - compute separately from Federal.
  - Allow no (or greatly reduced) itemized deductions.
  - Use flat or progressive rates.
3. Define income as Federal adjusted gross income with certain modifications (present system).
  - Retain present modification.
  - Reduce all but absolutely necessary modifications.
  - (Interest on Federal obligations, part year resident and non-resident and non-Minnesota income.)
4. Allowable deductions (or the alternative, credits reducing tax).
  - Retain present itemized deductions.
  - Including Federal income tax liability.
  - Excluding Federal income tax liability.
  - If excluded - lower rates to compensate or use flat rate.
  - Revise present itemized deductions.
  - Adopt Federal itemized deductions.
  - Allow modifications of deductions.
  - Allow more liberal standard deduction (similar to Federal).
  - Revise the system of non-refundable and/or refundable credits.
5. Base tax on Federal taxable income (net of itemized deductions and exemptions).
  - Allow Federal income tax deduction.
  - Allow modifications to allow or disallow certain deductions.
  - Add back deductions for exemptions and allow credits instead.
6. Federal piggyback - Minnesota tax as a percentage of Federal income tax liability.
7. Gross expenditure tax - Gross receipts for the year minus amount saved (not spent) equals amount expended.
8. Other considerations -
  - Income splitting between husband and wife similar to Federal.
  - Flat rate on larger base (limited or no deductions).
  - Rate of progressivity.
  - Adopt rule whereby a Minnesota return is not due when a Federal return is not required.



**PART B**



CONCLUSION

We have studied many different proposals extensively. Minor alternatives to these several proposals were also considered. In many cases all had some merits and some drawbacks. We judged all the proposals by weighing the benefits and problems, but staying within acceptable burden shifts between specific groups of taxpayers.

Our tax system proposal is to replace the present system of individual income tax with:

A graduated tax based on Federal taxable income which would contain only mandatory modifications and would retain the Federal income tax deduction. It also contains a method of allowing married persons filing a joint return to obtain results similar to filing separate Minnesota tax returns.

This proposal is set forth in the piggyback subcommittee summary report included in this part (page C-3). The complete details maybe found in the interim report of the piggyback subcommittee in Part D.

This system simplifies the computations for everyone. It simplifies the return especially for married individuals by eliminating the requirement of splitting income on the present separate or combined return. The adoption of the Federal tax table amount to replace the standard deduction and the Federal exemptions to replace the personal and dependent credits make the filing requirements correspond to Federal for further simplification.

However, if this proposal is not adopted or is found to be unacceptable for some reason, we offer two additional, secondary alternatives.

1. Tune up the current system by eliminating all but mandatory modifications and non-tax items on the return--see Law Change summary and report.
2. Base a flat rate tax (seven percent) applied to Federal adjusted gross income (with only mandatory modifications). Not allowing Federal income tax as a deduction would keep the effective rate progressive and allowing an income exclusion based on household size would protect the low income from substantial increases in burden. However, the committee feels that the burden shift under this alternative may be too great. The idea certainly deserves further study.

For administrative changes and those not directly involved with the tax computation, we strongly urge the further study of the short form so it becomes available to more taxpayers. The step-flow-through method is also an important step in simplification. People can follow the procedures and can see why the information is requested and how the computations fit into the determination of the final tax liability. Outside assistance is available and could be obtained from experts who have extensive knowledge of the Federal system of forms design.

The importance of tax tips to draw attention to specific items in the instruction booklet should also be used. This draws attention to the items and can obtain other overall compliance with the instructional material by highlighting specific areas of concern. It would also be good public relations.

The specific information in the instruction booklet which covers nonresidents and part year residents should be concentrated into one area where it does not serve to confuse the full year residents or lead them through steps which are not applicable. We feel that it would be worthwhile to establish a separate bulletin or schedule to cover the specific problems of those who are not full year Minnesota residents.

The above sets forth the conclusions derived from our study. It may be helpful when considering these proposals or in studying the matter of tax simplification to have an idea of some of the considerations underlying our conclusion.

We feel a self-assessing system like the one Minnesota has cannot function properly if there is grave distrust and disillusionment. Upon a detailed study and applying a general assumption that there is a mutual respect for the interest of all others in considering the fairness of tax policy, many of the present tax system's detractors might find it much fairer than they had originally thought. We view as a major contribution to the lack of trust in the system, the instability of the tax laws. This is evidenced by frequent changes in the governing statutes. At the Federal level, changes in the tax rules have reduced the ability of taxpayer to make decisions on other than a short-term basis. It is felt that the state system cannot gain the trust of the taxpaying public if it is perceived as adding to this problem. However, as we have stated, we feel a system based on a modified Federal taxable income amount to be more acceptable and would produce a much simpler system, easily understood by all. Stability also enhances enforcement effects and mitigates perceived unequal and inconsistent treatment.

We considered the use of the Minnesota tax system to promote social policies and concluded that simplicity should prevail. We feel that while it may be acceptable for the United States to use its tax system for such purposes, the main purpose of a state system should be to raise revenue. In reaching this conclusion, we recognize that the desirability of eliminating social policies from tax legislation cannot be an absolute. The implications of the "New Federalism" philosophy may impose the necessity of retaining certain social policy responsibilities in the tax return. In any cases, an expenditure is either necessary or it is not. If it is necessary, it should be budgeted and accounted for. If the legislature continues to follow the social policy philosophy, it should develop "tax expenditure" accounting procedures similar to the Federal so it will know the cost of such policy and can periodically assess its continued desirability. A taxpayer's decision on social policy incentives may be influenced on the Federal level because of the high tax rates. However, on the State level, such decisions are seldom influenced because of the relative low net tax savings involved.

Once having pointed out that the fairness or unfairness of a particular tax provision depends upon the philosophy against which that provision is measured, the question naturally arises as to whether there is any overall sense

in which individuals with differing interests can agree upon the fairness or unfairness of the tax system. Stated in this manner, however, the issue resembles that common to all group decisions under a representative form of government. In that setting, measuring the fairness of the tax system becomes a matter of assessing the reasonableness of the political compromise giving rise to it. That involves asking whether the competing legitimate interests of a diverse population have been adequately represented in achieving the final result.

It is to this point that we present this report. We do not dictate formulation of a new system or demand immediate changes to the present system. But we do offer the proposed change in the method of taxation, changes in the law, and administrative suggestion to insure proper consideration be made. Hasty changes seldom produce desirable results. Only after extensive debate with input from all interested parties can the best program be established.

We also recommend to the legislature that an economic profile of the State and an overall structural framework for our present tax system be made. This would allow them to make informed decisions knowing where the state presently is and is projected to be on both a short and a long term basis.

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Final Report of the Governor's  
Task Force on Individual  
Income Tax Simplification  
Background

The Task Force was established under the authority of Executive Order No. 82-7 issued April 26, 1982. The purpose of the committee was to study the present individual income tax system together with various alternative systems so that specific recommendations for simplification could be submitted by October 1, 1982. A copy of the final report of the committee is to be issued to the Governor, the Senate Committee on Taxes and Tax Laws, and the House Committee on Taxes.

Governor Quie selected Frederick Bassinger as the Chairman of the Task Force. Mr. Bassinger is the partner-in-charge of the Minnesota offices of Deloitte, Haskins & Sells, an international firm of certified public accountants. The makeup of the 15-member committee included six professional tax practitioners and nine persons not involved in tax preparation except in preparing their own returns. The members included individuals from various geographic areas of the state. The names of the members of the Task Force and the subcommittee on which they served are included earlier in this report.

To provide necessary information and assistance to the committee, certain employees of the Department of Revenue were made available. The information required included technical knowledge of laws and procedures, form design, return processing, revenue estimates, and tax burden shifts. Outside information was received from the Administrative Staff of the Senate Committee on Taxes, and Tax Laws, various political, business, professional and public organizations, and interested individuals acting in their own behalf.

The Executive Order directed three areas of study: (1) Federal "piggy-backing" including federal collection, (2) changes in state law to achieve simplification, and (3) simplification with administrative changes. To facilitate this directive, the Task Force was divided into three separate subcommittees in the organizational meeting of May 27, 1982. Each of the subcommittees submitted a report to the full committee on their specific area of concern.

A graduated tax based on modified Federal taxable income was adopted as the recommended proposal.

Separate summaries of each of the subcommittee reports are shown later in this part. Each summary contains a brief outline of the final proposal from that subcommittee and some details of items considered in their study. In addition, a separate flat rate tax is proposed as an alternative to the piggybacking and the law change subcommittee proposals. Several forms of flat rate taxes are receiving considerable attention. This added proposal is presented to stimulate a more complete discussion of all tax simplification alternatives.

The full committee has determined a tax based on modified Federal taxable income is the most desirable. This proposal with the others are submitted to provide a basis for a complete public discussion of the tax simplification issue as well as formulating action in subsequent legislative sessions.

The report issued by the administrative change subcommittee was adopted by the full committee. A suggested short form with the recommendation that it be adopted by the Department for 1982 was submitted to Governor Quie on July 30, 1982. This recommendation needed immediate attention because of the deadline in submitting orders for the printing of forms. We understand this recommendation will be implemented for 1982.

While three areas of study were directed, it is easy to see that there is an interchange between the areas. During the period, highlights of the discussions within the subcommittees were presented to the full committee. This served the dual purpose of stimulating further discussion and of eliminating duplication of identical consideration.

The following pages reflect our conclusion and a brief summary of the study made by each subcommittee with the proposed recommendations.

## SUMMARY OF THE REPORT OF THE "PIGGYBACK" SUBCOMMITTEE

In accordance with the Executive Order establishing the Task Force, the committee reviewed the proposal of federal collection and administration of the Minnesota individual income tax as well as numerous other "piggyback" systems of state income taxation.

The committee dismissed the idea of federal collection and administration of the Minnesota tax primarily as the result of what was foreseen as a significant loss of control over the main course of revenue. Such a loss of control during a period of budgetary fluctuation is extremely troublesome to the committee and, therefore, rendered the proposal unacceptable.

Having rejected the concept of federal collection, the committee reviewed various alternative methods of assessing a tax using a "piggyback" system. Under any "piggyback" system, certain modifications to the tax base, such as removal of U.S. Government bond interest, are required, and others, military pay and pension exclusions for example, are discretionary. The committee strongly recommends that these modifications be kept to a minimum.

Several flat rate concepts were considered but all were rejected as the result of unsatisfactory shifts in the tax burden. The committee encountered a seemingly insurmountable problem in attempting to achieve an acceptable tax rate for lower income taxpayers without distorting the entire tax distribution. Thus, a progressive rate structure was considered a vital ingredient of a sound tax system. This could be achieved either through a flat rate applied to the progressive federal income tax or by applying a progressive rate structure to a base which is not progressive, i.e., federal adjusted gross income or federal taxable income.

The utilization of a percentage of the federal tax liability was discarded because of the inordinate burden of tax which would be borne by upper bracket taxpayers and the complications which would be caused by changes in the federal tax rates. The committee, therefore, decided to review projections based on progressive rates applied to federal adjusted gross income and federal taxable net income with certain modifications.

Several attempts to achieve an acceptable system of income taxation based on progressive rates applied against federal adjusted gross income proved unfruitful in themselves, but the lessened shifts in tax burdens encouraged the committee to look very closely at proposals based on progressive rates applied to federal taxable income. After much consideration and refinement, it is such a proposal which is recommended by the committee. The form and credit schedules as well as the detail of the recommendation are found in our interim report to the full committee.

In brief, the recommended tax structure is based on progressive rates applied against modified federal taxable income. Modifications include deductions for federal income taxes and U.S. bond interest. The state income tax deduction and refund are removed from federal taxable income as is the federal two wage earner deduction. A special two wage earner credit is allowed to married individuals where both spouses have earned income. The tax rates on this base begin at one percent of the first \$1,000 of taxable income and increase by income increments until the maximum marginal tax rate of sixteen percent is reached at an income of \$40,000.

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## SUMMARY OF THE REPORT OF THE LAW CHANGE SUBCOMMITTEE

The Law Change Subcommittee first performed a thorough analysis of the existing Minnesota income tax system. Alternative tax systems were discussed, but in the opinion of the subcommittee the only ones that merited further study were various federal "piggyback" proposals, and detailed consideration of those proposals was left to the subcommittee established for that purpose. Additionally, the subcommittee felt that its primary charge was to recommend specific law changes that would simplify the system presently in force.

The subcommittee became convinced that items not directly connected with the computation of tax (such as the political check off) or with the production of income (such as the homemaker's credit) should be eliminated. It concluded that simplification within the present Minnesota tax framework can best be achieved by conforming to federal concepts of income, deductions and credits wherever possible. The subcommittee recognized that this approach would require the elimination of many specific tax provisions that have been enacted by the state legislature over the years. Although the proposed elimination of these modifications, deductions and credits may not be supported by those taxpayers who are directly benefited by them, this bold step is essential in order to truly simplify our tax laws. The subcommittee does, however, recommend the retention of the nongame wildlife checkoff.

The subcommittee assumes that federal adjusted gross income remains the starting point in the Minnesota income tax computation. Under the subcommittee's proposal married couples would continue to be allowed to file jointly, separately or separately on a combined return. All modifications to adjusted gross income would be eliminated except for those relating to U.S. bond interest, state tax refunds, the federal two wage earner deduction and gains attributable to the difference between the federal and state basis of assets sold. Nonresidents and part year residents would use a separate schedule or form to compute their Minnesota taxable income, or alternatively, would be subject to a tax on all income reduced by a credit reflecting that proportion of the tax allocable to income not assignable to Minnesota.

Complete federal conformity is recommended in the area of itemized deductions, except that no deduction would be allowed for state income taxes paid. The subcommittee also recommends the establishment of a minimum standard deduction that would substantially reduce the number of persons who have to file a Minnesota return even though they are not required to file a federal return. The federal income tax deduction would be allocable between husband and wife in any proportion and, for residents, would be allowed in full even if part of it is attributable to income not taxed in Minnesota. The infamous six year carryforward resulting from last year's change in the method of deducting federal income taxes would be eliminated by allowing the balance of the deduction in full in 1983. Many tax credits would be eliminated and the computations required by others would be simplified. The property tax refund would be abandoned in favor of a direct credit against residential property taxes. Ideally, this reduction in tax would be passed on to renters in the form of lower rent and would eliminate the need for the rent credit as well. Finally, the minimum tax on tax preferences would be eliminated.

If the subcommittee's proposal is implemented twelve Minnesota tax schedules could be eliminated and two more would be simplified. The projected revenue impact of the subcommittee's recommendation is minimal.

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SUMMARY OF THE REPORT OF  
THE ADMINISTRATIVE CHANGES SUBCOMMITTEE

The Administrative Changes Subcommittee makes the following recommendations and observations:

1. A short form for the largest possible group of taxpayers (at least 400,000) be implemented for the 1982 tax year, and each subsequent year in which the tax structure is in force. The subcommittee believes this is the one administrative change that will have the most significant impact on simplifying the current reporting of Minnesota individual income tax. The exact style of the form is not critical, but the following suggestions are offered.
  - a. Print the short form using a color, preferably a light green.
  - b. Build the standard deduction into the tax tables.
  - c. Utilize the back of the form for worksheets so taxpayers will not need to refer to the instruction book except in difficult cases.
  - d. Institute certain format changes such as using individual boxes for writing numbers, and using the decimal point to indicate fractional dollars.
  - e. Refer to the form as Minnesota Form M-1A for consistency with Federal nomenclature and boldly indicate the M-1A on the top of the form.
  - f. Provide a checklist of who may use the short form on the front of the instruction book.
2. For both the long form and the proposed short form, develop a method for carrying over city, county, township and occupation data, so that only changes need be coded when they occur.
3. Reduce the number of occupation codes to 50 or less.
4. Include the two wage earner married couple addition to Federal adjusted gross income as a separate line item on the 1982 M-1 and M-1A.
5. If significant law simplifications or piggyback cannot occur within the next year, implement the flow-through design for Form M-1.
6. On all forms, use graphics as much as possible where they can have the maximum benefit.
7. Develop a non-resident/part-year resident worksheet to be included as part of the tax bulletin Number 70.
8. Continue the distribution of Form M-1C to banks and post offices, and for 1982 and beyond add Form M-1M to the same distribution.
9. Employ the "tax tip" instruction highlighting for identifying valuable tax information.

10. Provide more arithmetic examples in the instructions for the more complex computations.

In addition, the Subcommittee strongly believes that when any tax form includes statistical, social, political or other non-revenue collecting data, it is not simplified. For these reasons, the Subcommittee recommended the elimination of the Non-game Wildlife Checkoff on the proposed short form. While there may be other considerations effecting such a move, the Subcommittee still strongly endorses this principle of simplification.

The following pages reflect the proposals presented in the adoption of a short form return. It includes a letter to Governor Quie presenting the Task Force's recommended short form.

A copy of the press release issued by the Department along with the one page short form actually adopted and the criteria for using the short form is included.

The last two forms show a flow through version of the short form and a modified flow through version of the long form.

The new Federal Form 1040EZ utilizes the flow through concept. It appears clear that a broader use of this will be made in the future development of Federal income tax forms and schedules. Minnesota should be prepared to adopt this format at the same time that it would be adopted for Federal.

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**STATE OF MINNESOTA**

DEPARTMENT OF REVENUE  
CENTENNIAL OFFICE BUILDING  
SAINT PAUL, MINNESOTA 55145  
PHONE:

July 30, 1982

The Honorable Albert H. Quie  
Governor, State of Minnesota  
130 Capitol Building  
St. Paul, Minnesota 55155

Dear Governor Quie:

After today's full committee meeting, it was unanimously agreed that we adopt a "short" Minnesota individual tax return as soon as possible. We have been informed by Mr. Clyde Allen, Commissioner of Revenue, that he supports the concept of a short form and that he will do everything possible to implement this recommendation in 1982. We have previously furnished the Commissioner with a mock-up of the simplest form we feel is feasible considering the following:

1. A substantial number must qualify for its use. With this form, 425,000 taxpayers could avail themselves of its use.
2. This one page form (with two worksheets on the back) replaces up to six pages that targeted taxpayers must currently consider.

Again, this one page form is the simplest we could devise under existing law. It excludes certain items such as the Nongame Wildlife checkoff for the reasons of simplicity. It may be decided that there are considerations other than simplicity that would dictate retention of such items.

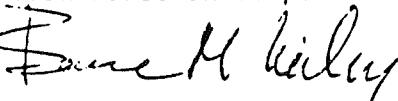
Attached is a mock-up of a suggested short form that embodies the simplification principles studied by the committee. This mock-up would replace the use of Minnesota Forms M-1 (Minnesota Income Tax Return), M-1B (Deduction for Federal Income Taxes); Schedule A (Itemized Deductions) and M-1M (Modifications to Federal Adjusted Gross Income).

Honorable Albert H. Quie  
July 30, 1982  
Page two

Our final report will be delivered to you on or before September 30, 1982; however, we felt that because of time constraints this interim recommendation should be communicated to you immediately.

Sincerely,

  
FREDERICK W. BASSINGER, Chairman  
Task Force on Simplification

  
BRUCE M. WEBER, Chairman  
Administrative Changes Subcommittee

FWB:BMW:fs

About 25 percent of Minnesota's 1.8 million taxpayers will be able to file their 1982 state income tax returns using a new state income tax short form, state revenue commissioner Clyde Allen said today.

The short form will be for use by single persons only, Allen said.

He said the state Department of Revenue decided to develop the short form at the urging of the state income tax simplification task force appointed this year by Governor Albert Quie.

The new pale green short form will have only one-third the lines of the 1981 Minnesota income tax form, and will be printed on one side of a single sheet, Allen said.

Not all single persons will be able to use the Minnesota short form, he said.

Those eligible to use the form are single persons with 1982 incomes under \$40,000 who are not itemizing deductions and not applying for income tax credits -- except the personal and dependent credits, which apply to everyone.

Allen estimates that about 420,000 single persons will be able to use the 1982 state short form -- slightly more than half of all single Minnesotans who are expected to file 1982 state income tax returns.

Allen said that the revenue department would like to have developed a short form which could be used by greater numbers of people -- both single and married.

But to include more than 420,000 taxpayers among the potential users of the short form would have meant going to a two-page form, he said.

"Until the legislature changes state income tax laws to make more sweeping simplification of the income tax form possible, this is about the greatest number of people we can reach with a short form," Allen said.

Changes in state law to make possible greater simplification of Minnesota's income tax forms and instructions are now being studied by the income tax simplification task force.

By October 1st the task force is expected to submit recommendations to the governor for law changes allowing greater simplification.

The recommendations cannot be considered for enactment into law until the legislature meets in January.

No law changes were necessary to develop the 1982 short form, Allen said.

He said the form is based on a recommendation by a subcommittee of the task force which has been studying what could be done to simplify forms and instructions under existing state laws.

Allen said the new short form will be unveiled to the public in November when the revenue department holds training sessions on 1982 income tax reporting for professional tax preparers and for members of volunteer groups which help elderly and disabled persons prepare their income tax returns.

At present the revenue department is fine-tuning the form, he said.

The new short form -- and a special booklet of instructions -- will be mailed in early January to each of the approximately 420,000 unmarried Minnesotans whose 1981 state tax returns indicate they would be eligible to file the short form for 1982.

The short form and instruction booklet will also be available -- along with other state income tax forms -- at most banks and post offices in January.

Taxpayers who receive short forms in the mail but aren't eligible to use them, or who prefer to use the regular form, can pick up a regular form at a bank or post office.

Or they can telephone the revenue department and ask to have a regular form mailed to them, Allen said.

The short form instruction booklet will also contain the gold-colored form and instructions for the 1982 property tax refund.

Criteria for Using Short Form M-1A (as of 9-14-82)

Single  
Minnesota resident  
Minnesota income less than \$40,000  
No income exempt from federal tax but subject to Minnesota tax  
(i.e. no additions)  
Uses standard deduction (does NOT itemize)  
Has 2 or less dependents  
Is not blind, deaf or quadriplegic and does not have blind, deaf or  
quadriplegic dependents  
Does not wish to claim the following credits:  
Homemaker  
Income tax paid to other states  
Political contribution  
Residential energy  
Pollution control  
Estimated tax payments  
Exempt agricultural electricity  
Child and dependent care  
Gasoline and special fuel tax  
Does not wish part of refund to be transferred to estimated tax  
Does not owe a penalty for underestimation of estimated tax  
Does not have self-employment income  
Does not owe tax on: Severance pay, lump-sum distribution, minimum tax  
on preference items  
Did not make any payment of federal tax in 1982 for a year before 1981.



Form  
M-1A1982 Minnesota SHORT FORM  
(for some single persons only)

Before you begin, read "Use of Information" in the instructions

Please print or type

Our full first name and initial	Last name	Your social security number
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Present home address (number and street, apartment number or rural route)

City, town or post office	State	Zip code
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**State Election Campaign Fund - Check a box for yourself. Dependents 18 and older not filing their own forms may also contribute by checking a box and signing below. This will not increase your tax or reduce your refund.**

	Democratic - Farmer - Labor	Independent - Republican	Minor Party	General State Campaign Fund	No Contribution
You	6 <input type="checkbox"/>	8 <input type="checkbox"/>	10 _____	12 <input type="checkbox"/>	14 <input type="checkbox"/>
Dependents 18 or older	7 <input type="checkbox"/>	9 <input type="checkbox"/>	11 _____	13 <input type="checkbox"/>	15 <input type="checkbox"/>
(Fill in the number from page X of the instructions)					

## Your Minnesota Income

- 1 Start by filling in your federal adjusted gross income (from line X of Form 1040EZ or line X of Form 1040A or line XX of Form 1040). . . . . **1** \_\_\_\_\_.
- 2 Add together:
  - a. subtractions from federal adjusted gross income (read instructions, page X) . . . . . **a** \_\_\_\_\_.
  - b. federal tax deduction (read instructions, page X) . . . . . **b** \_\_\_\_\_.
- 3 Subtract line 2 from line 1. The result is your Minnesota Income . . . . . **3** \_\_\_\_\_.

## Your Minnesota Tax

To determine your tax, you need to know how many credits you have. Use the credit checklist below:

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Number of boxes checked	<input type="text"/>
you	65 or over	1st dependent	2nd dependent	Total Credits	

- 4 Turn to the tax table on page XX of the instructions. Use the column for your total number of credits to find your tax and fill in the amount here . . . . . **4** \_\_\_\_\_.
- OR
- 5 Low Income Alternative Tax (read instructions, page X) Skip this line if line 1 is \$20,000 or more or you are someone else's dependent . . . . . **5** \_\_\_\_\_.
- 6 Your Minnesota Tax. If you filled in line 5, fill in the amount from line 4 or 5, whichever is less. If you did not fill in line 5, fill in the amount from line 4 . . . . . **6** \_\_\_\_\_.

## Minnesota Nongame Wildlife Fund

You can contribute \$1 or more to this fund. (Your contribution will reduce your refund or increase the amount you have to pay.)

- 7 Fill in the amount you wish to give here . . . . . **7** \_\_\_\_\_.
- 8 Add lines 6 and 7 . . . . . **8** \_\_\_\_\_.

## Refund or Amount Due

- 9 Fill in the Minnesota tax withheld in 1982 (from your W-2 forms). . . . . **9** \_\_\_\_\_.
- 10 If line 9 is more than line 8, subtract 8 from 9 and fill in your Refund . . . . . **10** \_\_\_\_\_.
- 11 If line 8 is more than line 9, subtract 9 from 8 and fill in the Amount Due . . . . . **11** \_\_\_\_\_.  
(Make your check or money order out to: Commissioner of Revenue. Put your social security number on your check.)

Taxpayer - I declare under the penalties of perjury and criminal liability for willfully making a false return that this return is true, correct and complete to the best of my knowledge and belief. I hereby consent judgment to the State of Minnesota for the amount of the tax shown due hereon, to the extent not timely paid. Preparer - This return is true, correct and complete to the best of my knowledge and belief.

Sign  
Here

Your signature	Date	Telephone number
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Signature of preparer if not taxpayer	Address, city, state, zip code	Minn. I.D. or soc. sec. no.	Date	Telephone number
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To reduce state printing cost, if you do not need state income tax forms and instructions mailed to you next year, check box.

►  2Mail to: Minn. Individual Income Tax  
St. Paul, Minn. 55145

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Short Form SM-1

**1982 MINNESOTA Income Tax Return**

Before you begin, read "Use of Information" in the instructions.

**MOCK-UP**

as of July 30, 1982.

- Step 1 Name and address** — Use the label from the front cover or your instruction booklet. If your label is incorrect, make all necessary corrections. If you did not receive a label, please print or type the information.

Your full first name and initial	Last name(s)	Your social security number 	If any of the following changed since you filed your 1981 return fill in this box:		
Spouse's full first name and initial		Spouse's social security number 	Former name, address or marital status		
Present home address (number and street, apartment number, or rural route)					
City, town or post office		State	Occupation number _____ You _____ Spouse _____		
County	Check a box and fill in name of Minnesota city or township where you lived in 1982. <input type="checkbox"/> City <input type="checkbox"/> Township		Date of change		

**Step 2 Check your filing status**1  Check this box if you are married2  Check this box if your spouse is filing a separate form

- Step 3 State Elections Campaign Fund** check a box for you and a box for your spouse. Dependents 18 and older not filing their own forms may also contribute by checking a box and signing below. This will not increase your tax or reduce your refund.

	You	Spouse	Dependent's 18 or older
Democratic-Farmer-Labor	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>
Independent-Republican	8 <input type="checkbox"/>	9 <input type="checkbox"/>	10 <input type="checkbox"/>
Minor Party (Fill in the number from page 3 of the instructions)	11 _____	12 _____	13 _____
General State Campaign Fund	14 <input type="checkbox"/>	15 <input type="checkbox"/>	16 <input type="checkbox"/>
No Contribution	17 <input type="checkbox"/>	18 <input type="checkbox"/>	19 <input type="checkbox"/>

**Step 4 Figure your gross income**

- 1 Federal adjusted gross income (from line 10 of your federal Form 1040A or line 31 of your Form 1040. If you are not filing a federal return, read page x of the instructions) . . . . .

A Wife Only

B Husband, Joint Return or Single Person

1	.	.
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- 2 Two earner married couple deduction (from line xx of federal Form 1040A or line xx of Form 1040) . . . . .

2	.	.
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- 3 Minnesota gross income (add lines 1 and 2) . . . . . 3

3	.	.
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**Step 5 Figure your federal tax deduction**

- 4a Federal income tax (from line 47 of federal Form 1040 or line 15a less line 13a of Form 1040A) . . . . . 4a

A Wife Only

B Husband, Joint Return or Single Person

.	.
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- 4b Federal adjusted gross income (from line 1 on the front of this form) . . . . . 4b

.	.
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- 4c Total federal adjusted gross income (add the amounts on line 4b, columns A and B). Fill in the total in both columns. . . . . 4c

.	.
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- 4d Divide the amounts on line 4b by the amount on line 4c (you can round these numbers to two decimal places) . . . . . 4d

.	.
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- 4e Multiply the amount on line 4a by the numbers on line 4d . . . . . 4e

.	.
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- 4f Allowable deduction for 1980 federal tax paid in 1981 (from line 22 of your 1981 Schedule M-1B) . . . . . 4f

.	.
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- 4g Add the amounts on lines 4e and 4f (this is your federal tax deduction) . . . . . 4g

.	.
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**Step 6 Figure your taxable income and tax**

- 5 Minnesota taxable income (subtract line 4g from line 3) . . . . . 5

A Wife Only

B Husband, Joint Return or Single Person

.	.
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- 6 Tax from table on pages x and z of the instructions. . . . . 6

.	.
---	---

- 7 Total (add the amounts in columns A and B, line 6) . . . . . 7

.	.
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7 Fill in the amount from line 7 on the front of this form. . . . . 7

**Step 7 Figure your personal credits**

Ba Credit for you - Check first box and any other that applies:

You     Age 65 or over     Blind     Deaf     Quadriplegic

Number of boxes checked for you  
Ba

Bb Credit for spouse - Check first box and any other that applies:

Spouse     Age 65 or over     Blind     Deaf     Quadriplegic

Number of boxes checked for your spouse  
Bb

Bc Credit for dependents - Write the names and ages of your dependents below:

Number of dependents  
Bc

Bd Additional credit for blind, deaf or quadriplegic dependents -

Fill in number of dependents in each box that applies     Blind     Deaf     Quadriplegic

Number of additional credits for dependents  
Bd

Be Total number of credits (add lines Ba through Bd) . . . . . Be

Bf If the number on line Be is:    1    2    3    4    5    6    7    8    9 or over

Fill in this amount on line Bf:	\$68	\$136	\$204	\$272	\$340	\$408	\$476	\$544	Multiply the number on line Be by \$68
---------------------------------	------	-------	-------	-------	-------	-------	-------	-------	--

Bf

**Step 8 Figure your total tax**

9 1982 income tax (subtract line Bf from line 7)

If line Bf is greater than line 7, fill in "None" . . . . . 9

10 If the total of the amounts on line 3, columns A and B, is \$20,000 or less and if you are not someone's dependent, read the instructions on page x. Low income alternative tax from line x of the worksheet . . . . . 10

Also list your total household income from line x of the worksheet . . . . .

**MOCK-UP**

11 If you filled in line 10, fill in the amount from line 9 or 10, whichever is less. If you did not fill in line 10, fill in the amount from line 9 . . . . . 11

12 Surtax (multiply the amount on line 11 by 0.07 (7%)) . . . . . 12

13 Total 1982 income tax (add lines 11 and 12) . . . . . 13

**Step 9 Tax already paid**

14 Minnesota income tax withheld in 1982 . . . . . 14

**Step 10 Refund or****Tax payment due**

If line 14 is more than line 13, fill in

If line 13 is more than line 14, fill in

Line 14 . . . . .

Line 13 . . . . .

Subtract line 13 from line 14. This is your Refund . . . . .

15

Subtract line 14 from line 13. This is your Tax payment due . . . . . 16

Make your check or money order out to "Commissioner of Revenue". Put your social security number on your check.

**Step 11 Sign your return**

Taxpayer - I declare under the penalties of perjury and criminal liability for wilfully making a false return, that this return is true, correct and complete to the best of my knowledge and belief. I hereby confess judgement to the State of Minnesota for the amount of the tax shown due hereon to the extent not timely paid.

Preparer - This return is true, correct and complete to the best of my knowledge and belief.

Your signature

Spouse's signature (if joint or combined return)

Date

Telephone number

( )

Signature of preparer if not taxpayer Address city, state, zip code Minn ID or Soc Sec No Date

Telephone number

C-16  
**1982 MINNESOTA Income Tax Return**  
*Before you begin, read "Use of Information" in the instructions.*

Your full first name and initial	Last name(s)	Your Social Security number	Check box and fill in name of Minnesota city or township where you live in 1982.		<input type="checkbox"/> City	<input type="checkbox"/> Township
Spouse's full first name and initial		Spouse's Social Security number	County	Occupation number	You	Spouse
Present home address (number and street, apartment number, or rural route)				Fill in your former name, address or marital status if changed since you sent in your 1981 return		
City, town or post office		State	Zip code	Date of change:		

State Elections Campaign Fund — Check a box for you and a box for your spouse. Dependents 18 and older not filing their own forms may also contribute by checking a box and signing below. This will not increase your tax or reduce your refund.		Democratic-Farmer-Labor	Independent-Republican	Minor Party	General State Campaign Fund	No Contribution
You	<input type="checkbox"/>	12 <input type="checkbox"/>	15 <input type="checkbox"/>	(Fill in the number from page 3 of the instructions)	18 <input type="checkbox"/>	21 <input type="checkbox"/>
Spouse	<input type="checkbox"/>	13 <input type="checkbox"/>	16 <input type="checkbox"/>		19 <input type="checkbox"/>	22 <input type="checkbox"/>
Dependents 18 or older	<input type="checkbox"/>	14 <input type="checkbox"/>	17 <input type="checkbox"/>		20 <input type="checkbox"/>	23 <input type="checkbox"/>

Your Filing Status		Check only if one of these applies:	3 <input type="checkbox"/> Nonresident full year	4 <input type="checkbox"/> Resident part year
1 <input type="checkbox"/> Check this box if you are married	2 <input type="checkbox"/> Check this box if your spouse is filing a separate form			

Credit for You, Your Spouse and Dependents

5 Credit for you - Check first box and any other that applies:

You     Age 65 or over     Blind     Deaf     Quadriplegic

Number of boxes checked for you \_\_\_\_\_

6 Credit for spouse - Check first box and any other that applies:

Spouse     Age 65 or over     Blind     Deaf     Quadriplegic

Number of boxes checked for your spouse \_\_\_\_\_

7 Credit for dependents - Write the names and ages of your dependents below:

Number of dependents \_\_\_\_\_

8 Additional credit for blind, deaf or quadriplegic dependents -

Fill in number of dependents in each box that applies

Blind     Deaf     Quadriplegic

Number of additional credits for dependents \_\_\_\_\_

9 Total number of credits (add lines 5 through 8) . . . . .

Your Income and Tax

	A Wife Only	B Husband, Joint Return or Single Person
10 Federal adjusted gross income (from line 32 of federal Form 1040 or line 12 of Form 1040A or line 3 of Form 1040EZ. If you are not filing a federal return, read page 4 of the instructions) . . . . .	10	.
11 Deduction for married couple when both work (from line 29 of federal Form 1040 or line 11 of Form 1040A) . . . . .	11	.
12 Additions to your federal adjusted gross income (read instructions, page 4) . . . . .	12	.
13 Total (add lines 10, 11 and 12) . . . . .	13	.
14 Subtractions from your federal adjusted gross income (read instructions, page 5). <i>of August 24, 1982</i> . . . . .	14	.
15 Minnesota gross income (subtract line 14 from line 13) . . . . .	15	.
16 Federal income tax deduction (read instructions, page 6) . . . . .	16	.
17 Minnesota adjusted gross income (subtract line 16 from line 15) . . . . .	17	.
18 Total deductions (choose one method only and check the box)	18	.
<input type="checkbox"/> Standard deduction (to determine, read instructions, page 9) . . . . .		.
<input type="checkbox"/> Itemized deductions (from line 27 of your Schedule A) . . . . .		.
19 Minnesota taxable income (subtract line 18 from line 17) . . . . .	19	.
20 Tax from table on page 23 of the instructions . . . . .	20	.
21 Total tax (add the amounts on line 20, columns A and B) . . . . .	21	.

22 Amount from line 21 on the front of this form . . . . . 22

#### Credits Before Tax

23 Multiply the total number of credits on line 9, page 1 by \$68 and fill in the result here . . . . .	23	
24 Homemaker credit . . . . .	24	
25 Credit for income tax paid to other states (attach Schedule M-1CR) . . . . .	25	
26 Political contribution credit . . . . .	26	
27 Residential energy credit (attach Schedule REC) . . . . .	27	
28 Pollution control credit (attach Schedule PC) . . . . .	28	
29 Total Credits Before Tax (add lines 23 through 28) . . . . .	29	

#### Figuring Your Tax

30 Subtract line 29 from line 22. If line 29 is greater than line 22, write "None" . . . . .	30	
31 Low income alternative tax. If the total of the amounts on line 13, columns A and B, is \$20,000 or less and if you are not someone's dependent, read the instructions on page 16. Low income alternative tax amount (from line 8 of the worksheet) . . . . .	31	
32 1982 income tax. If you filled in line 31, fill in the amount from line 30 or 31, whichever is less. If you did not fill in line 31, fill in the amount from line 30 . . . . .	32	
33 Surtax (multiply the amount on line 32 by 0.07. (7%)) . . . . .	33	
34 Total 1982 income tax (add lines 32 and 33) . . . . .	34	
35 If you wish to donate \$1 or more to the Minnesota Nongame Wildlife Fund, fill in the amount here. This will reduce your refund or increase the amount you must pay . . . . .	35	
36 Total (add lines 34 and 35) . . . . .	36	

#### Credits After Tax

37 Minnesota income tax withheld in 1982 . . . . .	37	
38 Total payments on 1982 estimated tax . . . . .	38	
39 Exempt agricultural electricity credit (attach Schedule EAC) . . . . .	39	
40 Minnesota child and dependent care credit (read instructions, page 18) . . . . .	40	
41 Gasoline and special fuel tax credit for boat use only (attach Schedule GTC) . . . . .	41	
42 Gasoline and special fuel tax credit for other than boat use (attach Schedule GTC) . . . . .	42	
43 Total Credits After Tax (add lines 37 through 42) . . . . .	43	

#### Your Refund or Payment Due

44 If line 43 is greater than line 36, subtract 36 from 43 and fill in Amount of Refund : . . . . .	44	
45 If you pay estimated tax, fill in the amount of your refund from line 44 that you want credited to your 1983 Estimated Tax, if any . . . . .	45	
46 If line 36 is greater than line 43, subtract 43 from 36 and Pay This Amount . . . . . (Make your check or money order out to Commissioner of Revenue. Put your social security number on your check.)	46	

Check  if Schedule M-4291 is attached (read instructions, page 18). . . . .

Taxpayer — I declare under the penalties of perjury and criminal liability for willfully making a false return that this return is true, correct and complete to the best of my knowledge and belief. I consent to judgment to the State of Minnesota for the amount of the tax shown due herein to the extent not timely paid. Preparer — This return is true, correct and complete to the best of my knowledge and belief.

Sign  
Here

Your signature

Spouse's signature (if joint or combined return)

Date

Telephone number

Signature of preparer if not taxpayer

Address, city, state, zip code

Minn. I.D. or soc sec no.

Date

Telephone number

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Mail to: Minn. Individual Income Tax  
St. Paul, Minn. 55145

INTERIM REPORT  
"PIGGYBACK" SUBCOMMITTEE  
GOVERNOR'S TASK FORCE ON INCOME TAX SIMPLIFICATION

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Recommendations

The committee recommends a tax method based on progressive rates applied to federal taxable income (currently line 34 of the U.S. Individual Income Tax Return) minus a deduction for federal income taxes and with a joint return equalization credit allowable. This alternative results in substantial simplification and, at the same time, minimizes the shift in tax burden amongst classes of taxpayers.

Summary of Proposal

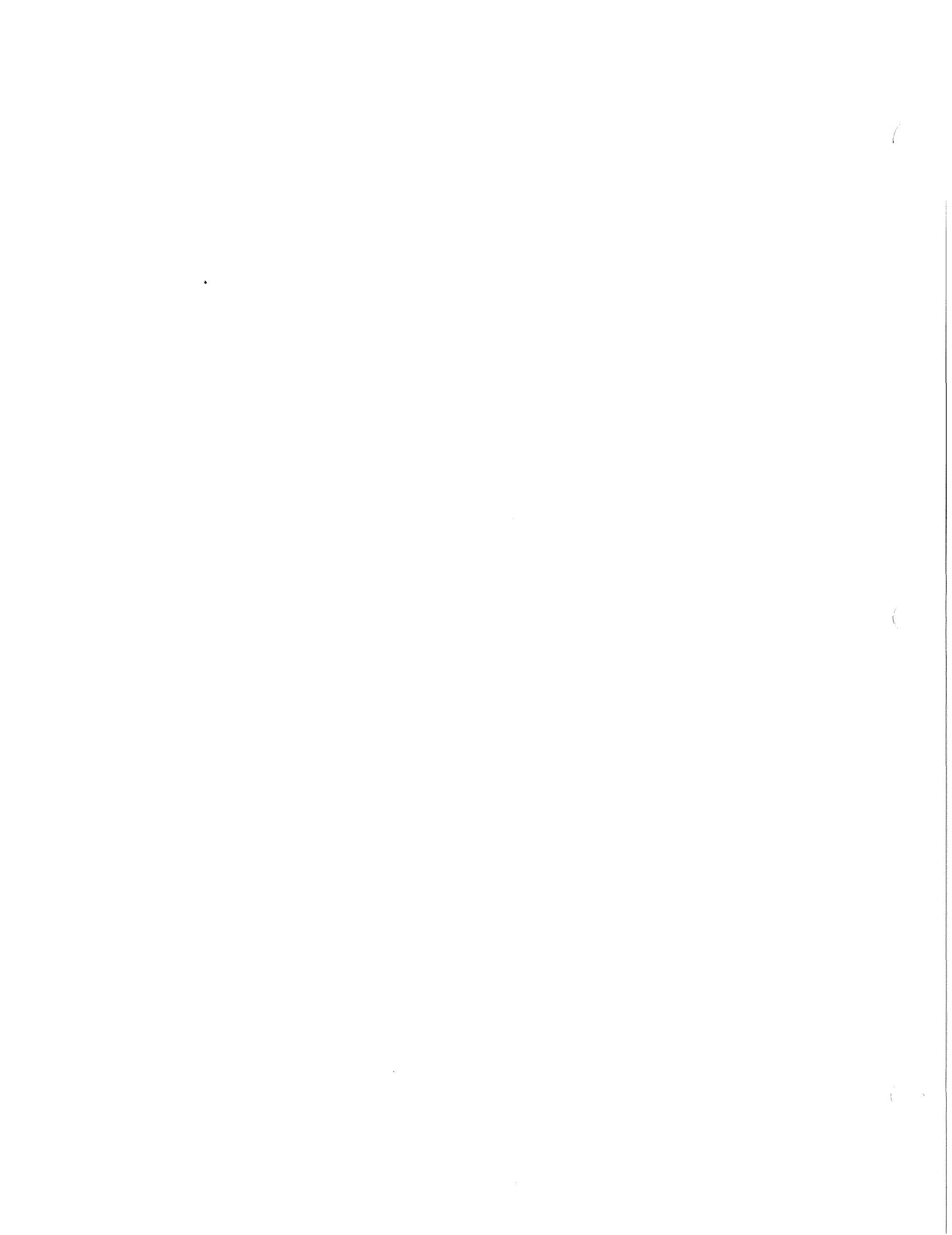
- A) Federal taxable income is used as a base, thereby, allowing the taxpayer the benefit of itemized deductions. Since Minnesota law as to itemized deductions allowable closely parallels federal law, changes in this area would be minimal. However, a substantial simplification occurs due to the removal of the concept of two separate schedules reporting itemized deductions, one for federal and one for Minnesota.
- B) A deduction is allowed for the accrued federal income tax liability of the taxpayer. Such a deduction is needed in order to keep the relative tax burden substantially unchanged. Because of the steep progressivity in the federal tax structure, the federal tax deduction must be retained to prevent a shift in tax burden to those taxpayers earning in excess of \$50,000 per year. Although the retention of the federal tax deduction may be seen by some as a negative aspect of this proposal, the committee feels the deduction can, and will, be much less complex than under current law.
- C) Married taxpayers must elect the same filing status, joint or separate, for purposes of the Minnesota income tax as was elected for the federal income tax.

- D) A joint return equalization credit is allowed to reduce the shift in tax burden to married couples with earned income from both spouses.
- E) The committee recommends the use of tax tables so that no taxpayer will be required to make any tax calculations except, possibly, at very high levels of income. A table is, also, recommended for use by the taxpayer in determining the joint return equalization credit. This will essentially remove the calculation responsibility from the taxpayer.
- F) With annual rate adjustments and timely legislative acceptance of federal changes, a constitutional amendment need not precede implementation of this proposal. However, to insure continued simplicity, the committee recommends that a constitutional amendment be sought to enable prospective acceptance of federal changes. Such action could be begun immediately after the decision is made to implement this proposal.
- G) The committee recommends that modifications to federal taxable income be limited to the following:
  - 1) Add -
    - a) the net state income tax deduction.
    - b) federal two earner married couple deduction, and
    - c) non-Minnesota municipal bond interest.

2) Subtract -

U.S. bond interest

- H) With respect to the taxation of part-year residents and nonresidents, the committee recommends a method based upon apportionment of the tax associated with all income rather than the income and expense modification method currently used. The Minnesota tax would be determined by apportioning the full tax computed on all income by a ratio reflecting the net Minnesota income over total net income.
- I) The joint return equalization credit and a credit for income taxes paid to other states are the only such credits against tax allowed under this proposal.
- J) Projections indicate that necessary revenue levels can be attained and will be controlled by the State.



Proposal:

Progressive Tax Rates applied to federal taxable income minus federal tax.

Add: Municipal Bond Interest  
 Federal Marriage Penalty  
 Federal Deduction for State Income Tax

Subtract: U.S. Bond Interest  
 Non-resident Earnings  
 State Tax Refund

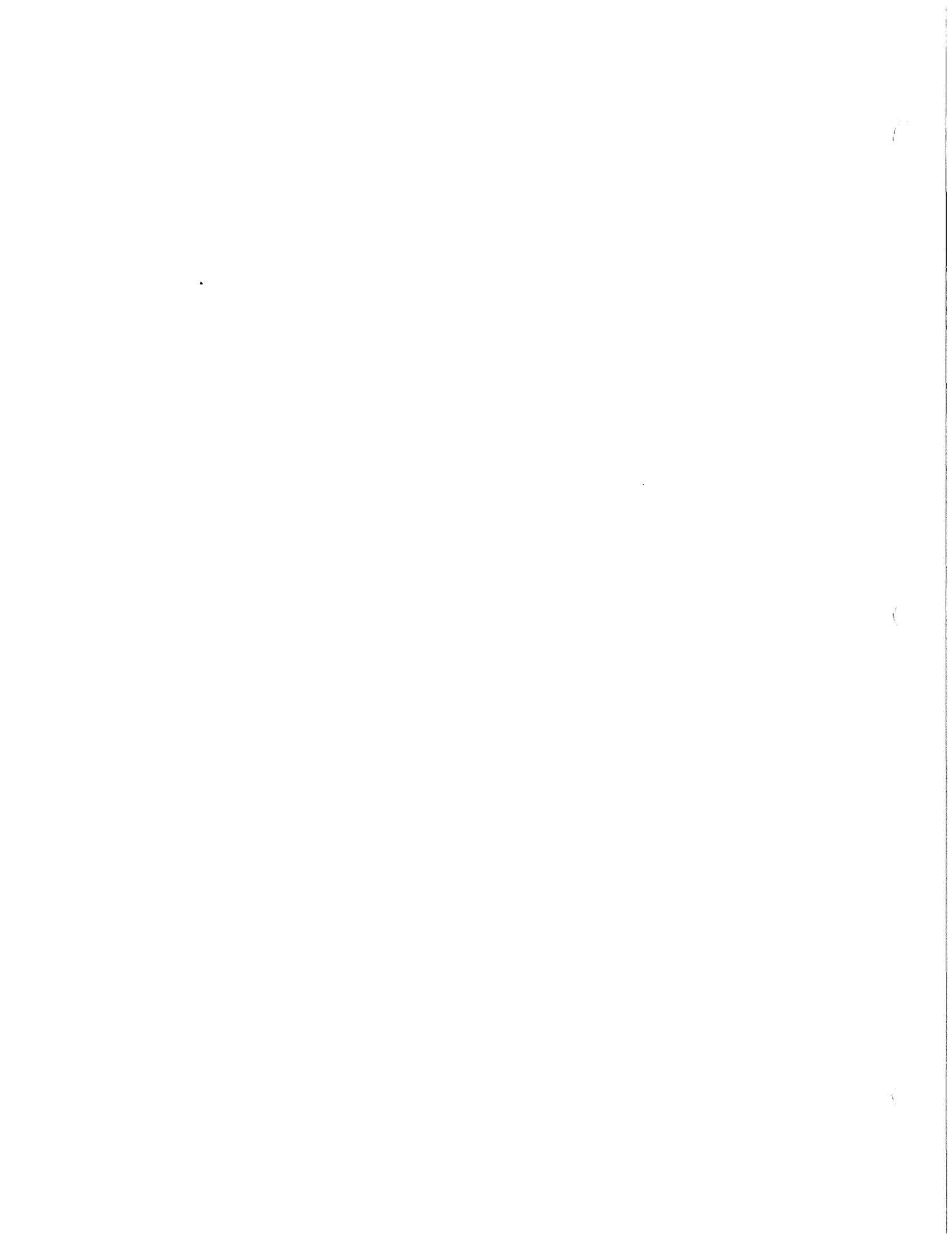
Tax Rate Schedule:

<u>Taxable Income</u>	<u>Tax Rate</u>
\$ 0 - \$ 1,000	1.0%
1,000 - 2,000	2.2
2,000 3,000	3.5
3,000 4,000	5.4
4,000 5,000	7.3
5,000 6,000	8.8
6,000 7,000	10.2
7,000 8,000	11.5
8,000 9,000	12.8
9,000 10,000	13.6
10,000 15,000	14.4
15,000 25,000	15.0
25,000 40,000	15.5
40,000 AND OVER	16.0

Budget Impact: -\$ .2 million

Prepared For: Governor's Task Force on Minnesota Income Tax Simplification

By: Minnesota Department of Revenue  
 Research Office  
 August 12, 1982



T-F  
19 MINNESOTA Income Tax Return

Before you begin, read "Use of Information" in the Instructions.

Your full first name and initial	Last name(s)	Your Social Security number	Check box and fill in name of Minnesota city or township where you live in 19		<input type="checkbox"/> City	<input type="checkbox"/> Township
Spouse's full first name and initial		Spouse's Social Security number	County	Occupation number:	You	Spouse
Present home address (number and street, apartment number, or rural route)					Fill in your former name, address or marital status & changed since you sent in your 19 return	
City, town or post office		State	Zip code	Date of change:		
7 <input type="checkbox"/> Check this box if you are married		8 <input type="checkbox"/> Check this box if your spouse is filing a separate form		Check only if one of these applies:		
				9 <input type="checkbox"/> Nonresident full year      10 <input type="checkbox"/> Resident part year		

State Elections Campaign Fund — Check a box for you and a box for your spouse. Dependents 18 and older not filing their own forms may also contribute by checking a box and signing below. This will not increase your tax or reduce your refund.

	Democratic-Farmer-Labor	Independent-Republican	Minor Party	General State Campaign Fund	No Contribution
You	11 <input type="checkbox"/>	14 <input type="checkbox"/>	17 _____	(Fill in the number from page 3 of the Instructions)	20 <input type="checkbox"/> 23 <input type="checkbox"/>
Spouse	12 <input type="checkbox"/>	15 <input type="checkbox"/>	18 _____	21 <input type="checkbox"/> 24 <input type="checkbox"/>	
Dependents 18 or older	13 <input type="checkbox"/>	16 <input type="checkbox"/>	19 _____	22 <input type="checkbox"/> 25 <input type="checkbox"/>	

# MOCK-UP

- 1 Federal taxable income (from line 34 of your federal Form 1040 or line 12 of your federal Form 1040A) . . . . . 1 \_\_\_\_\_.
- 2 Additions to your federal taxable income (from line 23 of Schedule 1 on the back of this form) . . . . . 2 \_\_\_\_\_.
- 3 Total (add lines 1 and 2) . . . . . 3 \_\_\_\_\_.
- 4 Subtractions from your federal taxable income (from line 29 of Schedule 2 on the back of this form) . . . . . 4 \_\_\_\_\_.
- Adjusted federal taxable income (subtract line 4 from line 3) . . . . . 5 \_\_\_\_\_.
- Federal income tax deduction . . . . . 6 \_\_\_\_\_.
- Minnesota taxable income (subtract line 6 from line 5) . . . . . 7 \_\_\_\_\_.
- Tax from table on pages x and x of the instructions . . . . . 8 \_\_\_\_\_.
- Joint return equalization credit (from table on page x of the instructions) . . . . . 9 \_\_\_\_\_.
- Credit for income tax paid to other states (attach Schedule M-1CR) . . . . . 10 \_\_\_\_\_.
- Total credits before tax (add lines 9 and 10) . . . . . 11 \_\_\_\_\_.
- Income tax (subtract line 11 from line 8). If line 11 is greater than line 8, fill in "None." 12 \_\_\_\_\_.
- Minnesota income tax withheld in 19 . . . . . 13 \_\_\_\_\_.
- Total payments of 19 estimated tax . . . . . 14 \_\_\_\_\_.
- Total credits after tax (add lines 13 and 14) . . . . . 15 \_\_\_\_\_.
- If line 15 is greater than line 12, subtract line 12 from line 15 and fill in Amount of Refund. 16 \_\_\_\_\_.
- If line 12 is greater than line 15, subtract line 15 from line 12 and Pay This Amount . . . . . 17 \_\_\_\_\_.

(Note: Your check or money order due to Commissioner of Revenue. Put your social security number on your check.)

Payer — I declare under the penalties of perjury and criminal liability for willfully making a false return that this return is true, correct and complete to the best of my knowledge and belief. I hereby confess

to the State of Minnesota for the amount of the tax shown due hereon to the extent not timely paid. Preparer — This return is true, correct and complete to the best of my knowledge and belief.

Sign Your signature  
Here

Spouse's signature (if joint or combined return)

Date

Telephone number ( )

Signature of preparer if not taxpayer. Address, city, state, zip code Minn. I.D. or Soc. Sec. No. Date Telephone number

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Mail to: Minn. Individual Income Tax  
St. Paul, Minn. 55145

## Schedule 1 Additions to your federal taxable income

- 18 State income taxes deducted on line 2 of federal Schedule A . . . . . 18 .
- 19 Non-Minnesota municipal bond interest. . . . . 19 .
- 20 Losses from outside Minnesota while you were a resident of another state . . . . . 20 .
- 21 Expenses from outside Minnesota while you were a resident of another state . . . . . 21 .
- 22 Other additions. Explain (if you need more space, attach a separate sheet.)

**MOCK-UP**

For illustrative purposes  
only. Not to be construed  
or implied to constitute  
a final interpretation of  
this tax proposal.

- 23 Total additions to your federal taxable income (add lines 18 through 22). Also fill in this amount on line 2 . . . . . 23 .

## Schedule 2 Subtractions from your federal taxable income

- 24 State income tax refund (if included in federal taxable income). . . . . 24 .
- 25 U.S. Government bond interest. . . . . 25 .
- 26 Income earned outside Minnesota while you were a resident of another state . . . . . 26 .
- 27 Gains from outside Minnesota while you were a resident of another state . . . . . 27 .
- 28 Other subtractions. Explain (if you need more space, attach a separate sheet.)

- 29 Total subtractions from your federal taxable income (add lines 24 through 28) . . . . .

## MARRIAGE PENALTY CREDIT TABLE

**COMBINED TAXABLE INCOME**

## MARRIAGE PENALTY CREDIT

Example:

A married couple has combined earnings of \$40,000 - one spouse earns \$10,000 and the other earns \$30,000. Together they have deductions and exemptions amounting to \$15,000. Their combined taxable income is \$25,000 (\$40,000-\$15,000). The income taxes and marriage penalty credit for this couple are determined as follows:

	Taxed Together	Taxed Separately	
Gross Income	\$40,000	\$10,000	\$30,000
Deductions	15,000	0	15,000
Taxable Income	25,000	10,000	15,000
Gross Tax	2,983	763	1,483

When taxed separately, the total tax for the couple is \$2,246 as opposed to the tax of \$2,983 the combined income is taxed. The marriage penalty credit in this example should be \$737 - the difference between \$2,983 and \$2,246.

### Methodology

The executive order establishing the Governor's Task Force on Income Tax Simplification provided that the Task Force examine a federal piggyback system using the option of actual federal collection of tax and state collection of an income tax based on a percent of federal tax or a percent of federal adjusted gross income. Each of these approaches to the individual income tax, as well as other suggested proposals, have been carefully considered by the Task Force.

With this mission statement, the committee defined its goals as follows:

- A) Overall simplification - Since enactment in 1933, the Minnesota individual income tax has been modified many times in efforts to achieve a more equitable tax. As a result, the law has become cumbersome and difficult for the average taxpayer to deal with. As its primary goal, the committee has striven to eliminate much of the tax system's complexity.
- B) Tax burden - In the interest of public acceptance, the committee has conducted itself with the understanding that the relative tax burden, borne by each particular class of taxpayer, should be left substantially unchanged.
- C) Ease of taxpayer compliance - The committee has sought to develop an approach to individual income taxation that will result in a tax return that can be prepared by the taxpayer without professional help.
- D) Use of income tax structure for revenue producing purposes - The committee's efforts have focused on the production of revenue and the elimination of many of the legislated social aspects of the current law. The committee

feels that the social considerations that the legislature deems appropriate can be administered via other avenues.

- E) Reduction of administrative cost - The committee has attempted, through the simplification process, to reduce the work force necessary to collect and administer the individual income tax.
- F) Political feasibility - The committee realizes that the legislature, as well as the general public, must agree with the recommendations of the committee. Thus, close scrutiny was given to alternatives deemed politically appropriate.

With the preceding goals in mind, the committee analyzed each of the various piggy-back proposals the Governor suggested for study by the Task Force as well as certain other variations.

The initial approach considered was that of federal collection and administration of the state individual income tax (hereafter referred to as pure federal piggybacking). Under the allowable methods of pure federal piggybacking, the Minnesota tax would be either a percentage of the federal tax or a percentage of federal taxable income. With either method there are certain required adjustments (such as the exemption of interest income on obligations of the United States from state taxation) and very few permissible adjustments that may be allowed or required at the election of the state (such as a credit for taxes paid to another state).

After reviewing these options in detail, the committee's consensus was that a pure federal piggybacking system is not acceptable. In brief, the reasons for this decision are as follows:

- A) A constitutional amendment must precede adoption of a pure federal piggy-backing system.
- B) Laws other than those pertaining strictly to the income tax would require change to conform to federal provisions.
- C) The administrative cost savings expounded as a virtue of pure federal piggy-backing are subject to question.
- D) Under either allowable method of pure federal piggybacking, dramatic shifts in tax burdens, as between various classes of taxpayers (by income level), would be inevitable.
- E) State government would be greatly limited in terms of its ability to adjust the law to meet any unforeseen special needs of Minnesota's citizens.

Having rejected the concept of pure federal piggybacking, the committee began reviewing various modified forms of piggybacking. The committee decided that systems administered by the state utilizing starting points of federal adjusted gross income, federal taxable income or the federal tax would be the preferable alternatives to explore. With a state administered tax, many of the problems foreseen with pure federal piggyback appear to be avoidable.

The committee reviewed proposals under which the Minnesota tax would be either a flat percentage of the federal tax or a flat percentage of federal adjusted gross income. These initial proposals included the retention of all credits, both refundable and nonrefundable, allowed under present Minnesota law. Although the current level of revenue can be maintained under both these approaches, the income tax burden shift was considered too great by the committee.

The committee felt that before requesting additional projection analysis' with respect to specific proposals, a decision should be made as to which modifications and/or credits should be required or allowed under an acceptable piggyback proposal. Doing so would insure uniformity in the projections for purposes of direct comparison.

In the opinion of the committee, simplicity is of the first order. From that standpoint, the committee discussed modifications and credits at length and decided that these items should be very limited. The committee concluded that future projections provided by the Tax Research Division of the Department of Revenue should include provisions for the following items only:

A) Positive modifications for -

- 1) non-Minnesota municipal bond interest, and
- 2) expenses and losses from outside Minnesota while the taxpayer was a resident of another state.

B) Negative modifications for -

- 1) U.S. government bond interest,
- 2) income and gains earned outside Minnesota while the taxpayer was a resident of another state, and
- 3) state income tax refunds, if federal adjusted gross income is used as the base.

## C) Credits for -

- 1) taxes paid to other states, and
- 2) taxpayer, spouse and dependents (personal and dependent credits) if federal adjusted gross income is used as the base.

The preceding criteria having been established, the committee studied numerous alternative tax methods using the projection analysis' provided by the Tax Research Division.

The initial review of proposals using a flat rate applied to either federal adjusted gross income or to the federal tax seemed impractical in light of the goals established at the outset. However, the committee felt some further study of the flat rate applied to federal adjusted gross income would be warranted. Therefore, a proposal which would apply a flat rate against federal adjusted gross income with spouses taxed separately minus a deduction for federal taxes, was requested and reviewed. Once again, the shift in tax burden was significant with the benefits generally accruing to upper bracket taxpayers (those with incomes in excess of \$30,000) at the expense of middle and lower bracket taxpayers. This proposal, also, retains many of the negative features of the current system of taxation, i.e., division of income between the spouses and the deduction of federal taxes. The committee, therefore, found this proposal unacceptable.

At this point, the committee determined that any acceptable method of piggy-backing would need to be based on either federal taxable income (with tax being either a flat or graduated rate) or federal adjusted gross income using a progressive rate structure. With this in mind, the committee considered the following proposals:

- A) Flat rate on federal taxable income.
- B) Flat rate on federal taxable income minus a deduction for federal taxes.
- C) Progressive rates applied to combined federal adjusted gross income.
- D) Progressive rates applied to federal adjusted gross income with spouses taxed separately.
- E) Progressive rates applied to federal adjusted gross income minus a deduction for federal taxes with spouses taxed separately.

None of the preceding proposals met with the approval of the committee. The concept of a flat tax rate applied to federal taxable income, either with or without provisions to allow a deduction for federal taxes, created a shift in tax burden from taxpayers with incomes in excess of \$30,000 to those with incomes of under \$30,000. The primary impact of a provision allowing deductibility of federal taxes was to heighten the extent of the burden shift. Once again the committee discounted the flat rate method as a viable alternative.

The study of the various proposals based on progressive rates applied to federal adjusted gross income proved interesting, but again, in the opinion of the committee, the burden shifts were too significant.

The concept of a progressive tax rate applied to federal adjusted gross income with spouses taxed separately was considered. The committee saw that taxpayers in the income levels between \$50,000 and \$100,000 experienced a tax increase, but felt it was not of a magnitude which was unacceptable. However, it was noted that those

taxpayers who utilized itemized deductions (a class which represents approximately 60% of all filers) suffer an appreciably higher tax burden. The committee concluded that this method would not be acceptable, primarily as the result of that shift.

The committee reviewed and discussed the projections regarding progressive tax rates applied to federal adjusted gross income minus a federal tax deduction with married persons having the election to be taxed separately (as under current law). The committee found that with this alternative the burden shift in all filing classifications was too great. Overall, those taxpayers with incomes under \$30,000 would pay a substantially higher tax than under existing law and those with incomes greater than \$30,000 would pay less. In addition to being troubled by the burden shift under this proposal, the committee felt the tax system would remain more complex than desired.

The proposal of progressive tax rates applied to combined federal adjusted gross income was, also, considered and rejected by the committee. It was apparent that most taxpayers who currently itemize their deductions, with the exception of those with incomes over \$50,000, would find their taxes significantly increased, while nearly all who claim a standard deduction would realize a decrease in tax. It, also, seems likely that particular taxpayers, within a specific income grouping, would find themselves affected in dramatically different ways by this proposal and that is a situation the committee hoped to avert.

Based on the trends that had developed, the committee felt the best potential for a viable method of piggybacking lay in a system which would apply graduated rates to federal taxable income and allow a credit to avoid penalizing married couples who would lose the benefit of assigning income between the spouses. Tax Research Division was asked to develop data projections based on such a proposal and, also, a

similar proposal which, in addition, would allow a deduction for the net federal income tax liability of the taxpayer. Of the two proposals studied, the committee found that which would allow a deduction for federal taxes resulted in a lesser shift in tax burden, although the pattern under both proposals was the same. That is, middle income taxpayers (those with incomes between \$5,000 and \$40,000) would realize a slight decrease in tax, while very low and very high income taxpayers would incur slightly larger tax liabilities. However, these shifts were acceptable in the opinion of the committee and, in fact, the consensus was that the shifts could be minimized further through refinement of the joint return equalization credit and rate adjustments.

SP:IA41

## SUPPLEMENTARY ANALYSIS

## I. Recommended Piggyback System - Expanded Commentary

A) One of the primary attributes of the proposed system is the allowance of itemized deductions without any significant tax preparation burden on the taxpayer (since itemized deductions would have been determined and reported in arriving at federal taxable income). Minnesota law pertaining to itemized deductions has, in recent years, moved towards conformity with federal law. However, certain differences which would be eliminated under the proposed system of tax do currently exist.

## 1. Deductions allowed by Federal but not by Minnesota.

## a. Medical:

None

## b. Taxes:

None

## c. Interest:

None

## d. Contributions:

i. Federal allows a carryover of unused contributions while Minnesota does not.

ii. Effective 1982, Federal allows a contribution deduction in addition to the standard deduction with limits of \$25 for a single person and \$50 for a married couple.

## e. Casualty Loss:

None

## f. Miscellaneous Deductions:

None

2. Deductions allowed by Minnesota but not by Federal.

a. Medical:

None

b. Taxes:

i. Gas tax deduction

ii. Foreign income taxes related to income taxed by  
Minnesota.

c. Interest:

None

d. Contributions:

i. Political candidate, party or cause. Federal allows a  
limited credit.

ii. Contributions to foreign agencies outside the U.S.,  
except Canada, are not allowed by Federal unless the  
transfer of funds is controlled by a U.S. organization.

e. Casualty:

None

f. Miscellaneous:

i. Tuition and transportation expenses for grade school  
and high school students.

ii. Campaign expenses.

iii. State legislator's expense money in full.

3. Same types of deductions which are allowed in different amounts  
by Minnesota and Federal.

a. Medical:

None

b. Taxes:

Minnesota allows 100% deduction for cost of auto license.

Federal does not allow the first \$10 per auto.

c. Interest:

None

d. Contributions:

- i. In certain instances the Federal allows a larger deduction for contributions by virtue of having a different limitation.

<u>Limitations</u>	<u>Federal</u>	<u>Minnesota</u>
Majority of charities	50% FAGI	30% MGI
Veterans and fraternal org.	20% FAGI	20% MGI

- ii. The Federal deduction for certain appreciated property is limited, whereas Minnesota allows the full fair market value.

e. Casualty:

Minnesota provides an election to claim a casualty loss attributable to fire or storm or other natural causes in the year of the loss or in the preceding taxable year.

f. Miscellaneous:

Minnesota allows a deduction of up to \$1,250 for expenses related to the adoption of any child. The Federal deduction is allowed only for expenses related to the adoption of a child with special needs, but allows a larger maximum deduction, \$1,500.

By using Federal taxable income as the Minnesota base, not only do we achieve conformity in itemized deductions (except for the deduction for state income taxes), but also in the standard deduction. Although this could lower the allowable standard deduction for certain taxpayers, the great majority of persons utilizing the standard deduction would be allowed a larger deduction. By eliminating the differences in Minnesota versus Federal standard deduction, there should no longer be a class of taxpayers who must itemize deductions on the Minnesota return in order to derive maximum benefit, even though they can minimize their Federal tax liability with the standard deduction.

- B) Under the proposed method of Minnesota income taxation, a deduction would be allowed for the accrued Federal income tax liability of the taxpayer. However, this deduction could be appreciably easier for the taxpayer to calculate when compared to the current calculation. By using Federal taxable income as the Minnesota base, most married persons would file a joint Minnesota return rather than the "combined" (two column) method now used by most married taxpayers. This would eliminate the need for apportionment of the Federal tax between the spouses. In addition, we recommend the write-off of pre-1981 Federal taxes be allowed in full in a taxable year preceding implementation of the proposed piggyback system. By doing so, the calculation of the Federal tax deduction would become very simple for the majority of taxpayers.

The one inherent change in the Federal tax deduction under the proposed system coupled with the recommended change would reduce the Schedule M-1B, Deduction for Federal Income Taxes, to

approximately 10 lines in a singular column versus the current 23 line schedule with 12 lines being double column.

- C) A requirement that the filing status elected or required for Federal income tax purposes also be applicable for Minnesota income tax purposes for any particular tax year is needed to insure proper operation of the proposed tax system. Although many married taxpayers should be able to achieve a similar combined tax liability without regard to filing status under the proposal, there will be some differences. The primary difference is that intangible income would not be eligible for consideration in the calculation of the joint return equalization credit. To allow a different filing status election for Minnesota purposes versus Federal would defeat the restriction on the joint return equalization credit. Married taxpayers could, of course, elect separate filing for both Federal and Minnesota purposes. However, in most cases, the negative tax considerations of such an election for purposes of the Federal income tax would more than offset any gains the taxpayers might realize on their Minnesota return.

If not for the requirement regarding similar Federal and Minnesota filing status, married taxpayers would be encouraged to explore two different methods of filing in order to minimize tax liability. To a large extent, this would defeat the tax simplification purposes of this proposal. It would, also, increase the number of filings and, thereby, increase administrative costs.

- D) The joint return equalization credit allowed under the proposed tax system is intended to place married taxpayers in substantially the same tax position as they are now. This is necessary since, under the proposed system, persons would be required to utilize the same filing status for both Minnesota and federal income tax purposes. The concept of a joint return, which would be used by nearly all married taxpayers, adds one spouse's income to the other's, thereby taxing the second income at a higher rate than the first (due to progressivity of tax rates). The joint return equalization credit would approximate the discrepancy between the tax on the second income, if isolated, and the tax on the second income at the higher actual rate.

The joint return equalization credit should be allowed only on the basis of "earned" income. By placing this restriction on the credit, there is no need for married persons to determine the assignment of intangible types of income (interest, dividends, capital gains, etc.) between the spouses. The restriction eliminates the need for tax planning in this area for purposes of the Minnesota income tax. While this may result in slightly larger tax liabilities for certain married taxpayers, it removes a burdensome aspect of the Minnesota tax, both for the taxpayer and for tax enforcement officials. With the advent of a federal two earner married couple deduction, which is conceptually similar to the proposed Minnesota credit, married couples should become familiar with determining qualifying income.

- E) The proposed tax structure is such that tax tables similar to those currently used could be utilized by the taxpayer to determine Minnesota tax.

The joint return equalization credit would be determined by the taxpayer referencing a table which would be a two dimensional matrix somewhat similar to that used currently to determine the Minnesota Property Tax Refund. The taxpayer would be able to determine the allowable credit by comparing the lowest earned income of the two spouses to the total taxable income of both spouses.

- F) For the proposed tax system to be functional as intended, the legislature must approve, on an annual basis, the changes made by the Congress as they affect the computation of federal taxable income. Although there is no specific need for a constitutional amendment as part of this proposal, the committee recommends that a constitutional amendment be sought subsequent to implementation of its proposal. This would enable prospective adoption of federal law changes. While pure federal piggybacking would require that such action be taken prior to implementation, which may be difficult, our recommendation would ask only that the people give their stamp of approval to a simplified system of taxation already in place. If a constitutional amendment could not be obtained, the system could continue to function as long as the government was willing to maintain it through continued updates.

- G) The recommended modifications to federal taxable income have been intentionally limited in the interest of simplicity. The modifications are rationalized as follows:

1. The net state income tax deduction (state taxes deducted in determining federal taxable income minus any state income tax

refund included in federal taxable income) is a modification.

Quite simply, there is no logic to justify allowing a deduction for state taxes when calculating state taxes. Also, in the absence of this modification, lower income taxpayers would bear an increased tax load due to the progressivity of the state tax rates.

2. The federal two earner married couple deduction should be added back to federal taxable income. Under the proposal set forth in this report, remedy has been provided in the form of the joint return equalization credit to avoid an inordinately high tax burden on married persons. Due to the disparity in tax rates between married and single persons for federal income tax purposes, the federal government is able to provide relative equality with much more limited relief than is needed under the proposed Minnesota tax system. Hence, the need to remove the federal relief in favor of the more comprehensive relief provided by the suggested equalization credit.
3. In order to encourage investment in Minnesota municipal bonds (those issued by the State and any of this political subdivisions) the Minnesota tax should not exempt interest income from obligations of other states or their political subdivisions. Since most other states which impose an income tax exempt only that municipal bond interest earned from sources within the particular state, Minnesota and its political subdivision would be at a disadvantage, in terms of rate of interest paid on obligations, if not for this modification provision.

4. Federal law provides that no state may impose a tax with respect to interest paid on obligations backed by the full faith and credit of the United States. Therefore, a modification to remove such net earnings, to the extent included in federal taxable income, must be provided.

The committee feels strongly that modifications should be limited to those identified. To add others would significantly diminish the simplicity of this proposal. In the event the proposal is deemed absolutely unacceptable in the absence of specific relief for particular taxpayers, such relief should be provided only in the form of very simple and understandable credits against the tax.

- H) The method used to determine the tax liability of nonresidents and part-year residents under the committee's proposal differs significantly from the method used at this time. The current system requires that nonresidents and part-year residents modify federal adjusted gross income in arriving at Minnesota gross income to exclude nonassignable income and expenses. Federal taxes are allowed as a deduction proportionate to the amount of income taxed by Minnesota. In the case of a nonresident, itemized deductions are prorated based on the ratio Minnesota gross income bears to income from all sources. Part-year residents are allowed those itemized deductions paid while a Minnesota resident. The method proposed by the committee would eliminate these multiple steps and provide a single allocation of the tax that would have been incurred had the taxpayer been a resident of Minnesota during the entire taxable year. The allocation would be based on the ratio of net Minnesota income to total net income. This is similar to the method

used by both California and Iowa.

The revenue impact of this change is not reflected in the projections included in this report. However, we feel the method proposed will generate a slight increase in revenue without significant impact on tax burden.

## II. Federal Piggybacking - Federal Collection and Administration

Federal law (Subchapter E of the Internal Revenue Code) provides that the Secretary of the Treasury will collect and administer a qualified state individual income tax for any state entering into an agreement, to that effect, with the Secretary. The methods of individual income taxation available to the state under such an agreement are specifically limited to two basis concepts: a tax which is a flat percentage of the federal tax; or a tax which is applied as a flat or graduated rate against federal taxable net income.<sup>1</sup> The Task Force considers both of these alternative tax methods unacceptable in their prescribed forms.

The inherent and predominate obstacle in the adoption of federal collection and administration of the Minnesota income tax is the need for a constitutional amendment to precede enactment of the appropriate legislation. The principal, which so provides, was well established by the Minnesota Supreme Court in the case of Wayne M. Wallace, et al vs. Commissioner of Taxation<sup>2</sup> (January 29, 1971).

The Committee, having determined that amendment of the Minnesota constitution would be needed before the State could legally enter into an agreement with the Secretary of the Treasury, considered the probable sequence of events, should such action be undertaken. Three steps would be required. First, the legislature would consider the ramifications of entering into the agreement and, if the proposal was deemed deserving, place the issue on the ballot to be considered by the people of Minnesota. Secondly, the

<sup>1</sup>See Appendix A-Summary of Internal Revenue Code, Subchapter E.

<sup>2</sup>See Appendix B-Excerpt From Wallace V. Comm.

voters of this state must give their approval to the concept of allowing the government of Minnesota to delegate to the Congress the authority to determine the taxing policies of this state. Finally, the legislature would, again, consider the issue, having been given the appropriate powers, and take positive action thereon.

The Committee feels the steps necessary to amend the state constitution, while not prohibitive, would create considerable delay in the implementation of federal collection and administration of the Minnesota income tax. A delay of the assumed magnitude could be of significant detriment as attitudes and policies may undergo substantial change within a given time frame and the proposal, if initially seen as desirable, may not be viewed in the same manner by the time implementation becomes feasible. Another negative consideration in this same context is the strong possibility of appreciable turnover amongst the members of the legislative and executive branches of Minnesota government during the intervening period between initial approval, i.e., agreement to place the constitutional issue on the ballot, and a final decision to enter into an agreement with the federal government.

Pure-form federal piggybacking poses other problems. For example, under this method, almost every aspect of tax administration is transferred by the state to the federal government. The Internal Revenue Service will have complete control over audit and enforcement procedures. The state taxes will be collected along with the federal taxes. The federal tax laws, especially in the compliance and enforcement areas, are often in conflict with our state statutes. For instance, Minnesota Statutes protect the homestead of a debtor, while federal law contains no such exemption. Furthermore, certain items of personal property are exempted from creditors

remedies and, again, no such protection appears in the federal laws. In other words, not only would Minnesota be forced to conform its income tax laws to the federal, but we may be forced to take action in other areas to conform to the federal law.

Under an agreement for federal collection and administration of state income tax, an electing state's estimated share of the combined employer's withholding deposits for federal and state taxes must be transferred to the state not later than the close of the third business day after the withheld taxes are deposited in the federal reserve bank. Other amounts of an electing state's income tax collected by IRS (remittances with returns, estimated tax declarations, etc.) are to be transferred to a state within thirty days after receipt by IRS.

The timing of transfers is of concern to the Committee. Because Minnesota law pertaining to the timing of income tax deposits and declarations is similar to federal law in that area, the delay in the transfer of deposits from the federal government to the state government would create a cost to the state of the time value of the funds. Also, it appears the delay would result in a one-time shortfall to the state due to the timing of the receipt of second quarter declarations. Under current law, such declarations are, generally, to be made by June 15 of the calendar year.

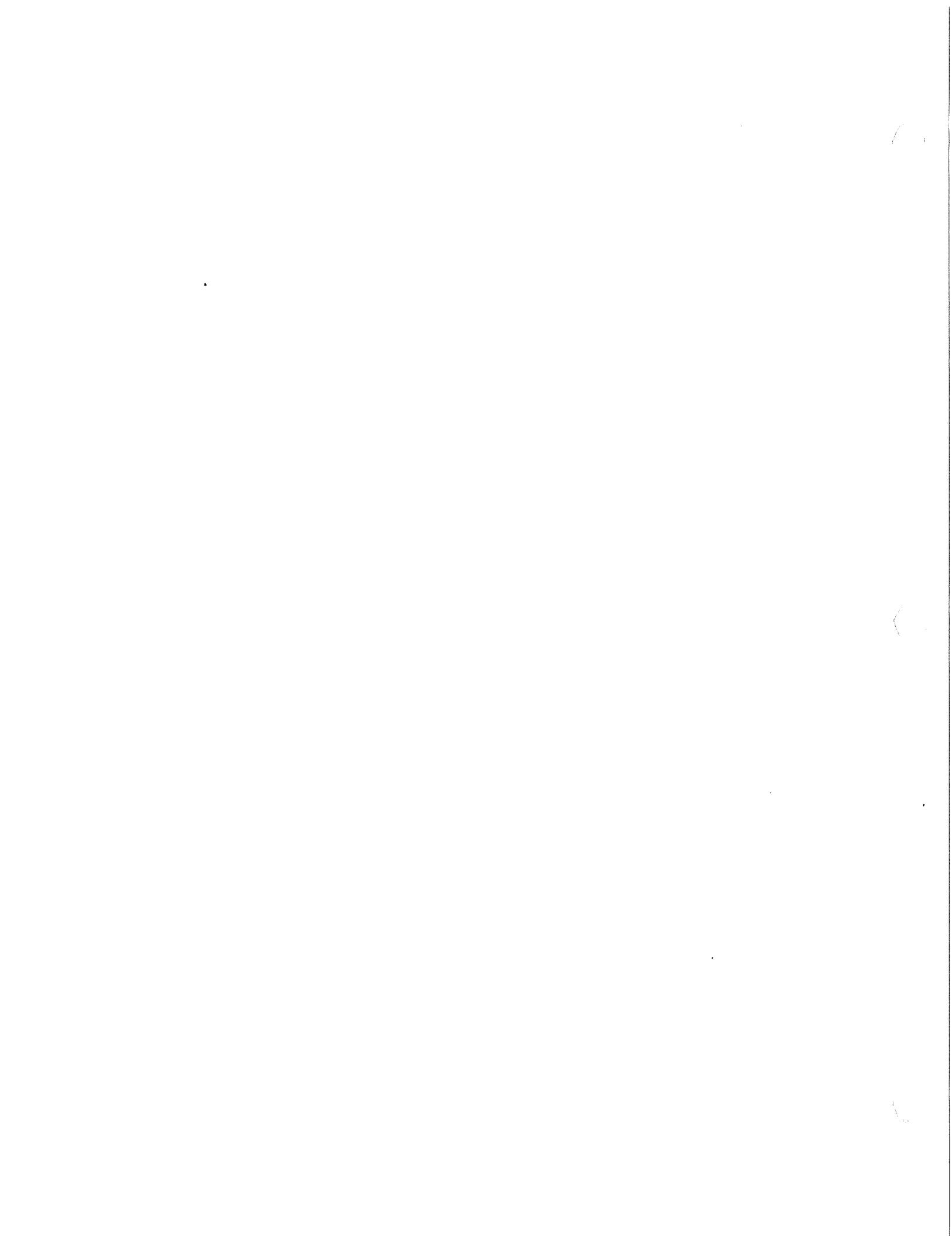
Under an agreement with the Secretary of the Treasury, these declarations would not, for the most part, be received by the state until the following July. This would create a shortfall in the first year such an agreement was implemented.

There are certain arguments in favor of federal collection and administration of the state individual income tax. However, none of these are seen by the Committee as being particularly persuasive.

A principal advantage expected to be achieved by federal collection is the simplification of the filing requirements for individual taxpayers. Under federal collection a taxpayer would file a single return with the Internal Revenue Service, covering both federal and state income tax liability, and, in the computation of state tax, use a base, which, except for the few mandatory and permitted modifications, would be identical to the federal tax base. The Committee feels with simplification of the separate Minnesota income tax return, the benefits attained through the use of the singular filing would be minimal.

The other most prominent point in favor of federal collection is that of cost saving to the state. There is, in fact, no specific charge to an electing state for federal collection of state taxes. Therefore, it might seem that the state could achieve a virtual total savings of all expenditures presently made to enforce and administer the individual income tax. However, the Committee views this argument as questionable. Almost certainly some tax dollars would be lost as the result of the restrictive, permitted methods pertaining to the taxation of nonresidents. Also, there is some question whether issues of a taxpayer's residency would be thoroughly investigated by a disinterested third party, the IRS. In addition, the total effort towards tax compliance would be diminished under an agreement for federal collection. There is little possibility the IRS audit staff in this state would be increased to offset the loss of state auditors. In addition to generating substantial tax dollars, both

to the State and to the federal government (through reciprocal exchange agreement), state tax examiners provide another visable audit presence, thereby, helping to insure a higher level of voluntary tax compliance.



**APPENDIX A - Summary of Internal Revenue Code, Subchapter E (Federal Collection of State Individual Income Taxes)**

Federal law (Internal Revenue Code sections 6361 through 6365) provides that the Secretary of the Treasury will collect and administer a qualified state individual income tax for any state entering into an agreement, to that effect, with the Secretary. Certain conditions must be met by an electing state. The following are the primary conditions:

- 1) The state must file an election to have the Secretary collect and administer its individual income tax.
- 2) The state must impose a "qualified income tax."
- 3) The state must adopt the provisions of Subchapter E, which may be amended from time to time, including the applicable regulations.
- 4) The state must make any change in the base or rate of tax assessed before November 1 of the year for which the tax is collected.
- 5) The state may not impose any tax on the income of individuals other than -
  - a) a qualified resident tax,
  - b) a qualified nonresident tax, and
  - c) a separate tax on income which is not wage and other business income and which is received or accrued by individuals who are domiciled in the state, but who are not residents of the state.

- 6) The taxable years of individuals for purposes of the state tax must coincide with their taxable years for purposes of the federal tax.
- 7) Married individuals must file a joint return or separate returns in the same manner for both the state tax and the federal tax.
- 8) The tax treatment of conduit entities (partnerships, trusts, estates, electing small business corporations, etc.) for purposes of the state tax must correspond to the tax treatment of such conduit entities for purposes of the federal tax.

The state must impose a "qualified resident tax" or a "qualified resident tax" and a "qualified nonresident tax". The "qualified resident tax" may be either a tax based on federal taxable income or a tax which is a flat percentage of the federal tax. Under either method, the federal law requires certain adjustments in determining the state tax and permits other specific adjustments, if the state so elects.

If the state tax is based on federal taxable income (either at a flat or graduated rate), the following adjustments are mandatory:

- 1) The amount of interest income on obligations of the United States included in federal taxable income must be subtracted.
- 2) The amount of net tax-exempt income from obligations of another state or any of its political subdivisions must be added.
- 3) An amount equal to the net state income tax deduction must be added.

Under this method the following adjustments are permissible:

- 1) The state may impose a minimum tax on tax preferences.
- 2) The state may allow a credit for income tax paid to another state or a political subdivision thereof.
- 3) The state may allow a credit against tax for all or any portion of any general sales tax imposed by the state or its political subdivisions on sales to the taxpayer or the taxpayer's dependents. If such a credit is allowed, the taxpayer must be required to add to taxable income an amount equal to the sales tax, if any, claimed as a deduction in determining federal taxable income.

If the state elects to assess an individual income which is equal to a flat percentage of the federal tax, there is just one required adjustment. Before applying the state tax percentage, the federal tax must be decreased by the amount of the decrease which would occur if an amount equal to any interest income on obligations of the United States which was included in gross income was excluded from gross income. In other words, the state tax must be equal to the designated percentage of a proforma federal tax determined after excluding any United States interest from gross income.

Certain other adjustments, although not required, are permitted at the election of the state. Before applying the designated state tax percentage, the federal tax may be increased by the amount that would result from including in gross income any or all of the following:

- 1) The taxpayer's net tax-exempt income for the year (interest income from obligations of other states or their political subdivisions).
- 2) The taxpayer's net state income tax deduction for the year.
- 3) The taxpayer's itemized deduction for state or local sales taxes, if the state permits a sales tax credit.

In addition to the preceding adjustments, the state is permitted to allow either or both of the following credits against the tax:

- 1) Credit for tax paid to another state or a political subdivision thereof.
- 2) Credit for all or a portion of any general sales tax imposed by the state or one of its political subdivisions on sales to the taxpayer or the taxpayer's dependents.

As previously indicated, a state may impose just a resident tax or it may impose both a resident and a nonresident tax. A state may not impose just a nonresident tax. The law provides that an individual is a resident of the state for a taxable year only if:

- 1) The taxpayer's principal place of residence has been within the state for at least 135 consecutive days and at least 30 days of such period are in such taxable year.

- 2) In the case of a citizen or resident of the United States who is not a resident of any state in the taxable year (as determined in accordance with the preceding criteria), the individual is domiciled in the state for at least 30 days during the taxable year.

The following characteristics must be present in a "qualified nonresident tax":

- 1) The tax must apply only to wage and other business income derived from sources within the state.
- 2) The tax may be imposed, only if 25 percent or more of the individual's wage and other business income for the year is derived from sources within the state.
- 3) The tax imposed on a nonresident individual may not exceed the amount of tax the individual would be required to pay, if the individual were a resident of the state and the taxable income of the individual was an amount equal to the excess of the individual's wage and business income derived from sources within the state less a proportionate amount of nonbusiness deductions.



## APPENDIX B - Excerpt From Wallace V. Comm.

In considering the issue of whether a change in Federal law may alter the force and effect of provisions in a prior state law governing the same subject, it may be said that the principle which controls, is that a state legislature may not delegate its legislative powers to any outside agency, including the Congress of the United States. The reason for this rule is that changes in the foreign legislation may not fit the policy of the incorporating legislature and the person subjected to the changed law would be denied the benefit of the considered judgment of his legislature on the matter. The basic objection derives from the principle that laws should be made by elected representatives of the people responsible to the electorate for their acts. That principle is expressed in Minn. const. art. 9, § 1, which states in part: "The power of taxation shall never be surrendered, suspended or contracted away." See, 16 Am. Jur. (2d) Constitutional Law, § 245; Annotations, 133 A. L. R. 401; 79 L. ed. 474, 504; 166 A. L. R. 516, 518, 42 A. L. R. (2d) 797.

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#### APPENDIX C - Flat Rate Applied to Federal Taxable Income

Although the data reviewed with respect to this proposal is imperfect in that it did not remove the net state income tax deduction from federal taxable income in determining the Minnesota tax liabilities, the burden shifts would remain fairly stable as between classes of taxpayers by income if the criteria were properly adjusted. However, the burden shift between itemizers and those who utilize the standard deduction may change significantly.

Based on the available data, it becomes apparent that the tax burden under this proposal shifts from upper bracket taxpayers to middle and lower bracket taxpayers. The average taxpayer with income (adjusted gross) under \$30,000 would incur a tax increase of approximately \$110, while the average taxpayer with an income exceeding \$30,000 would see a \$350 decrease in tax. The committee felt this shift could not be reduced to an acceptable level, even if the criteria upon which the data was based were properly adjusted.

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Proposal:

Minnesota Tax: A flat 8.16% of federal taxable income.

No adjustments - no credits

Budget Impact: \$ .3 Million TY 1983

Prepared For: Governor's Task Force On  
Minnesota Income Tax  
Simplification

By: Minnesota Department of Revenue  
Research Office  
July 6, 1982



STATE INCOME TAX FLAT PCT OF FED TAXABLE - TAX YEAR 1983 DONE ON 06/30/82  
TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

PAGE 82

**ALL TAXPAYERS**

**ALL TAXPAYERS**

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION		
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	
<b>RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS</b>											
\$*****-\$ 0	0	11.	-2672.	1327.	1883713.	11.	-2672.	1338.	1884428.	24221.	1811871.
\$ 0-\$ 5000	399.	-93895.	11872.	4493090.	399.	-93895.	14936.	4678430.	23170.	3970090.	
\$ 5000-\$ 10000	933.	-22525.	31488.	10567294.	1732.	-38913.	70724.	19641956.	58063.	13627291.	
\$ 10000-\$ 20000	400.	-111168.	12012.	5861298.	7004.	-511257.	156256.	41270023.	63826.	15710947.	
\$ 20000-\$ 30000	0.	0.	1797.	7064133.	78483.	-12872476.	111218.	36709951.	11378.	2367132.	
\$ 30000-\$ 40000	0.	0.	0.	0.	89448.	-32180080.	78848.	17963797.	0.	0.	
\$ 40000-\$ 50000	0.	0.	0.	0.	67374.	-25630116.	23038.	3578890.	0.	0.	
\$ 50000-\$ 100000	0.	0.	81.	501537.	72962.	-59435242.	3938.	2058019.	0.	0.	
\$ 100000-\$*****	24.	-731062.	35.	1513823.	14191.	-49851551.	332.	2517714.	13.	-105921.	
<b>TOTALS</b>	<b>1767.</b>	<b>-961323.</b>	<b>58611.</b>	<b>31884888.</b>	<b>331604.</b>	<b>-180616204.</b>	<b>460628.</b>	<b>130303206.</b>	<b>180672.</b>	<b>37381411.</b>	
<b>RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION</b>											
\$*****-\$ 0	0.	0.	10.	14255.	0.	0.	10.	14255.	0.	0.	
\$ 0-\$ 5000	16913.	-101452.	29261.	8670910.	36567.	-222162.	90746.	11066885.	1.	0.	
\$ 5000-\$ 10000	3729.	-127762.	12183.	3357109.	12658.	-540115.	168509.	19733377.	0.	0.	
\$ 10000-\$ 20000	1134.	-118275.	267.	501546.	29032.	-2695981.	197480.	25575752.	798.	36720.	
\$ 20000-\$ 30000	0.	0.	0.	0.	38273.	-6357008.	62685.	9040637.	8121.	-1020463.	
\$ 30000-\$ 40000	0.	0.	0.	0.	17059.	-5172937.	19322.	5320527.	15992.	-920245.	
\$ 40000-\$ 50000	0.	0.	0.	0.	6292.	-2096173.	6828.	1574172.	7496.	-1502768.	
\$ 50000-\$ 100000	0.	0.	0.	0.	6155.	-4665611.	2662.	853899.	8139.	-4097540.	
\$ 100000-\$*****	0.	0.	0.	0.	424.	-785834.	6.	10844.	406.	-751896.	
<b>TOTALS</b>	<b>21776.</b>	<b>-347489.</b>	<b>41721.</b>	<b>12543820.</b>	<b>146458.</b>	<b>-22535821.</b>	<b>548248.</b>	<b>73190349.</b>	<b>40954.</b>	<b>-8256192.</b>	
<b>RETURNS FOR BOTH TYPES DEDUCTION</b>											
\$*****-\$ 0	11.	-2672.	1337.	1897968.	11.	-2672.	1348.	1898683.	24221.	1811871.	
\$ 0-\$ 5000	17312.	-195347.	41133.	13164000.	36966.	-316057.	105682.	15745315.	23171.	3970090.	
\$ 5000-\$ 10000	4662.	-150287.	43671.	13924402.	14390.	-579028.	239232.	39375333.	58063.	13627291.	
\$ 10000-\$ 20000	1534.	-229444.	12279.	6362844.	36036.	-3207238.	353736.	66845775.	64624.	15747667.	
\$ 20000-\$ 30000	0.	0.	1797.	7064133.	116755.	-19229485.	173903.	45750587.	19499.	1346670.	
\$ 30000-\$ 40000	0.	0.	0.	0.	106506.	-37353018.	98170.	23284324.	15992.	-920245.	
\$ 40000-\$ 50000	0.	0.	0.	0.	73666.	-27726289.	29866.	5153062.	7496.	-1502768.	
\$ 50000-\$ 100000	0.	0.	81.	501537.	79117.	-64100854.	6599.	2911918.	8139.	-4097540.	
\$ 100000-\$*****	24.	-731062.	35.	1513823.	14615.	-50637384.	339.	2528558.	419.	-857817.	
<b>TOTALS</b>	<b>23543.</b>	<b>-1308311.</b>	<b>100332.</b>	<b>44428708.</b>	<b>478062.</b>	<b>-203152024.</b>	<b>1008876.</b>	<b>203493555.</b>	<b>221625.</b>	<b>29125218.</b>	

RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>ABSOLUTE CHANGE IN TAX LIABILITY</b>							
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50    1063.							
\$ 50 - \$ 100	1568.	251395.	19441160.	77.	14.( 24.)	3653915.	178311.
\$ 100 - \$ 250	1931.	308605.	47291183.	153.	18.( 42.)	5573365.	249804.
\$ 250 - \$ 500	783.	141603.	47910129.	338.	8.( 50.)	3370837.	130481.
\$ 500 - \$ 1000	196.	30214.	20700955.	685.	2.( 51.)	649283.	24497.
\$ 1000 - \$xxxxx	166.	13014.	19328399.	1485.	1.( 52.)	308537.	10536.
<b>TAXABLE INCREASE</b>	<b>5707.</b>	<b>908544.</b>	<b>159064847.</b>	<b>175.</b>	<b>52.( 52.)</b>	<b>16054701.</b>	<b>722937.</b>
<b>NO CHANGE</b>	<b>57.</b>	<b>2702.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 52.)</b>	<b>16702.</b>	<b>1225.</b>
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	722.	107351.	-1944832.	-18.	6.( 58.)	1900067.	100250.
\$ 50 - \$ 100	316.	51946.	-3819244.	-74.	3.( 61.)	1474051.	83740.
\$ 100 - \$ 250	634.	105112.	-17692607.	-168.	6.( 67.)	3354532.	207682.
\$ 250 - \$ 500	688.	95944.	-34323114.	-358.	6.( 73.)	3679331.	244315.
\$ 500 - \$ 1000	757.	75180.	-51883472.	-690.	4.( 77.)	3543280.	258424.
\$ 1000 - \$xxxxx	3082.	42529.	-93488755.	-2198.	2.( 80.)	4423978.	357466.
<b>TAXABLE DECREASE</b>	<b>6199.</b>	<b>478062.</b>	<b>-203152024.</b>	<b>-425.</b>	<b>27.( 27.)</b>	<b>18375239.</b>	<b>1251876.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11963.</b>	<b>1389308.</b>	<b>-44087177.</b>	<b>-32.</b>	<b>80.( 80.)</b>	<b>34446642.</b>	<b>1976038.</b>
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	139.	16297.	371301.	23.	1.( 81.)	99699.	0.
\$ 50 - \$ 100	111.	13072.	981346.	75.	1.( 81.)	73816.	0.
\$ 100 - \$ 250	256.	27068.	4504205.	166.	2.( 83.)	172831.	0.
\$ 250 - \$ 500	225.	22696.	8002383.	353.	1.( 84.)	134353.	0.
\$ 500 - \$ 1000	145.	13851.	9440795.	682.	1.( 85.)	77831.	0.
\$ 1000 - \$xxxxx	117.	7348.	21128678.	2875.	0.( 85.)	75274.	0.
<b>NON-TAXABLE INCR</b>	<b>993.</b>	<b>100332.</b>	<b>44428708.</b>	<b>443.</b>	<b>6.( 6.)</b>	<b>633804.</b>	<b>0.</b>
<b>NO CHANGE</b>	<b>7394.</b>	<b>253857.</b>	<b>0.</b>	<b>0.</b>	<b>15.(100.)</b>	<b>215946.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>341530.</b>	<b>0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1976038.</b>

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	258.	42382.	767555.	18.	2.( 2.)	1266572.	76257.
2 - 4	324.	54797.	2572299.	47.	3.( 6.)	1445450.	85113.
4 - 6	248.	42963.	3201524.	75.	2.( 8.)	1118280.	63670.
6 - 10	474.	82955.	8927734.	108.	5.( 13.)	2003637.	111170.
10 - 25	1489.	249532.	36625583.	147.	14.( 27.)	4729536.	229683.
25 - ***	2914.	435915.	106970152.	245.	25.( 52.)	5491227.	157045.
<b>TAXABLE INCREASE</b>	<b>5707.</b>	<b>908544.</b>	<b>159064847.</b>	<b>175.</b>	<b>52.( 52.)</b>	<b>16054701.</b>	<b>722937.</b>
<b>NO CHANGE</b>	<b>57.</b>	<b>2702.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 52.)</b>	<b>16702.</b>	<b>1225.</b>
<b>TAX DECREASE</b>							
0 - 5	660.	95745.	-4710550.	-49.	5.( 58.)	3221381.	194937.
5 - 10	710.	87675.	-15113755.	-172.	5.( 63.)	3149728.	199308.
10 - 15	866.	81809.	-25425820.	-311.	5.( 67.)	3067655.	202487.
15 - 20	1184.	72868.	-38746042.	-532.	4.( 72.)	3110770.	220332.
20 - 25	1175.	54098.	-48166912.	-890.	3.( 75.)	2844274.	213869.
25 - 30	741.	33857.	-41745953.	-1233.	2.( 77.)	1952724.	153687.
30 - 40	307.	9819.	-13746951.	-1400.	1.( 77.)	530715.	41341.
40 - 50	126.	5001.	-4156310.	-831.	0.( 78.)	137216.	9557.
50 - 99	226.	13635.	-9789140.	-718.	1.( 78.)	244813.	14208.
99 - ***	204.	23555.	-1550591.	-66.	1.( 80.)	115962.	1551.
<b>TAXABLE DECREASE</b>	<b>6199.</b>	<b>478062.</b>	<b>-203152024.</b>	<b>-425.</b>	<b>27.( 27.)</b>	<b>18375239.</b>	<b>1251876.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11963.</b>	<b>1389308.</b>	<b>-44087177.</b>	<b>-32.</b>	<b>80.( 80.)</b>	<b>34446642.</b>	<b>1976038.</b>
<b>PRESENTLY NON-TAXABLE</b>							
- NO CHANGE	7394.	253857.	0.	0.	15.( 94.)	215946.	0.
- TAX INCREASE	993.	100332.	44428708.	443.	6.(100.)	633804.	0.
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>341530.</b>	<b>0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1976038.</b>

TAX RATE COMPUTED ON  
 MINNESOTA GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT		ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW	OLD	NEW
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
\$*****-\$ 0	0.0	6.4	0.0	4.0	0.0	5.8	0.0	4.9	0.0	5.9
\$ 0-\$ 5000	0.0	3.2	1.4	2.3	0.0	3.1	0.1	3.1	0.2	3.0
\$ 5000-\$ 10000	0.4	2.5	0.2	2.6	2.0	3.9	1.4	3.9	0.9	3.3
\$ 10000-\$ 20000	2.6	3.4	2.1	4.1	3.8	4.6	4.0	5.1	3.0	4.4
\$ 20000-\$ 30000	5.2	5.0	4.4	5.1	5.5	5.4	5.7	5.6	4.9	5.2
\$ 30000-\$ 40000	6.6	5.3	5.5	5.6	7.3	5.5	6.5	5.8	5.8	5.5
\$ 40000-\$ 50000	7.2	5.4	6.1	5.7	7.4	5.5	6.6	5.6	6.2	5.7
\$ 50000-\$ 100000	7.5	5.6	6.9	5.9	7.9	5.9	7.3	5.8	7.0	5.9
\$ 100000-\$*****	7.8	5.9	7.9	6.1	8.5	5.5	7.6	6.2	7.9	6.1
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	6.0	5.0	5.8	5.6	5.8	5.1	5.1	5.3	5.7	5.4
ORIGINAL INCOME CLASS	MARRIED JOINT		STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW	OLD	NEW
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
\$*****-\$ 0	0.0	0.0	0.0	4.1	0.0	0.0	0.0	0.0	0.0	4.1
\$ 0-\$ 5000	0.0	1.3	0.0	2.0	0.7	1.3	0.5	1.4	0.5	1.4
\$ 5000-\$ 10000	0.9	1.5	0.3	1.9	3.4	4.8	2.6	3.8	2.2	3.4
\$ 10000-\$ 20000	4.3	4.2	3.4	4.6	5.8	5.9	5.5	6.2	5.1	5.7
\$ 20000-\$ 30000	6.7	5.7	5.5	6.0	7.3	6.7	6.8	6.9	6.4	6.4
\$ 30000-\$ 40000	7.8	6.4	6.2	6.5	8.1	7.0	7.5	7.1	6.6	6.7
\$ 40000-\$ 50000	8.8	6.8	6.7	6.8	0.0	0.0	8.1	7.1	6.7	6.8
\$ 50000-\$ 100000	9.2	6.9	7.4	6.9	9.4	7.2	8.2	7.2	7.6	7.0
\$ 100000-\$*****	8.8	7.8	8.9	7.7	0.0	0.0	9.0	7.8	8.9	7.7
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	4.7	4.2	5.7	6.0	5.5	5.6	4.8	5.3	5.1	5.4
ORIGINAL INCOME CLASS	MARRIED JOINT		ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW	OLD	NEW
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
\$*****-\$ 0	0.0	6.4	0.0	4.0	0.0	5.8	0.0	4.9	0.0	5.8
\$ 0-\$ 5000	0.0	1.7	0.3	2.1	0.6	1.8	0.5	1.6	0.4	1.6
\$ 5000-\$ 10000	0.7	1.9	0.3	2.3	3.1	4.7	2.3	3.8	1.8	3.3
\$ 10000-\$ 20000	3.3	3.7	2.5	4.2	5.1	5.5	5.1	5.9	4.2	5.1
\$ 20000-\$ 30000	5.6	5.2	4.7	5.3	6.5	6.1	6.3	6.3	5.4	5.6
\$ 30000-\$ 40000	6.7	5.3	5.6	5.7	7.5	5.9	6.9	6.3	5.9	5.7
\$ 40000-\$ 50000	7.3	5.5	6.2	5.9	7.4	5.5	6.8	5.8	6.3	5.8
\$ 50000-\$ 100000	7.6	5.6	6.9	6.0	8.1	6.1	7.5	6.2	7.1	6.0
\$ 100000-\$*****	7.8	5.9	7.9	6.2	8.5	5.5	7.7	6.3	7.9	6.1
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5.7	4.8	5.8	5.6	5.7	5.4	4.9	5.3	5.5	5.4

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TABLE 4

SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF	
			MGI	TXBL INC
4000	3594	47	1.17	1.31
5000	4398	97	1.94	2.21
6000	5185	156	2.60	3.01
7000	5964	218	3.11	3.66
8000	6743	289	3.61	4.29
9000	7521	365	4.06	4.85
10000	8291	446	4.46	5.38
11000	9052	526	4.78	5.81
12000	9808	606	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.56	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1758	7.03	9.36
30000	21881	2208	7.36	10.09
35000	25095	2674	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33880	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

## PIGGYBACKING AT 8.16% OF FEDERAL TAXABLE - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE AMOUNT	TAX CHANGE PERCENT
			MGI	TXBL INC		
4000	4000	0	0.0	0.0	-47	-100.00
5000	5000	49	0.98	8.17	-48	-49.48
6000	6000	131	2.18	8.19	-25	-16.03
7000	7000	212	3.03	8.15	-6	-2.75
8000	8000	294	3.67	8.17	5	1.73
9000	9000	375	4.17	8.15	10	2.74
10000	10000	457	4.57	8.16	11	2.47
11000	11000	539	4.90	8.17	13	2.47
12000	12000	620	5.17	8.16	14	2.31
13000	13000	702	5.40	8.16	11	1.59
14000	14000	783	5.59	8.16	4	0.51
15000	15000	865	5.77	8.16	0	0.0
20000	20000	1273	6.36	8.16	-40	-3.05
25000	25000	1681	6.72	8.16	-77	-4.38
30000	30000	2089	6.96	8.16	-119	-5.39
35000	35000	2497	7.13	8.16	-177	-6.62
40000	40000	2905	7.26	8.16	-212	-6.80
50000	50000	3721	7.44	8.16	-279	-6.97
75000	75000	5761	7.68	8.16	-340	-5.57
100000	100000	7801	7.80	8.16	-407	-4.96

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE AMOUNT	TAX CHANGE PERCENT
			MGI	TXBL INC		
4000	4000	0	0.0	0.0	-33	-100.00
5000	4073	76	1.52	1.87	-27	-35.53
6000	4783	126	2.10	2.63	5	3.97
7000	5486	179	2.56	3.26	33	18.44
8000	6188	239	2.99	3.86	55	23.01
9000	6890	303	3.37	4.40	72	23.76
10000	7583	371	3.71	4.89	86	23.18
11000	8267	444	4.04	5.37	95	21.40
12000	8984	519	4.32	5.78	101	19.46
13000	9688	594	4.57	6.13	108	18.18
14000	10390	672	4.80	6.47	111	16.52
15000	11087	755	5.03	6.81	110	14.57
20000	14454	1175	5.88	8.13	33	2.81
25000	17649	1599	6.40	9.06	-69	-4.32
30000	20737	2043	6.81	9.85	-191	-9.35
35000	23720	2474	7.07	10.43	-299	-12.09
40000	26548	2884	7.21	10.86	-387	-13.42
50000	31931	3697	7.39	11.53	-555	-15.01
75000	44030	5622	7.50	12.77	-869	-15.46
100000	55355	7497	7.50	13.54	-1132	-15.10

TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9688	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2824	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

PIGGYBACKING AT 8.16% OF FEDERAL TAXABLE - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0
5000	5000	0	0.0	0.0	0
6000	6000	0	0.0	0.0	0
7000	7000	0	0.0	0.0	0
8000	8000	49	0.61	8.17	-33 -100.00
9000	9000	131	1.46	8.19	-62 -55.86
10000	10000	212	2.12	8.15	-66 -33.50
11000	11000	294	2.67	8.17	-71 -25.09
12000	12000	375	3.13	8.15	-73 -19.89
13000	13000	457	3.52	8.16	-81 -17.76
14000	14000	539	3.85	8.17	-91 -16.61
15000	15000	620	4.13	8.16	-102 -15.91
20000	20000	1028	5.14	8.16	-209 -16.90
25000	25000	1436	5.74	8.16	-318 -18.13
30000	30000	1844	6.15	8.16	-440 -19.26
35000	35000	2252	6.43	8.16	-572 -20.25
40000	40000	2660	6.65	8.16	-699 -20.81
50000	50000	32600	3476	8.16	-909 -20.73
75000	75000	67600	5516	8.16	-1305 -19.13
100000	100000	92600	7556	8.16	-1556 -17.08

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	0	0.0	0.0	0 0.0
8000	8000	600	0.61	8.17	-17 -25.76
9000	9000	131	1.46	8.19	-6 -4.38
10000	10000	212	2.12	8.15	-3 -1.40
11000	11000	294	2.67	8.17	3 1.03
12000	12000	375	3.13	8.15	8 2.18
13000	13000	457	3.52	8.16	12 2.70
14000	14000	539	3.85	8.17	11 2.08
15000	15000	620	4.13	8.16	8 1.31
20000	20000	963	4.81	8.16	-107 -10.00
25000	25000	1285	5.14	8.16	-263 -16.99
30000	30000	1608	5.36	8.16	-431 -21.14
35000	35000	1930	5.51	8.16	-585 -23.26
40000	40000	2252	5.63	8.16	-724 -24.33
50000	50000	2660	5.79	8.16	-1002 -25.70
75000	75000	55250	4508	8.16	-1607 -26.28
100000	100000	75000	6120	8.16	-2079 -25.36

TABLE 2

## MARRIED SEPARATE 70-30 2 DEPENDENTS

DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3664	0	0.0
5000	4580	0	0.0
6000	5497	0	0.0
7000	6413	0	0.0
8000	7282	0	0.0
9000	8099	31	0.34
10000	8910	89	0.89
11000	9709	151	1.37
12000	10504	217	1.81
13000	11283	288	2.22
14000	12065	361	2.58
15000	12845	432	2.88
20000	16680	816	4.08
25000	20394	1234	4.94
30000	23910	1657	5.52
35000	27297	2091	5.97
40000	30515	2519	6.30
50000	36884	3383	6.77
75000	51481	5501	7.33
100000	65116	7610	7.61

## PIGGYBACKING AT 8.16% OF FEDERAL TAXABLE - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	0	0.0	0.0	0	0.0
5000	0	0.0	0.0	0	0.0
6000	0	0.0	0.0	0	0.0
7000	0	0.0	0.0	0	0.0
8000	480	39	0.49	39	*****
9000	1465	120	1.33	89	287.10
10000	2450	200	2.00	111	124.72
11000	3435	280	2.55	129	85.43
12000	4420	361	3.01	144	66.36
13000	5405	441	3.39	153	53.13
14000	6390	521	3.72	160	44.32
15000	7375	602	4.01	170	39.35
20000	12300	1004	5.02	188	23.04
25000	17225	1406	5.62	172	13.94
30000	30000	1807	6.02	150	9.05
35000	35000	2209	6.31	118	5.64
40000	40000	2611	6.53	92	3.65
50000	50000	34850	6.83	32	0.95
75000	75000	5424	7.23	-77	-1.40
100000	91100	7434	7.43	-176	-2.31

## DEDUCTIONS ARE 16 PERCENT OF INCOME

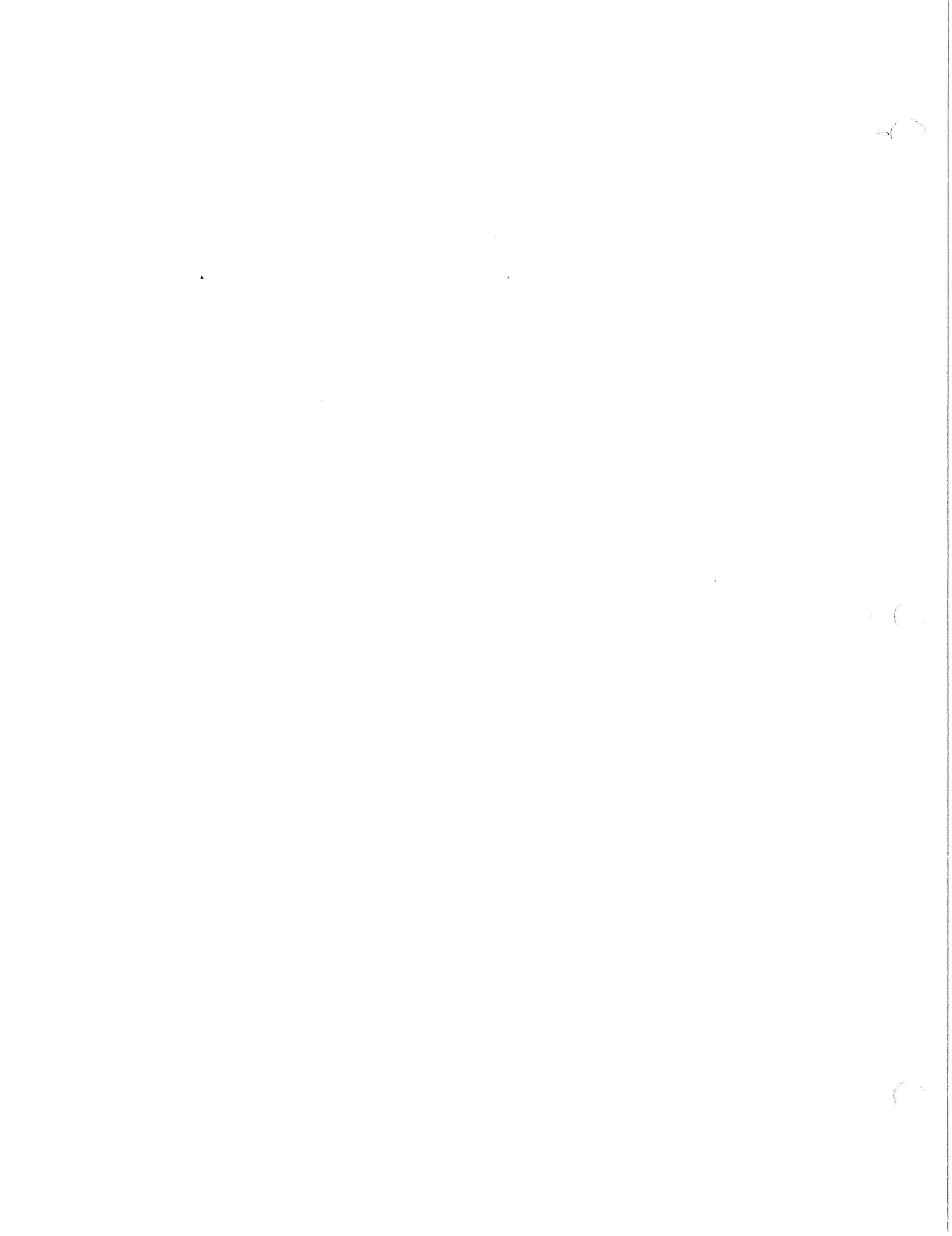
MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	3619	0	0.0	0	0.0
5000	4274	0	0.0	0	0.0
6000	5130	0	0.0	0	0.0
7000	5985	0	0.0	0	0.0
8000	6787	0	0.0	0	0.0
9000	7532	0	0.0	0	0.0
10000	8269	24	0.24	39	*****
11000	8994	74	0.67	120	120
12000	9714	132	1.10	176	*****
13000	10419	188	1.45	206	733.33
14000	11124	244	1.74	229	278.38
15000	11828	306	2.04	253	173.48
20000	15414	644	3.22	277	134.57
25000	18963	1024	4.10	296	113.52
30000	22385	1427	4.76	294	96.73
35000	25697	1831	5.23	231	45.65
40000	28928	2239	5.60	144	22.56
50000	34961	3054	6.11	144	10.09
75000	48839	5019	6.69	56	3.06
100000	61639	6954	6.95	-36	-1.61

## APPENDIX D - Progressive Rates Applied to Combined Federal Adjusted Gross Income

This proposal does not create highly objectionable tax burden shifts as between classes of taxpayers by income level, except that those taxpayers with incomes in excess of \$50,000 realize a general benefit to the general detriment of taxpayers with incomes under \$50,000. Taxpayers with incomes under \$50,000 would have an average increase in tax of approximately \$14.

The primary negative consideration in the case of this proposal is the shift in tax burden from persons utilizing the standard deduction to those who exercise the election to itemize their deductions. The average itemizer with an income less than \$50,000 would incur a \$112 increase in tax.

It appears the most negatively impacted group of taxpayers would be two earner married couples with itemized deductions which are relatively high in relation to adjusted gross income. These taxpayers would undoubtedly be subjected to dramatic increases in tax.



Proposal:

Progressive tax rates applied to combined federal adjusted gross income.

Subtract: U. S. Bond Interest  
Non-resident Earnings  
State Tax Refund

Rate Schedule:

<u>FAGI</u>	<u>Rate</u>
\$ 0 - \$ 2,000	2%
2,000 - 4,000	3
4,000 - 6,000	4
6,000 - 8,000	5
8,000 - 10,000	6
10,000 - 15,000	7
15,000 and over	8

Personal and dependent credits allowed @ \$73 (per current law).

Budget Impact: -\$ .3 million TY 1983

Prepared For: Governor's Task Force On Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 6, 1982

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STATE INCOME TAX FLAT PCT OF AGI  
TABLE 8. SUMMARY OF EFFECTS OF PREPARED TAX  
TAX YEAR 1983  
DUE ON 06/30/82  
A CHANGE FOR ALL RETURNS

PAGE 64

		ALL TAXPAYERS				
NUMBER OF RETURNS IN SAMPLE	ESTIMATED NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
<b>ORIGINAL AGI CLASS</b>						
<b>RETURNS WITH ITEMIZED DEDUCTION</b>						
\$ 0-\$ 5000	0	4855.	25056.	1678748.	216.	33321454.
\$ 5000-\$ 10000	5000	614.	29486.	3218221.	35892.	123172903.
\$ 10000-\$ 20000	10000	618.	82576.	12102989.	376892.	388672671.
\$ 20000-\$ 30000	20000	928.	169336.	26102690.	1681433.	621088.
\$ 30000-\$ 40000	30000	953.	190300.	27926321.	3314860.	967598365.
\$ 40000-\$ 50000	40000	975.	168430.	9723760.	4105478.	1514555353.
\$ 50000-\$ 100000	50000	678.	90566.	2783239.	175150605.	4781538.
\$ 100000-\$ 200000	100000	1181.	77114.	3207372.	1213298305.	5235085.
\$ 200000-\$ 2711.	2711.	14580.	-9078023.	1436992.	1674257389.	4018235.
TOTALS		13513.	847423.	66620117.	16942376.	8854340609.
<b>RETURNS WITH STANDARD DEDUCTION</b>						
\$ 0-\$ 5000	0	20.	222.	12437.	611.	-262232.
\$ 5000-\$ 10000	5000	3082.	315280.	4350098.	749069.	28910C2P9.
\$ 10000-\$ 20000	10000	1459.	194345.	-5224629.	1198890.	839764.
\$ 20000-\$ 30000	20000	1282.	226512.	-30466730.	2647531.	25222C212.
\$ 30000-\$ 40000	30000	506.	100958.	-21164715.	1893975.	1407101.
\$ 40000-\$ 50000	40000	206.	36381.	-7182604.	944528.	3275793.
\$ 50000-\$ 100000	50000	98.	13120.	-2463587.	430040.	1246489.
\$ 100000-\$ 59.	100000	125.	8817.	-4222272.	383033.	577943.
TOTALS		6837.	896074.	-66931906.	40582.	25196666.
<b>RETURNS FOR BOTH TYPES DEDUCTION</b>						
\$ 0-\$ 5000	0	4875.	25278.	1691185.	827.	33055222.
\$ 5000-\$ 10000	5000	3696.	344766.	7568319.	784962.	412272191.
\$ 10000-\$ 20000	10000	2077.	276921.	6878340.	1575783.	917437.
\$ 20000-\$ 30000	20000	2210.	395848.	-4344040.	4328964.	680892823.
\$ 30000-\$ 40000	30000	1499.	291257.	6761607.	5208835.	2028189.
\$ 40000-\$ 50000	40000	1181.	204810.	2541156.	505C0C6.	36431617.
\$ 50000-\$ 100000	50000	776.	103666.	1933289.	3213279.	243612986.
\$ 100000-\$ 2770.	100000	1306.	85931.	-13300295.	3590406.	7217476.
TOTALS		20350.	1743497.	-311789.	1477573.	3142713781.
				25230635.	11301936776.	35296392.
						1976038401.

RESEARCH AND STATISTICS TAX MODEL

END OF JOB

STATE INCOME TAX FLAT PCT OF FAFI  
TABLE 5. DISTRIBUTION OF TAX CHANGE BY AGI CLASS FOR SCHEDULE AND DEDUCTION CATEGORIES

PAGE 48

ALL TAXPAYERS

ORIGINAL AGI CLASS	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS										
\$ 0-\$ 5000	0	11.	-2672.	1306.	1681061.	22.	-3123.	1307.	1681871.	0.
\$ 5000-\$ 10000	399.	-93895.	11206.	3264530.	1461.	-104121.	13208.	3322342.	0.	0.
\$ 10000-\$ 20000	1199.	-24652.	30953.	8786730.	17319.	-741335.	54670.	12844306.	0.	0.
\$ 20000-\$ 30000	801.	-141053.	17488.	9383113.	58811.	-6128160.	109189.	32230870.	0.	0.
\$ 30000-\$ 40000	0.	0.	1996.	8164401.	77877.	-16814552.	112023.	44740873.	0.	0.
\$ 40000-\$ 50000	0.	0.	133.	453282.	38593.	-14721429.	51684.	19118305.	0.	0.
\$ 50000-\$ 100000	0.	0.	295.	1469523.	46172.	-2717754.	20805.	10099501.	0.	0.
\$ 100000-\$ 100000	8.	-393851.	87.	2207364.	10845.	-21965519.	3735.	12514074.	0.	0.
<b>TOTALS</b>	<b>2419.</b>	<b>-656125.</b>	<b>63599.</b>	<b>35637933.</b>	<b>326407.</b>	<b>-112846350.</b>	<b>469749.</b>	<b>175466467.</b>	<b>0.</b>	<b>0.</b>
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION										
\$ 0-\$ 5000	0	0.	10.	12437.	0.	0.	10.	12437.	222.	12437.
\$ 5000-\$ 10000	15718.	-126948.	26403.	5161141.	96458.	-1518249.	29591.	5862348.	315280.	4350098.
\$ 10000-\$ 20000	25426.	-1035655.	7656.	2283270.	158329.	-10386146.	18176.	5161517.	194345.	-5224629.
\$ 20000-\$ 30000	4735.	-588524.	267.	451698.	204553.	-26460243.	21559.	6013513.	226512.	-30446730.
\$ 30000-\$ 40000	0.	0.	0.	0.	82988.	-24211621.	17569.	3046906.	100958.	-21164715.
\$ 40000-\$ 50000	0.	0.	0.	0.	23123.	-9180559.	13257.	1997955.	36381.	-7182606.
\$ 50000-\$ 100000	0.	0.	0.	0.	9370.	-2986806.	3750.	523219.	13120.	-2463587.
\$ 100000-\$ 100000	0.	0.	0.	0.	7106.	-4695589.	1711.	473317.	8817.	-4222272.
				0.	413.	-6013C3.	17.	11399.	440.	-589904.
<b>TOTALS</b>	<b>45879.</b>	<b>-1751127.</b>	<b>34336.</b>	<b>7908545.</b>	<b>582341.</b>	<b>-90040517.</b>	<b>106440.</b>	<b>23108611.</b>	<b>896074.</b>	<b>-66931906.</b>
RETURNS FOR BOTH TYPES DEDUCTION										
\$ 0-\$ 5000	0	11.	-2672.	1316.	1693498.	22.	-3123.	1317.	1694308.	222.
\$ 5000-\$ 10000	16117.	-220843.	37610.	8425670.	97919.	-1622370.	42795.	6190689.	315280.	4350098.
\$ 10000-\$ 20000	26625.	-1060307.	38609.	11070000.	175648.	-11127681.	72846.	10005821.	194345.	-5224629.
\$ 20000-\$ 30000	5536.	-729577.	17754.	9834811.	263364.	-42588423.	131148.	30244383.	226512.	-30446730.
\$ 30000-\$ 40000	0.	0.	1996.	8164401.	160866.	-41026172.	129992.	47787779.	100958.	-21164715.
\$ 40000-\$ 50000	0.	0.	134.	227929.	98430.	-34371127.	106380.	36912283.	36381.	-7182606.
\$ 50000-\$ 100000	0.	0.	133.	453282.	67964.	-17708225.	55434.	19641524.	13120.	-2463587.
\$ 100000-\$ 100000	0.	0.	295.	1469523.	53278.	-31873113.	3220.	1E572818.	8817.	-4222272.
			87.	2207364.	11258.	-22566822.	3752.	12525473.	440.	-589904.
<b>TOTALS</b>	<b>48298.</b>	<b>-2407251.</b>	<b>97935.</b>	<b>43546478.</b>	<b>908748.</b>	<b>-202886867.</b>	<b>576189.</b>	<b>202575078.</b>	<b>896074.</b>	<b>-66931906.</b>

STATE INCOME TAX FLAT PCT OF FAFI  
TABLE 6. PROPOSED DISTRIBUTION OF ESTIMATED AGGREGATE TAXABLE INCOME BY TAX INCOME BRACKET

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TAXABLE INCOME BRACKET	TAXABLE INCOME WITHIN BRACKETS ( THOUSANDS )	PERCENT OF TOTAL TAXABLE INCOME	NUMBER OF RETURNS REACHING BRACKET	NUMBER OF RETURNS FALLING IN BRACKET	TOTAL TAXABLE INCOME OF RETURNS FALLING IN BRACKET ( THOUSANDS )	TAX ACCRUING FROM BRACKET BEFORE TAX RATE ( PERCENT ), TAX CREDITS ( THOUSANDS )	PERCENT OF TOTAL TAX
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ALL AGI CLASSES  
MARRIED TAXPAYERS FILING JO1. RETURNS

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	664.	70536.	1680135.	.24.	4.1 4.1	1687091.	89016.
\$ 50 - \$ 100	414.	66854.	4922430.	.74.	4.1 8.1	1612695.	80790.
\$ 100 - \$ 250	797.	123860.	20970508.	.169.	7.1 15.1	3386335.	166807.
\$ 250 - \$ 500	829.	124501.	44469706.	.357.	7.1 22.1	3780867.	176677.
\$ 500 - \$ 1000	555.	69092.	47077578.	.681.	4.1 26.1	2328724.	100906.
\$ 1000 - \$ 5000	818.	23369.	39908242.	.1708.	1.1 27.1	1227250.	52754.
TAXABLE INCREASE	3877.	478254.	159028600.	.333.	27.1 27.1	14022962.	664951.
NO CHANGE	49.	2307.	0.	0.	0.1 28.1	37286.	2479.
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	1573.	215461.	-5029508.	-.23.	12.1 40.1	2148670.	84525.
\$ 50 - \$ 100	941.	133010.	-9858829.	-.73.	8.1 48.1	1973636.	95196.
\$ 100 - \$ 250	1967.	322677.	-56690048.	-.169.	19.1 66.1	6187405.	361392.
\$ 250 - \$ 500	1020.	152082.	-52128016.	-.343.	9.1 75.1	4757042.	330713.
\$ 500 - \$ 1000	769.	66205.	-44496520.	-.672.	4.1 79.1	3099406.	242036.
\$ 1000 - \$ 5000	1767.	19312.	-36883946.	-.1910.	1.1 80.1	2220236.	194747.
TAXABLE DECREASE	8037.	908748.	-202886867.	-.223.	52.1 52.1	20386394.	1308609.
TAXABLE SUBTOTAL	11963.	1389308.	-43858267.	-.32.	80.1 80.1	34446642.	1976038.
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	177.	18921.	414549.	.22.	1.1 81.1	99327.	0.
\$ 50 - \$ 100	138.	14175.	1009640.	.71.	1.1 62.1	79756.	0.
\$ 100 - \$ 250	266.	27411.	4720756.	.172.	2.1 83.1	158852.	0.
\$ 250 - \$ 500	157.	17522.	6159898.	.352.	1.1 84.1	127758.	0.
\$ 500 - \$ 1000	106.	11597.	7920159.	.683.	1.1 85.1	102409.	0.
\$ 1000 - \$ 5000	121.	8308.	23321476.	.2807.	0.1 85.1	133500.	0.
NON-TAXABLE INCR	965.	97935.	43546478.	.445.	6.1 6.1	691602.	0.
NO CHANGE	7422.	256254.	0.	0.	15.1 100.1	158149.	0.
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-311789.</b>	<b>-0.</b>	<b>100.1 100.1</b>	<b>35296392.</b>	<b>1976038.</b>

STATE INCOME TAX FLAT PCT OF FAFI  
 TABLE 1. EFFECTS OF PROPOSED TAX LAW CHANGE - TAX YEAR 1983  
 DONE ON 06/30/82  
 BY PERCENT CHANGE IN TAX LIABILITY

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RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE</b>							
0 - 2	332.	34567.	808672.	23.	2.1 2.1	1322496.	80929.
2 - 4	282.	30666.	1856457.	61.	2.4 4.1	1076072.	63427.
4 - 6	263.	30381.	3082244.	101.	2.1 5.1	1080152.	62279.
6 - 10	414.	47569.	7317667.	154.	3.1 8.1	1650935.	92420.
10 - 25	981.	122338.	32735699.	268.	7.1 15.1	3949652.	200163.
25 - 800	1605.	212733.	113227860.	532.	12.1 27.1	4943654.	165713.
TAXABLE INCREASE	3877.	478254.	159028600.	333.	27.1 27.1	14022962.	664951.
NO CHANGE	69.	2307.	0.	0.	0.1 20.1	37286.	2479.
<b>TAX DECREASE</b>							
0 - 5	892.	79771.	-5104832.	-66.	5.1 32.1	3090589.	197766.
5 - 10	1039.	72372.	-14736180.	-204.	4.1 36.1	2860286.	195814.
10 - 15	1187.	90007.	-31302356.	-348.	5.1 41.1	3465226.	248954.
15 - 20	1177.	155604.	-51672694.	-332.	9.1 50.1	4220424.	297703.
20 - 25	1037.	157210.	-47137604.	-300.	9.1 50.1	3190201.	211271.
25 - 30	815.	113563.	-26798701.	-236.	7.1 66.1	1682983.	99112.
30 - 40	702.	87977.	-11234550.	-128.	5.1 71.1	798387.	33814.
40 - 50	376.	48710.	-4235279.	-87.	3.1 74.1	326464.	9701.
50 - 99	434.	55103.	-8242158.	-150.	3.1 77.1	417007.	12051.
99 - 800	378.	48431.	-2422712.	-50.	3.1 80.1	314825.	2423.
TAXABLE DECREASE	8037.	908748.	-202886867.	-223.	52.1 52.1	20386394.	1308609.
TAXABLE SUBTOTAL	11963.	1389308.	-43858267.	-32.	80.1 80.1	34446642.	1976038.
<b>PRESENTLY NON-TAXABLE</b>							
NO CHANGE	7422.	256254.	43546678.	443.	15.1 95.1	150137.	0.
TAX INCREASE	965.	979335.	-----	-----	6.1 100.1	691602.	0.
TOTALS	20350.	1743497.	-311789.	-0.	100.1 100.1	35256392.	1976038.

STATE INCOME TAX FLAT PCT OF FAFI  
 TABLE 2. EFFECTS OF PROPOSED TAX LAW CHANGE - TAX YEAR 1983  
 DONE ON 06/30/82  
 BY ABSOLUTE CHANGE IN TAX LIABILITY

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RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

MARRIED TAXPAYERS FILING JOINT RETURNS

ABSOLUTE CHG IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
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TAX RATE COMPUTED ON  
FEDERAL ADJUSTED GROSS INCOME  
UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT		ITEMIZED DEDUCTIONS		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
\$0-\$5000-\$50000-\$100000-\$	0	0.1	1.8	0.1	0.8	0.0	2.4	0.0	1.2	0.1	1.6
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	5000	0.0	1.6	0.2	0.8	0.0	1.8	0.1	1.7	0.1	1.5
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	10000	0.3	2.2	0.2	2.1	2.5	3.0	1.3	3.0	0.8	2.6
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	20000	3.0	3.9	2.4	4.3	4.5	4.6	4.5	5.0	3.3	4.5
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	30000	5.7	6.2	5.3	6.3	6.8	6.9	6.9	6.9	5.7	6.4
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	40000	8.0	7.1	6.6	7.2	9.0	7.3	7.9	7.7	7.0	7.2
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	50000	8.8	7.8	7.4	7.7	9.0	7.8	8.1	8.1	7.6	7.7
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	100000	8.9	8.1	8.4	8.2	9.6	8.7	9.0	8.7	8.5	8.3
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	100000	9.3	9.1	9.8	9.2	10.8	9.6	9.2	9.4	9.7	9.2
		6.6	6.6		6.9	7.3	6.9	6.5		6.7	7.0
ORIGINAL INCOME CLASS	MARRIED JOINT		STANDARD DEDUCTIONS		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	0	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.0	0.0	2.4
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	5000	0.0	0.5	0.0	1.2	0.6	0.6	0.5	0.8	0.4	0.7
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	10000	0.5	0.7	0.3	1.3	3.6	3.6	3.0	2.2	2.3	1.9
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	20000	4.1	3.6	3.9	4.2	7.1	5.0	6.6	5.3	6.0	4.9
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	30000	7.6	5.6	6.6	6.4	8.9	6.8	8.3	7.0	7.6	6.6
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	40000	5.0	3.6	7.5	7.3	10.1	7.6	9.2	7.7	7.6	6.9
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	50000	10.9	8.1	8.0	7.6	0.0	0.0	9.9	8.2	8.2	7.7
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	100000	11.1	8.6	9.0	8.2	11.7	8.8	9.9	8.7	9.2	8.3
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	100000	9.9	8.9	10.9	9.8	0.0	0.0	10.8	9.7	10.7	9.7
		3.7	3.0		6.6	6.4	6.4	4.9		5.6	4.6
ORIGINAL INCOME CLASS	MARRIED JOINT		ALL DEDUCTIONS		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	0	0.1	1.8	0.1	0.9	0.0	2.4	0.0	1.2	0.1	1.6
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	5000	0.0	0.7	0.1	1.1	0.5	0.9	0.4	0.9	0.3	0.9
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	10000	0.5	1.2	0.2	1.8	3.4	3.5	2.6	2.4	1.8	2.1
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	20000	3.5	3.7	2.8	4.3	6.2	4.9	6.0	5.2	4.8	4.7
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	30000	6.2	6.1	5.6	6.3	8.0	6.8	7.7	7.0	6.4	6.5
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	40000	7.6	6.7	6.0	7.2	9.3	7.4	8.3	7.7	7.1	7.2
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	50000	8.9	7.8	7.5	7.7	9.0	7.8	8.4	8.1	7.7	7.7
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	100000	9.0	8.1	8.4	8.2	9.9	8.7	9.2	8.7	8.6	8.3
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	100000	9.3	9.1	9.8	9.2	10.8	9.6	9.3	9.4	9.7	9.2
		5.8	5.6		6.9	7.2	6.6	5.7		5.7	6.4

TAX RATE COMPUTED ON  
MINNESOTA GROSS INCOME  
UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT		ITEMIZED DEDUCTIONS		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
\$0-\$5000-\$10000-\$20000-\$30000-\$40000-\$50000-\$100000-\$	0	0.0	6.0	0.0	3.5	0.0	4.2	0.0	3.7	0.0	5.2

TABLE 4

SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3594	47	1.17	1.31
5000	4398	97	1.94	2.21
6000	5185	156	2.60	3.01
7000	5964	218	3.11	3.66
8000	6743	289	3.61	4.29
9000	7521	365	4.06	4.85
10000	8291	446	4.46	5.38
11000	9052	526	4.78	5.81
12000	9808	606	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.56	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1758	7.03	9.36
30000	21881	2208	7.36	10.09
35000	25095	2574	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33880	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

## PROGRESSIVE TAX RATES APPLIED TO FAGI - 1983 /

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE	
		AFTER CREDIT	MGI	TXBL INC		
4000	4000	27	0.67	0.67	-20	-42.55
5000	5000	67	1.34	1.34	-30	-30.93
6000	6000	107	1.78	1.78	-49	-31.41
7000	7000	157	2.24	2.24	-61	-27.98
8000	8000	207	2.59	2.59	-82	-28.37
9000	9000	267	2.97	2.97	-98	-26.85
10000	10000	327	3.27	3.27	-119	-26.68
11000	11000	397	3.61	3.61	-129	-24.52
12000	12000	467	3.89	3.89	-139	-22.94
13000	13000	537	4.13	4.13	-154	-22.29
14000	14000	607	4.34	4.34	-172	-22.08
15000	15000	677	4.51	4.51	-188	-21.73
20000	20000	1077	5.38	5.38	-236	-17.97
25000	25000	1477	5.91	5.91	-281	-15.98
30000	30000	1877	6.26	6.26	-331	-14.99
35000	35000	2277	6.51	6.51	-397	-14.85
40000	40000	2677	6.69	6.69	-440	-14.12
50000	50000	3477	6.95	6.95	-523	-13.07
75000	75000	5477	7.30	7.30	-624	-10.23
100000	100000	7477	7.48	7.48	-731	-8.91

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3342	33	0.82	0.99
5000	4073	76	1.52	1.87
6000	4783	126	2.10	2.63
7000	5486	179	2.56	3.26
8000	6188	239	2.99	3.86
9000	6890	303	3.37	4.40
10000	7583	371	3.71	4.89
11000	8267	444	4.04	5.37
12000	8984	519	4.32	5.78
13000	9688	594	4.57	6.13
14000	10390	672	4.80	6.47
15000	11087	755	5.03	6.81
20000	14454	1175	5.88	8.13
25000	17649	1599	6.40	9.06
30000	20737	2043	6.81	9.85
35000	23720	2474	7.07	10.43
40000	26548	2384	7.21	10.86
50000	31931	3697	7.39	11.58
75000	44030	5622	7.50	12.77
100000	55355	7497	7.50	13.54

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE	
		AFTER CREDIT	MGI	TXBL INC		
4000	4000	27	0.67	0.67	-6	-18.18
5000	5000	67	1.34	1.34	-9	-11.84
6000	6000	107	1.78	1.78	-19	-15.08
7000	7000	157	2.24	2.24	-22	-12.29
8000	8000	207	2.59	2.59	-32	-13.39
9000	9000	267	2.97	2.97	-36	-11.88
10000	10000	327	3.27	3.27	-44	-11.86
11000	11000	397	3.61	3.61	-47	-10.59
12000	12000	467	3.89	3.89	-52	-10.02
13000	13000	537	4.13	4.13	-57	-9.60
14000	14000	607	4.34	4.34	-65	-9.67
15000	15000	677	4.51	4.51	-78	-10.33
20000	20000	1077	5.38	5.38	-98	-8.34
25000	25000	1477	5.91	5.91	-122	-7.63
30000	30000	1877	6.26	6.26	-166	-8.13
35000	35000	2277	6.51	6.51	-197	-7.96
40000	40000	2677	6.69	6.69	-207	-7.18
50000	50000	3477	6.95	6.95	-220	-5.95
75000	75000	5477	7.30	7.30	-145	-2.58
100000	100000	7477	7.48	7.48	-20	-0.27

TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4530	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9688	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2824	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

PROGRESSIVE TAX RATES APPLIED TO FAGI - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0
5000	5000	0	0.0	0.0	0
6000	6000	0	0.0	0.0	0
7000	7000	0	0.0	0.0	-33
8000	8000	0	0.0	0.0	-111
9000	9000	48	0.53	0.53	-149
10000	10000	108	1.08	1.08	-175
11000	11000	178	1.62	1.62	-189
12000	12000	248	2.07	2.07	-208
13000	13000	318	2.45	2.45	-230
14000	14000	388	2.77	2.77	-253
15000	15000	458	3.05	3.05	-275
20000	20000	858	4.29	4.29	-379
25000	25000	1258	5.03	5.03	-496
30000	30000	1658	5.53	5.53	-626
35000	35000	2058	5.88	5.88	-766
40000	40000	2458	6.14	6.14	-901
50000	50000	3258	6.52	6.52	-1127
75000	75000	5258	7.01	7.01	-1563
100000	100000	7258	7.26	7.26	-1854

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0
5000	5000	0	0.0	0.0	0
6000	6000	0	0.0	0.0	0
7000	7000	0	0.0	0.0	0
8000	8000	0	0.0	0.0	0
9000	7516	66	0.82	0.97	-66
10000	8249	137	1.52	1.82	-89
11000	8972	215	2.15	2.61	-107
12000	9687	291	2.65	3.24	-113
13000	10389	367	3.06	3.79	-119
14000	11092	445	3.42	4.28	-127
15000	11794	528	3.77	4.76	-140
20000	15361	612	4.08	5.19	-154
25000	18838	1070	5.35	6.97	-19.81
30000	22282	1548	6.19	8.20	-212
35000	25558	2039	6.80	9.15	-220
40000	28744	2515	7.19	9.84	-238
50000	34694	2976	7.44	10.35	-256
75000	48381	3899	7.80	11.24	-274
100000	60967	6115	8.15	12.64	-292

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	288	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23910	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36834	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

PROGRESSIVE TAX RATES APPLIED TO FAGI - 1983 /

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		AFTER CREDIT	MGI		
4000	3940	0	0.0	0.0	0 0.0
5000	4925	0	0.0	0.0	0 0.0
6000	5910	0	0.0	0.0	0 0.0
7000	6895	0	0.0	0.0	0 0.0
8000	7880	0	0.0	0.0	0 0.0
9000	8865	40	0.44	0.45	9 29.03
10000	9850	99	0.99	1.01	10 11.24
11000	10835	166	1.51	1.53	15 9.93
12000	11820	235	1.96	1.99	18 8.29
13000	12805	304	2.34	2.37	16 5.56
14000	13790	373	2.66	2.70	12 3.32
15000	14775	442	2.95	2.99	10 2.31
20000	19700	834	4.17	4.23	18 2.21
25000	25000	24625	4.91	4.99	-6 -0.49
30000	30000	29550	1622	5.41	-35 -2.11
35000	35000	34475	2016	5.76	-75 -3.59
40000	40000	39400	2410	6.02	-109 -4.33
50000	50000	49250	3198	6.40	-185 -5.47
75000	75000	73875	5168	6.89	-333 -6.05
100000	100000	98500	7138	7.00	-472 -6.20
			7.14	7.25	

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3619	0	0.0	0.0
5000	4274	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5935	0	0.0	0.0
8000	6787	0	0.0	0.0
9000	7532	0	0.0	0.0
10000	8269	24	0.24	0.29
11000	8994	74	0.67	0.82
12000	9714	132	1.10	1.35
13000	10419	188	1.45	1.80
14000	11124	244	1.74	2.19
15000	11828	306	2.04	2.59
20000	15414	644	3.22	4.18
25000	18963	1024	4.10	5.40
30000	22388	1427	4.76	6.37
35000	25697	1331	5.23	7.13
40000	28928	2239	5.60	7.74
50000	34961	3054	6.11	8.74
75000	48839	5019	6.69	10.28
100000	61639	6954	6.95	11.28

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	
		AFTER CREDIT	MGI		AMOUNT
4000	3940	0	0.0	0.0	0 0.0
5000	4925	0	0.0	0.0	0 0.0
6000	5910	0	0.0	0.0	0 0.0
7000	6895	0	0.0	0.0	0 0.0
8000	7880	0	0.0	0.0	0 0.0
9000	8865	40	0.44	0.45	40 *****
10000	9850	99	0.99	1.01	75 312.50
11000	10835	166	1.51	1.53	92 124.32
12000	11820	235	1.96	1.99	103 78.03
13000	12805	304	2.34	2.37	116 61.70
14000	13790	373	2.66	2.70	129 52.87
15000	14775	442	2.95	2.99	136 44.44
20000	19700	834	4.17	4.23	190 29.50
25000	25000	24625	4.91	4.99	204 19.92
30000	30000	29550	1622	5.41	195 13.67
35000	35000	34475	2016	5.76	185 10.10
40000	40000	39400	2410	6.02	171 7.64
50000	50000	49250	3198	6.40	144 4.72
75000	75000	73875	5168	6.89	149 2.97
100000	100000	98500	7138	7.00	184 2.65
			7.14	7.25	

## APPENDIX E - Flat Rate Applied to Federal Adjusted Gross Income

The burden shift which would occur under this proposal is deemed totally unacceptable. Most taxpayers with incomes under \$20,000 would incur significant increases in tax, while most taxpayers with incomes greater than \$30,000 would realize a substantial reduction in tax. The average taxpayer in the \$20,000 to \$30,000 income range could see a tax increase or decrease, depending upon where within that range their income lies and whether they itemized deductions. Also, particular types of taxpayers within a specific income grouping would be affected in appreciably different ways. For example, a single taxpayer with an income of \$15,000 who utilizes the standard deduction would have a smaller tax liability than under current law, even though the general class of taxpayers at this income level would incur an increased tax liability. Conversely, a married couple with a total income of \$15,000 earned equally by each spouse who could claim itemized deductions of \$6,000, would find their Minnesota Tax liability increased greatly, perhaps in excess of 100%.



Proposal:

Flat tax rate applied to federal adjusted gross income.

Add: Municipal Bond Interest

Subtract: U.S. Bond Interest  
Non-resident Earnings

Tax Rate: 7%

Personal Credit: \$100

Low Income Alternative Tax

Tax Rate: 10%

Exclusions based on federal adjusted gross income.

<u>Household Size</u>	<u>Income Exclusion</u>
1	\$ 7,000
2	8,600
3	9,200
4	9,800
5	10,400
6	11,000

Budget Impact: \$.1 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 29, 1982



ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

*****-\$	0	4854.	25046.	1536312.	216.	33321105.	-458337.	86285.
0-\$	5000	605.	28643.	2956983.	36204.	118710935.	76699.	176390.
5000-\$	10000	617.	82443.	10212749.	377612.	386374468.	619784.	5472282.
10000-\$	20000	928.	169336.	40583942.	1685842.	963190087.	2538054.	75755518.
20000-\$	30000	953.	190300.	47511680.	3319787.	1580068269.	4781538.	232811096.
30000-\$	40000	974.	168230.	10919071.	4102761.	1747862840.	5828638.	338595776.
40000-\$	50000	673.	90546.	-4172206.	2735889.	1210648356.	4018235.	250276179.
50000-\$	100000	1181.	77114.	-31849501.	3214734.	1666896173.	4906985.	344444682.
100000-\$*****	2711.	14580.	-31222893.	1444957.	1109551654.	2585197.	204421028.	

TOTALS

	13501.	846237.	46476137.	16968003.	8816623886.	24896794.	1452039235.
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RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

*****-\$	0	21.	232.	13444.	621.	-272020.	-883.	0.
0-\$	5000	3091.	316123.	1365309.	752574.	289746169.	840738.	3865571.
5000-\$	10000	1460.	194478.	-14164253.	1201855.	290835106.	1408405.	31114776.
10000-\$	20000	1282.	226512.	-10341593.	2650135.	681270061.	3275793.	168395578.
20000-\$	30000	506.	100958.	-6284249.	1896365.	560335122.	2435937.	155190700.
30000-\$	40000	207.	36580.	-6193961.	951645.	295351691.	1252935.	83234840.
40000-\$	50000	98.	13120.	-3337145.	430346.	142632007.	577943.	39704358.
50000-\$	100000	125.	8817.	-6593124.	326818.	153910460.	542840.	41748600.
100000-\$*****	59.	440.	-1046728.	40887.	24891290.	65890.	5909388.	

TOTALS

	6849.	897260.	-46582301.	8309245.	2438699885.	10399598.	529163811.
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RETURNS FOR BOTH TYPES DEDUCTION

ORIGINAL AGI CLASS

*****-\$	0	4875.	25278.	1549755.	837.	33049085.	-459219.	86285.
0-\$	5000	3595.	344766.	4322292.	788778.	408457104.	917437.	4041961.
5000-\$	10000	2077.	276921.	-3951504.	1579467.	677209574.	2028189.	36587058.
10000-\$	20000	2210.	395848.	30242349.	4335977.	1644460148.	5813847.	244151096.
20000-\$	30000	1459.	291257.	41227430.	5216152.	2140403391.	7217474.	388001796.
30000-\$	40000	1181.	201810.	4725110.	5054406.	2043214530.	7081574.	421830616.
40000-\$	50000	776.	103666.	-7509351.	3216234.	1353280363.	4596178.	289980537.
50000-\$	100000	1306.	85931.	-38442625.	3599552.	1820806633.	5449825.	386193282.
100000-\$*****	2770.	15020.	-32269620.	1485844.	1134442944.	2651087.	210330416.	

TOTALS

	20350.	1743497.	-106164.	25277248.	11255323771.	35296392.	1981203046.
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## **ALL TAXPAYERS**

**PRESENTLY TAXABLE**    **PRESENTLY NONTAXABLE**    **RETURNS WITH CHANGE IN TAX LIABILITY**    **RETURNS WHICH**  
**RETURNS MADE**    **RETURNS MADE**    **CHANGED THEIR**  
**NONTAXABLE**    **TAXABLE**    **TAX DECREASE**    **TYPE OF DEDUCTION**

NUMBER OF RETURNS      AMOUNT OF TAX CUT      NUMBER OF RETURNS      AMOUNT OF TAX INCREASE      NUMBER OF RETURNS      AMOUNT OF TAX CHANGE      NUMBER OF RETURNS      AMOUNT OF TAX CHANGE      NUMBER OF RETURNS      AMOUNT OF TAX CHANGE

ORIGINAL AGI CLASS

**RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS**

0	22.	-3892.	813.	1539249.	22.	-3892.	814.	1540204.	0.	0.
5000	3320.	-80832.	5707.	3124803.	3453.	-167862.	5717.	3124845.	0.	0.
10000	14112.	-975692.	17645.	8625460.	28906.	-2337450.	30040.	12550200.	0.	0.
20000	400.	-111168.	17021.	9942916.	33842.	-2691719.	134493.	43275661.	0.	0.
30000	0.	0.	1797.	7405854.	54718.	-9853682.	135382.	57365362.	0.	0.
40000	0.	0.	134.	226724.	72521.	-24963167.	95509.	35882238.	0.	0.
50000	0.	0.	133.	439547.	48099.	-19119200.	42447.	14946994.	0.	0.
100000	0.	0.	295.	1356691.	57373.	-43044050.	19660.	11194549.	0.	0.
1000000	9.	-432270.	74.	1792424.	12598.	-38785267.	1972.	7562374.	0.	0.

**TOTALS**      17863.   -1603904.   43620.   34453667.   311532.   -140966289.   466034.   187442426.   0.   "   0.

**RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION**

0	0	0.	0.	10.	13444.	0.	0.	10.	13444.	232.	13444.
0-\$	5000	98649.	-3662512.	15251.	4342860.	98582.	-3666894.	16977.	5032203.	316123.	1365309.
5000-\$	10000	87819.	-9651819.	5457.	2459499.	160723.	-19821201.	13983.	5656948.	194478.	-14164253.
10000-\$	20000	933.	-133150.	133.	310551.	192796.	-19177301.	33583.	8835708.	226512.	-10341593.
20000-\$	30000	0.	0.	0.	0.	76001.	-12172593.	24757.	5888348.	100958.	-6286249.
30000-\$	40000	134.	-411933.	0.	0.	21527.	-8585003.	14853.	2391041.	36580.	-6193961.
40000-\$	50000	0.	0.	0.	0.	11111.	-3731267.	2009.	394122.	13120.	-3337145.
50000-\$	100000	0.	0.	0.	0.	8063.	-6736626.	748.	143502.	8817.	-6593124.
100000-\$	*****	0.	0.	0.	0.	430.	-1124560.	10.	77833.	440.	-1046728.

**TOTALS** 187336. -13859414. 20851. 7126353. 569239. -75015450. 106931. 28433149. 897260. -46582301.

**RETURNS FOR BOTH TYPES DEDUCTION**

0	22.	-3892.	824.	1552692.	22.	-3892.	825.	1553648.	232.	13444.
0-\$ 5000	101770.	-3743393.	20957.	7467663.	102035.	-3834756.	22694.	8157048.	316123.	1365309.
5000-\$ 10000	101931.	-10627511.	23102.	11084959.	189630.	-22158651.	44023.	18207148.	194478.	-16164253.
10000-\$ 20000	1333.	-244319.	17155.	10253467.	226638.	-21869019.	168076.	52111368.	226512.	-10341593.
20000-\$ 30000	0.	0.	1797.	7405854.	130719.	-22026280.	160139.	63253710.	100958.	-6284249.
30000-\$ 40000	134.	-411933.	134.	226724.	94049.	-33548170.	110363.	38273279.	36580.	-6193961.
40000-\$ 50000	0.	0.	133.	439547.	59210.	-22350467.	44456.	15341116.	13120.	-3337145.
50000-\$ 100000	0.	0.	295.	1356691.	65442.	-49780677.	20408.	11338052.	8817.	-6593124.
100000-\$*****	9.	-432270.	74.	1792424.	13028.	-39909827.	1982.	7640207.	460.	-1066728.

**TOTALS** 205199. -15463318. 64471. 41580020. 880772. -215981739. 572965. 215875575. 897260. -46582301.

TAX RATE COMPUTED ON  
FEDERAL ADJUSTED GROSS INCOME  
UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT		ITEMIZED DEDUCTIONS		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
XXXXXXXX-\$	0	0.1	1.6	0.1	0.8	0.0	2.2	0.0	1.1	0.1	1.5		
0-\$	5000	0.0	1.7	0.2	0.9	0.0	1.2	0.1	1.6	0.1	1.5		
5000-\$	10000	0.3	2.0	0.2	2.0	2.5	0.4	1.3	2.7	0.8	2.3		
10000-\$	20000	3.0	4.5	2.4	4.8	4.5	4.4	4.5	5.8	3.4	5.2		
20000-\$	30000	5.8	6.6	5.3	6.7	6.8	7.5	6.9	7.7	5.7	6.9		
30000-\$	40000	8.0	7.1	6.6	7.2	9.0	7.3	7.9	7.9	7.0	7.3		
40000-\$	50000	8.8	7.5	7.4	7.4	9.0	7.6	8.1	8.0	7.6	7.5		
50000-\$	100000	8.9	7.6	8.4	7.7	9.6	8.2	9.0	8.2	8.5	7.7		
100000-\$XXXXXXXX	9.3	8.1	9.8	8.3	10.9	8.6	9.3	8.4	9.7	8.2			
			6.7	6.5	6.9	7.2	6.9	6.2	5.8	6.5	6.7	6.9	
ORIGINAL INCOME CLASS	MARRIED JOINT		STANDARD DEDUCTIONS		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
XXXXXXXX-\$	0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	0.0	1.9	
0-\$	5000	0.0	0.4	0.0	1.3	0.6	0.0	0.5	0.4	0.3	0.3	0.5	
5000-\$	10000	0.5	0.6	0.3	1.3	3.6	1.9	3.0	1.4	2.3	1.2		
10000-\$	20000	4.1	3.9	4.0	4.8	7.1	4.5	6.6	6.1	6.0	5.6		
20000-\$	30000	7.5	6.3	6.6	6.9	8.9	7.4	8.4	8.0	7.6	7.3		
30000-\$	40000	5.0	3.6	7.5	7.3	10.1	7.9	9.2	8.0	7.6	7.0		
40000-\$	50000	10.9	7.8	8.0	7.5	0.0	0.0	9.9	8.1	8.2	7.5		
50000-\$	100000	11.2	8.0	9.0	7.7	11.7	8.2	10.0	8.3	9.3	7.8		
100000-\$XXXXXXXX	10.2	7.9	10.9	9.1	0.0	0.0	10.9	8.9	10.8	8.9			
			3.7	3.2	6.6	6.6	6.4	4.5	5.6	4.9	5.6	5.1	
ORIGINAL INCOME CLASS	MARRIED JOINT		ALL DEDUCTIONS		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
XXXXXXXX-\$	0	0.1	1.6	0.1	0.9	0.0	2.2	0.0	1.1	0.1	1.5		
0-\$	5000	0.0	0.7	0.1	1.2	0.5	0.3	0.5	0.6	0.3	0.6		
5000-\$	10000	0.5	1.1	0.2	1.7	3.4	1.6	2.6	1.7	1.8	1.6		
10000-\$	20000	3.5	4.2	2.8	4.8	6.2	4.5	6.0	6.0	4.8	5.4		
20000-\$	30000	6.2	6.5	5.6	6.8	8.0	7.4	7.7	7.8	6.4	7.0		
30000-\$	40000	7.6	6.7	6.8	7.2	9.3	7.4	8.4	7.9	7.1	7.2		
40000-\$	50000	9.0	7.5	7.5	7.4	9.0	7.6	8.4	8.0	7.7	7.5		
50000-\$	100000	9.0	7.6	8.5	7.7	9.9	8.2	9.2	8.2	8.6	7.7		
100000-\$XXXXXXXX	9.4	8.1	9.9	8.3	10.9	8.6	9.5	8.4	9.8	8.3			
			5.9	5.6	6.9	7.1	6.7	5.3	5.7	5.5	6.4	6.4	

RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE</b>							
<b>TAX INCREASE</b>							
0 - 2	243.	33189.	642319.	19.	2.( 2.)	1122009.	67644.
2 - 4	227.	29080.	1641763.	56.	2.( 4.)	960079.	56115.
4 - 6	186.	25124.	2431499.	99.	1.( 5.)	865690.	50415.
6 - 10	331.	47060.	6579121.	140.	3.( 8.)	1488736.	82087.
10 - 25	867.	126636.	32235458.	255.	7.( 15.)	3804961.	194223.
25 - ***	1608.	247404.	130715395.	528.	14.( 29.)	5534045.	187106.
<b>TAXABLE INCREASE</b>	<b>3462.</b>	<b>508494.</b>	<b>174295555.</b>	<b>343.</b>	<b>29.( 29.)</b>	<b>13775519.</b>	<b>637590.</b>
<b>NO CHANGE</b>	<b>47.</b>	<b>1852.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 29.)</b>	<b>33959.</b>	<b>2134.</b>
<b>TAX DECREASE</b>							
0 - 5	940.	141452.	-6479624.	-46.	8.( 37.)	3892755.	242926.
5 - 10	971.	121549.	-18140041.	-149.	7.( 44.)	3717601.	243472.
10 - 15	1027.	105779.	-28776680.	-272.	6.( 50.)	3379161.	229202.
15 - 20	1193.	88215.	-40253677.	-456.	5.( 55.)	3182444.	230219.
20 - 25	1163.	65790.	-43578270.	-662.	4.( 59.)	2543838.	194894.
25 - 30	561.	40665.	-29424246.	-724.	2.( 62.)	1405230.	108376.
30 - 40	435.	41382.	-15571420.	-376.	2.( 64.)	732693.	46177.
40 - 50	218.	22592.	-5425972.	-240.	1.( 65.)	253944.	12104.
50 - 99	394.	47615.	-12752270.	-268.	3.( 68.)	462393.	18528.
99 - ***	1568.	205732.	-15579541.	-76.	12.( 80.)	1083326.	15580.
<b>TAXABLE DECREASE</b>	<b>8470.</b>	<b>880772.</b>	<b>-215981739.</b>	<b>-245.</b>	<b>51.( 51.)</b>	<b>20658384.</b>	<b>1341479.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391113.</b>	<b>-41686184.</b>	<b>-30.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981203.</b>
<b>PRESENTLY NON-TAXABLE</b>							
<b>NO CHANGE</b>	<b>7755.</b>	<b>287908.</b>	<b>0.</b>	<b>0.</b>	<b>17.( 96.)</b>	<b>297633.</b>	<b>0.</b>
<b>TAX INCREASE</b>	<b>616.</b>	<b>64471.</b>	<b>41580020.</b>	<b>645.</b>	<b>4.(100.)</b>	<b>530897.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-106164.</b>	<b>-0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981203.</b>

RETURNS FOR ALL AGI CLASSES							
RETURNS FOR BOTH TYPES DEDUCTION							
ALL FILERS							
SOLUTE CHANGE TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
RESENTLY TAXABLE TAX INCREASE							
0 - \$ 50	354.	57235.	1321181.	23.	3.( 3.)	1442379.	80436.
50 - \$ 100	331.	55526.	4111367.	74.	3.( 6.)	1388775.	72539.
100 - \$ 250	846.	143005.	24437144.	171.	8.( 15.)	3701139.	184904.
250 - \$ 500	848.	143227.	50591986.	353.	8.( 23.)	3855944.	172570.
500 - \$ 1000	566.	87944.	59551914.	677.	5.( 28.)	2533404.	97475.
1000 - \$*****	517.	21557.	34281964.	1590.	1.( 29.)	853879.	29667.
TAXABLE INCREASE	3462.	508494.	174295555.	343.	29.( 29.)	13775519.	637590.
NO CHANGE	47.	1852.	0.	0.	0.( 29.)	33959.	2134.
TAX DECREASE							
0 - \$ 50	1450.	220491.	-5876938.	-27.	13.( 42.)	2901140.	145506.
50 - \$ 100	1142.	181067.	-13349782.	-74.	10.( 52.)	2702356.	139807.
100 - \$ 250	1887.	276440.	-43316567.	-157.	16.( 68.)	4813724.	272612.
250 - \$ 500	742.	104003.	-36403848.	-350.	6.( 74.)	3614327.	249254.
500 - \$ 1000	660.	64504.	-44755567.	-694.	4.( 78.)	3008026.	227925.
1000 - \$*****	2589.	34265.	-72279037.	-2109.	2.( 80.)	3618811.	306375.
TAXABLE DECREASE	8470.	880772.	-215981739.	-245.	51.( 51.)	20658384.	1341479.
TAXABLE SUBTOTAL	11979.	1391118.	-41686184.	-30.	80.( 80.)	34467862.	1981203.
RESENTLY NON-TAXABLE TAX INCREASE							
0 - \$ 50	68.	7316.	190607.	26.	0.( 80.)	39554.	0.
50 - \$ 100	52.	5715.	417011.	73.	0.( 81.)	33250.	0.
100 - \$ 250	130.	14850.	2592381.	171.	1.( 81.)	99372.	0.
250 - \$ 500	118.	13705.	4946311.	361.	1.( 82.)	110683.	0.
500 - \$ 1000	120.	13070.	9249312.	708.	1.( 83.)	102007.	0.
1000 - \$*****	128.	9805.	24234397.	2472.	1.( 83.)	146030.	0.
NON-TAXABLE INCR	616.	64471.	41580020.	645.	4.( 4.)	530897.	0.
NO CHANGE	7755.	287908.	0.	0.	17.(100.)	297633.	0.
TOTALS	20350.	1743497.	-106164.	-0.	100.(100.)	35296392.	1981203.

TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983				
MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		TAX AFTER CREDIT	MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5197	0	0.0	0.0
7000	6913	.33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8391	283	2.83	3.18
11000	9538	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.53	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2224	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

FLAT RATE ON FAGI, LOW INC CREDIT, \$100 PERS CR

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		TAX AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	0	0.0	0.0	0 0.0
8000	8000	0	0.0	0.0	-33 -100.00
9000	9000	0	0.0	0.0	-111 -100.00
10000	10000	20	0.20	0.20	-197 -100.00
11000	11000	120	1.09	1.09	-263 -92.93
12000	12000	220	1.83	1.83	-247 -67.30
13000	13000	320	2.46	2.46	-236 -51.75
14000	14000	420	3.00	3.00	-228 -41.61
15000	15000	520	3.47	3.47	-221 -34.48
20000	20000	1000	5.00	5.00	-213 -29.06
25000	25000	1350	5.40	5.40	-237 -19.16
30000	30000	1700	5.67	5.67	-404 -23.03
35000	35000	2050	5.86	5.86	-584 -25.57
40000	40000	2400	6.00	6.00	-774 -27.41
50000	50000	3100	6.20	6.20	-959 -28.55
75000	75000	4850	6.47	6.47	-1285 -29.30
100000	100000	6600	6.60	6.60	-1971 -28.90
					-2512 -27.57

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		TAX AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	0	0.0	0.0	0 0.0
8000	8000	0.82	0.97	0.97	0 0.0
9000	7516	137	1.52	1.82	-66 -100.00
10000	8249	215	2.15	2.61	-137 -100.00
11000	8972	291	2.55	3.24	-195 -90.70
12000	9687	367	3.06	3.79	-171 -58.76
13000	10389	445	3.42	4.28	-147 -40.05
14000	11092	528	3.77	4.76	-125 -28.09
15000	11794	612	4.08	5.19	-108 -20.45
20000	15351	1070	5.35	6.97	-92 -15.03
25000	18808	1518	6.19	8.20	-70 -6.54
30000	22232	2039	6.80	9.15	-198 -12.79
35000	25558	2515	7.19	9.84	-339 -16.63
40000	28744	2975	7.44	10.35	-465 -18.49
50000	34694	3393	7.80	11.24	-576 -19.35
75000	48381	6115	8.15	12.64	-799 -20.49
100000	60267	8199	8.20	13.45	-1265 -20.69
					-1599 -19.50

TABLE  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

**TAX STRUCTURE AFTER 1981 SESSION - 1983**

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3257	0	0.0      0.0
5000	4071	0	0.0      0.0
6000	4886	0	0.0      0.0
7000	5700	0	0.0      0.0
8000	6443	36	0.45    0.56
9000	7150	100	1.11    1.40
10000	7842	172	1.72    2.19
11000	8529	244	2.22    2.66
12000	9198	315	2.63    3.42
13000	9360	385	2.96    3.90
14000	10537	462	3.30    4.38
15000	11236	546	3.64    4.86
20000	14605	980	4.90    6.67
25000	18054	1428	5.71    7.91
30000	21342	1903	6.34    8.92
35000	24504	2391	6.75    9.64
40000	27553	2897	7.02    10.18
50000	33371	3593	7.39    11.07
75000	46549	5812	7.75    12.49
100000	58637	7822	7.82    13.33

**FLAT RATE ON FAGI, LOW INC CREDIT, \$100 PERS CR**

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0      0.0	0	0.0
5000	5000	0	0.0      0.0	0	0.0
6000	6000	0	0.0      0.0	0	0.0
7000	7000	0	0.0      0.0	0	0.0
8000	8000	0	0.0      0.0	0	0.0
9000	9000	0	0.0      0.0	-36	-100.00
10000	10000	20	0.20    0.20	-100	-100.00
11000	11000	120	1.09    1.09	-152	-88.37
12000	12000	220	1.83    1.83	-124	-50.82
13000	13000	320	2.46    2.46	-95	-30.16
14000	14000	420	3.00    3.00	-65	-16.88
15000	15000	520	3.47    3.47	-42	-9.09
20000	20000	1000	5.00    5.00	-26	-4.76
25000	25000	1350	5.40    5.40	-78	-5.46
30000	30000	1700	5.67    5.67	-203	-10.67
35000	35000	2050	5.86    5.86	-311	-13.17
40000	40000	2400	6.00    6.00	-407	-14.50
50000	50000	3100	6.20    6.20	-593	-16.06
75000	75000	4850	6.47    6.47	-962	-16.55
100000	100000	6600	6.60    6.60	-1222	-15.62

**DEDUCTIONS ARE 25 PERCENT OF INCOME**

4000	3053	0	0.0      0.0
5000	3817	0	0.0      0.0
6000	4530	0	0.0      0.0
7000	5344	0	0.0      0.0
8000	6040	0	0.0      0.0
9000	6692	57	0.63    0.85
10000	7333	119	1.19    1.62
11000	7964	185	1.68    2.32
12000	8618	254	2.12    2.95
13000	9274	323	2.48    3.43
14000	9931	393	2.81    3.96
15000	10588	468	3.12    4.42
20000	13840	863	4.34    6.27
25000	17039	1291	5.16    7.53
30000	20156	1733	5.78    8.59
35000	23164	2167	6.19    9.36
40000	26077	2589	6.47    9.93
50000	31676	3431	6.86    10.83
75000	44258	5432	7.24    12.27
100000	55837	7350	7.35    13.16

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0      0.0	0	0.0
5000	5000	0	0.0      0.0	0	0.0
6000	6000	0	0.0      0.0	0	0.0
7000	7000	0	0.0      0.0	0	0.0
8000	8000	0	0.0      0.0	0	0.0
9000	9000	0	0.0      0.0	0	0.0
10000	10000	20	0.20    0.20	-57	-100.00
11000	11000	120	1.09    1.09	-99	-83.19
12000	12000	220	1.83    1.83	-65	-35.14
13000	13000	320	2.46    2.46	-34	-13.39
14000	14000	420	3.00    3.00	-3	-0.93
15000	15000	520	3.47    3.47	27	6.87
20000	20000	1000	5.00    5.00	52	11.11
25000	25000	1350	5.40    5.40	132	15.21
30000	30000	1700	5.67    5.67	59	4.57
35000	35000	2050	5.86    5.86	-33	-1.90
40000	40000	2400	6.00    6.00	-117	-5.40
50000	50000	3100	6.20    6.20	-189	-7.30
75000	75000	4850	6.47    6.47	-331	-9.65
100000	100000	6600	6.60    6.60	-582	-10.71
				-750	-10.20

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		TAX AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4539	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7232	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.31	2.07
13000	11283	238	2.22	2.55
14000	12055	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23210	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3333	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

FLAT RATE ON FAGI, LOW INC CREDIT, \$100 PERS CR

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX AS PERCENT OF		TAX CHANGE
		TAX AFTER CREDIT	MGI		TAX AFTER CREDIT	MGI	
4000	3940	0	0.0	0.0	0	0.0	0 0.0
5000	4925	0	0.0	0.0	0	0.0	0 0.0
6000	5910	0	0.0	0.0	0	0.0	0 0.0
7000	6895	0	0.0	0.0	0	0.0	0 0.0
8000	7880	0	0.0	0.0	0	0.0	0 0.0
9000	8865	0	0.0	0.0	0	0.0	0 0.0
10000	9850	20	0.20	0.20	-31	-100.00	-100.00
11000	10835	120	1.09	1.11	-69	-77.53	-77.53
12000	11820	220	1.83	1.86	-31	-20.53	-20.53
13000	12805	320	2.46	2.50	3	1.38	1.38
14000	13790	420	3.00	3.05	32	11.11	11.11
15000	14775	520	3.47	3.52	59	16.34	16.34
20000	19700	979	4.89	4.97	88	20.37	20.37
25000	24625	1324	5.30	5.38	163	19.98	19.98
30000	29550	1669	5.56	5.65	90	7.29	7.29
35000	34475	2013	5.75	5.84	12	0.72	0.72
40000	39400	2358	5.89	5.98	-78	-3.73	-3.73
50000	49250	3048	6.10	6.19	-161	-6.39	-6.39
75000	73875	4771	6.36	6.46	-335	-9.90	-9.90
100000	98500	6495	6.49	6.59	-730	-13.27	-13.27
					-1115	-14.65	-14.65

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX AS PERCENT OF		TAX CHANGE
		TAX AFTER CREDIT	MGI		TAX AFTER CREDIT	MGI	
4000	3940	0	0.0	0.0	0	0.0	0 0.0
5000	4925	0	0.0	0.0	0	0.0	0 0.0
6000	5910	0	0.0	0.0	0	0.0	0 0.0
7000	6895	0	0.0	0.0	0	0.0	0 0.0
8000	7880	0	0.0	0.0	0	0.0	0 0.0
9000	8865	0	0.0	0.0	0	0.0	0 0.0
10000	9850	20	0.20	0.20	0	0.0	0 0.0
11000	10835	120	1.09	1.11	-4	-16.67	-16.67
12000	11820	220	1.83	1.86	46	62.16	62.16
13000	12805	320	2.46	2.50	88	66.67	66.67
14000	13790	420	3.00	3.05	132	70.21	70.21
15000	14775	520	3.47	3.52	176	72.13	72.13
20000	19700	979	4.89	4.97	214	69.93	69.93
25000	24625	1324	5.30	5.38	335	52.02	52.02
30000	29550	1669	5.56	5.65	300	29.30	29.30
35000	34475	2013	5.75	5.84	242	16.96	16.96
40000	39400	2358	5.89	5.98	182	9.94	9.94
50000	49250	3048	6.10	6.19	119	5.31	5.31
75000	73875	4771	6.36	6.46	-6	-0.20	-0.20
100000	98500	6495	6.49	6.59	-248	-4.94	-4.94
					-459	-6.60	-6.60

TABLE -  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

**TAX STRUCTURE AFTER 1981 SESSION - 1983**

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI INC
4000	3256	0	0.0
5000	4070	0	0.0
6000	4885	0	0.0
7000	5699	0	0.0
8000	6461	0	0.0
9000	7165	0	0.0
10000	7362	0	0.0
11000	8546	41	0.37
12000	9226	89	0.74
13000	9829	140	1.08
14000	10569	193	1.38
15000	11271	249	1.66
20000	14737	571	2.85
25000	18138	924	3.70
30000	21443	1299	4.33
35000	26643	1690	4.83
40000	27743	2076	5.19
50000	33633	2858	5.72
75000	47007	4736	6.31
100000	59358	6595	6.59

**FLAT RATE ON FAGI, LOW INC CREDIT, \$100 PERS CR**

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	3940	0	0.0	0	0.0
5000	4925	0	0.0	0	0.0
6000	5910	0	0.0	0	0.0
7000	6895	0	0.0	0	0.0
8000	7880	0	0.0	0	0.0
9000	8865	0	0.0	0	0.0
10000	9850	20	0.20	20	0.0
11000	10835	120	1.09	79	192.68
12000	11820	220	1.83	131	147.19
13000	12805	320	2.46	180	128.57
14000	13790	420	3.00	227	117.62
15000	14775	520	3.47	271	108.84
20000	19700	979	4.89	408	71.45
25000	24625	1324	5.30	400	43.29
30000	29550	1669	5.56	370	28.48
35000	35000	34475	2013	323	19.11
40000	40000	39400	2358	282	13.58
50000	50000	49250	3048	190	6.65
75000	75000	73875	4771	35	0.74
100000	100000	98500	6495	-100	-1.52

**DEDUCTIONS ARE 25 PERCENT OF INCOME**

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	3940	0	0.0	0	0.0
5000	4925	0	0.0	0	0.0
6000	5910	0	0.0	0	0.0
7000	6895	0	0.0	0	0.0
8000	7880	0	0.0	0	0.0
9000	8865	0	0.0	0	0.0
10000	9850	20	0.20	20	0.0
11000	10835	120	1.09	120	0.0
12000	11820	220	1.83	176	400.00
13000	12805	320	2.46	230	255.56
14000	13790	420	3.00	283	206.57
15000	14775	520	3.47	331	175.13
20000	19700	979	4.89	498	103.53
25000	24625	1324	5.30	525	65.71
30000	29550	1669	5.56	515	44.63
35000	35000	34475	2013	507	33.67
40000	40000	39400	2358	484	25.83
50000	50000	49250	3048	443	17.01
75000	75000	73875	4771	368	8.36
100000	100000	98500	6495	350	5.70

TABLE 4  
 SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

**TAX STRUCTURE AFTER 1981 SESSION - 1983**

MGI	TAXABLE INCOME	TAX AFTER CREDIT		TAX AS PERCENT OF INC	
		MGI	TXBL INC	MGI	TXBL INC
4000	3594	67	1.17	1.31	
5000	4393	97	1.96	2.21	
6000	5185	156	2.60	3.01	
7000	5754	213	3.11	3.66	
8000	6743	289	3.61	4.29	
9000	7521	365	4.06	4.85	
10000	8291	446	4.46	5.33	
11000	9052	526	4.78	5.81	
12000	9835	605	5.05	6.18	
13000	10550	681	5.32	6.55	
14000	11290	779	5.56	6.90	
15000	12016	855	5.77	7.20	
20000	15493	1313	6.55	8.47	
25000	18773	1753	7.03	9.36	
30000	21831	2203	7.36	10.09	
35000	25095	2674	7.64	10.66	
40000	28153	3117	7.79	11.07	
50000	33830	4000	8.00	11.81	
75000	46925	6101	8.13	13.00	
100000	59650	8208	8.21	13.76	

**FLAT RATE ON FAGI, LOW INC CREDIT, \$100 PERS CR**

MGI	TAXABLE INCOME	TAX AFTER CREDIT		TAX AS PERCENT OF INC		TAX CHANGE	
		MGI	TXBL INC	MGI	TXBL INC	AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0.0	-47	-100.00
5000	5000	0	0.0	0.0	0.0	-97	-100.00
6000	6000	0	0.0	0.0	0.0	-156	-100.00
7000	7000	0	0.0	0.0	0.0	-218	-100.00
8000	8000	100	1.25	1.25	1.25	-189	-65.40
9000	9000	200	2.22	2.22	2.22	-165	-45.21
10000	10000	300	3.00	3.00	3.00	-146	-32.74
11000	11000	400	3.64	3.64	3.64	-126	-23.95
12000	12000	500	4.17	4.17	4.17	-106	-17.49
13000	13000	600	4.62	4.62	4.62	-91	-13.17
14000	14000	700	5.00	5.00	5.00	-79	-10.14
15000	15000	800	5.33	5.33	5.33	-65	-7.51
20000	20000	1300	6.50	6.50	6.50	-13	-0.99
25000	25000	1650	6.60	6.60	6.60	-108	-6.14
30000	30000	2000	6.67	6.67	6.67	-208	-9.42
35000	35000	2350	6.71	6.71	6.71	-324	-12.12
40000	40000	2700	6.75	6.75	6.75	-417	-13.38
50000	50000	3400	6.80	6.80	6.80	-600	-15.00
75000	75000	5150	6.87	6.87	6.87	-951	-15.59
100000	100000	6900	6.90	6.90	6.90	-1308	-15.94

**DEDUCTIONS ARE 16 PERCENT OF INCOME**

MGI	TAXABLE INCOME	TAX AFTER CREDIT		TAX AS PERCENT OF INC		TAX CHANGE		
		MGI	TXBL INC	MGI	TXBL INC	AMOUNT	PERCENT	
4000	3342	33	0.82	0.99	0.0	0.0	-33	-100.00
5000	4073	76	1.52	1.87	0.0	0.0	-76	-100.00
6000	4783	126	2.10	2.63	0.0	0.0	-126	-100.00
7000	5476	179	2.56	3.26	0.0	0.0	-179	-100.00
8000	6188	239	2.99	3.86	0.0	0.0	-139	-58.16
9000	6890	303	3.37	4.40	0.0	0.0	-103	-33.99
10000	7583	371	3.71	4.89	0.0	0.0	-71	-19.14
11000	8267	446	4.04	5.37	0.0	0.0	-44	-9.91
12000	8984	519	4.32	5.78	0.0	0.0	-19	-3.66
13000	9688	594	4.57	6.13	0.0	0.0	6	1.01
14000	10390	672	4.80	6.47	0.0	0.0	28	4.17
15000	11087	755	5.03	6.81	0.0	0.0	45	5.96
20000	14454	1175	5.23	8.13	0.0	0.0	125	10.64
25000	17649	1579	6.40	9.06	0.0	0.0	51	3.19
30000	20737	2013	6.61	9.85	0.0	0.0	-43	-2.10
35000	23720	2474	7.07	10.43	0.0	0.0	-124	-5.01
40000	26548	2834	7.21	10.36	0.0	0.0	-184	-6.38
50000	31931	3697	7.39	11.53	0.0	0.0	-297	-8.03
75000	44030	5522	7.50	12.77	0.0	0.0	-472	-8.40
100000	55355	7497	7.50	13.54	0.0	0.0	-597	-7.96

TABLE  
SINGLE FILER            0 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

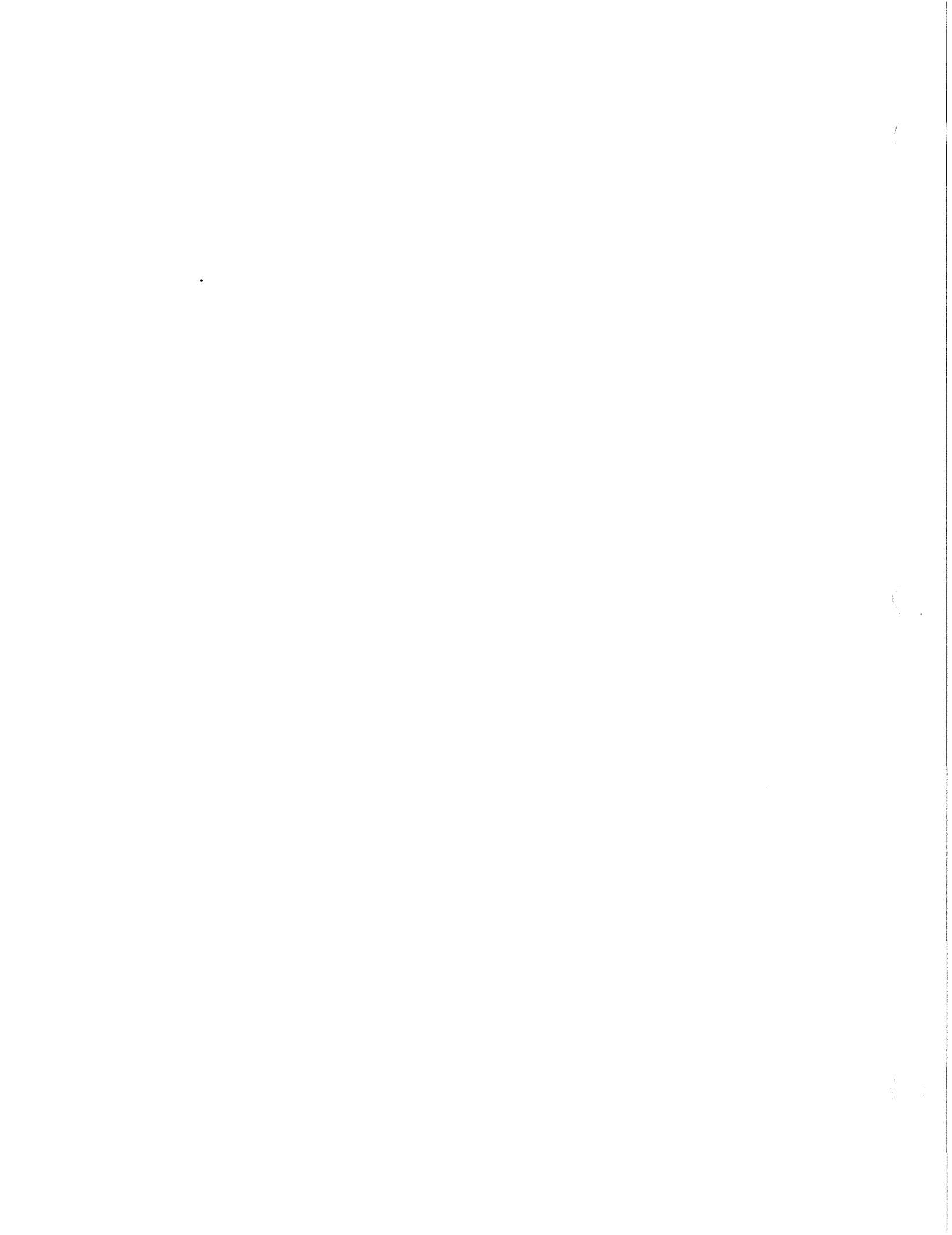
MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3179	22	0.55      0.69
5000	3869	64	1.28      1.65
6000	4539	107	1.78      2.36
7000	5200	157	2.24      3.02
8000	5862	209	2.61      3.57
9000	6524	270	3.00      4.14
10000	7210	332	3.32      4.60
11000	7894	404	3.67      5.12
12000	8579	477	3.97      5.56
13000	9258	548	4.22      5.92
14000	9928	618	4.41      6.22
15000	10597	676	4.64      6.57
20000	13835	1093	5.46      7.90
25000	16916	1502	6.01      8.88
30000	19706	1921	6.40      9.65
35000	22757	2336	6.67      10.26
40000	25505	2733	6.83      10.72
50000	30709	3507	7.01      11.42
75000	42503	5368	7.16      12.63
100000	53319	7160	7.16      13.43

FLAT RATE ON FAGI, LOW INC CREDIT, \$100 PERS CR

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0      0.0	-22	-100.00
5000	5000	0	0.0      0.0	-64	-100.00
6000	6000	0	0.0      0.0	-107	-100.00
7000	7000	0	0.0      0.0	-157	-100.00
8000	8000	100	1.25      1.25	-109	-52.15
9000	9000	200	2.22      2.22	-70	-25.93
10000	10000	300	3.00      3.00	-32	-9.64
11000	11000	400	3.64      3.64	-4	-0.99
12000	12000	500	4.17      4.17	23	4.82
13000	13000	600	4.62      4.62	52	9.49
14000	14000	700	5.00      5.00	82	13.27
15000	15000	800	5.33      5.33	104	14.94
20000	20000	1300	6.50      6.50	207	18.94
25000	25000	1650	6.60      6.60	148	9.85
30000	30000	2000	6.67      6.67	79	4.11
35000	35000	2350	6.71      6.71	16	0.69
40000	40000	2700	6.75      6.75	-33	-1.21
50000	50000	3400	6.80      6.80	-107	-3.05
75000	75000	5150	6.87      6.87	-218	-4.06
100000	100000	6900	6.90      6.90	-260	-3.63

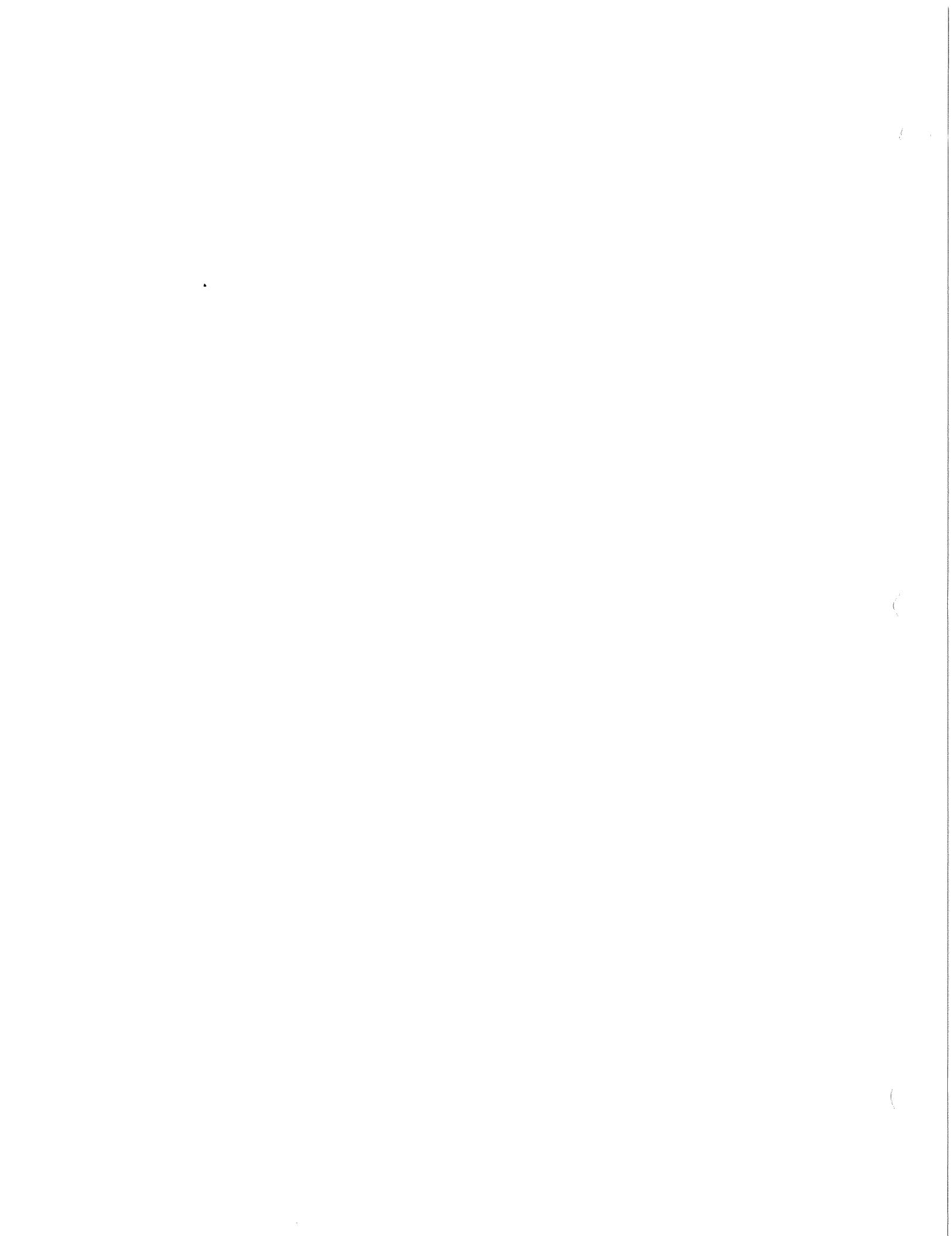
DEDUCTIONS ARE 25 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	4000	0	0.0      0.0
5000	5000	0	0.0      0.0
6000	6000	0	0.0      0.0
7000	7000	0	0.0      0.0
8000	8000	100	1.25      1.25
9000	9000	200	2.22      2.22
10000	10000	300	3.00      3.00
11000	11000	400	3.64      3.64
12000	12000	500	4.17      4.17
13000	13000	600	4.62      4.62
14000	14000	700	5.00      5.00
15000	15000	800	5.33      5.33
20000	20000	1300	6.50      6.50
25000	25000	1650	6.60      6.60
30000	30000	2000	6.67      6.67
35000	35000	2350	6.71      6.71
40000	40000	2700	6.75      6.75
50000	50000	3400	6.80      6.80
75000	75000	5150	6.87      6.87
100000	100000	6900	6.90      6.90



**APPENDIX F - Progressive Rates Applied to Federal Adjusted Gross Income -  
Spouses Taxed Separately**

This proposal results in tax increases to nearly all classes of taxpayers who itemize deductions while decreasing the tax of persons utilizing the standard deduction. This system would not have the negative impact of a substantial burden shift from single taxpayers to married taxpayers, but would increase the tax of the average taxpayer in the class with the least ability to pay, those with incomes under \$10,000. The proposal also results in a significant increase in tax burden to taxpayers at the highest income levels. For example, the average taxpayer with income in excess of \$100,000 would be saddled with a tax increase of approximately \$700.



Proposal:

Progressive tax rates applied to FAGI - spouses taxed separately.

Add: Municipal Bond Interest

Subtract: U.S. Bond Interest  
Non-resident Earnings  
State Tax Refund

Rate Schedule:

<u>FAGI</u>	<u>Rate</u>
\$ 0 - \$ 2,000	2.0%
2,000 - 4,000	3.0
4,000 - 6,000	4.0
6,000 - 8,000	5.0
8,000 - 10,000	6.0
10,000 - 15,000	7.4
15,000 - 20,000	8.5
20,000 AND OVER	9.0

\$73 Personal Credit

Budget Impact: \$1.5 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 12, 1982



FAGI XED PROGRESSIVELY, SPOUSES SEPARATELY - TAX YEAR 3 DONE ON 07/08/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

PAGE 64

ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
<b>ORIGINAL AGI CLASS</b>						
<b>RETURNS WITH ITEMIZED DEDUCTION</b>						
0	4855.	25056.	1838897.	216.	33819356.	-458353.
5000-5	5000	614.	29486.	3281011.	125977593.	77673.
5000-S	10000	618.	82576.	11225418.	376892.	621088.
10000-S	20000	928.	169336.	19614622.	1681433.	2538054.
20000-S	30000	953.	190300.	19960158.	3314860.	4781538.
30000-S	40000	975.	168430.	1240107.	6105478.	5835085.
40000-S	50000	678.	90546.	-74222.	2783239.	4018235.
50000-S	100000	1181.	77114.	4623862.	3207373.	9906985.
100000-S	2711.	14580.	10750825.	1436992.	1716878486.	2585197.
<b>TOTALS</b>	<b>13513.</b>	<b>847923.</b>	<b>72460677.</b>	<b>16942376.</b>	<b>9057135895.</b>	<b>24905503.</b>
<b>RETURNS WITH STANDARD DEDUCTION</b>						
0	20.	222.	12961.	611.	388256.	-867.
5000-5	5000	3082.	315280.	4271997.	289995650.	839764.
5000-S	10000	1459.	194345.	-5708925.	294932541.	1407101.
10000-S	20000	1282.	226512.	-30318738.	690360065.	3275793.
20000-S	30000	506.	100958.	-21577158.	573132586.	2435937.
30000-S	40000	206.	36381.	-10097347.	308746167.	154875692.
40000-S	50000	98.	13120.	-4094582.	151823124.	1246489.
50000-S	100000	125.	8817.	-3308153.	162477260.	577943.
100000-S	59.	440.	440.	-116340.	40582.	542840.
<b>TOTALS</b>	<b>6837.</b>	<b>896074.</b>	<b>-70936284.</b>	<b>8288259.</b>	<b>2497581461.</b>	<b>10390890.</b>
<b>RETURNS FOR BOTH TYPES DEDUCTION</b>						
0	4875.	25278.	1851858.	827.	34207612.	-459219.
10000-5	5000	3696.	344766.	7553008.	415973244.	86285.
5000-S	10000	2077.	276921.	5516493.	686908702.	917437.
10000-S	20000	2210.	395848.	-10704116.	1672028660.	4012879.
20000-S	30000	1459.	291257.	-1617000.	5208835.	2028189.
30000-S	40000	1181.	204810.	-8857240.	2188779906.	36431617.
40000-S	50000	776.	103666.	-4168804.	2115194629.	243612986.
50000-S	100000	1306.	85931.	1315709.	1410103170.	7217474.
100000-S	2770.	15020.	10634485.	3590406.	1879355747.	387222978.
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>1524393.</b>	<b>25230635.</b>	<b>11554717335.</b>	<b>35296392.</b>
						<b>1976038401.</b>

TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT	ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW			
0	0.1	1.9	0.1	0.8	0.0	2.5	0.0	1.3	0.1	1.7	
0-6 5000	0.0	1.7	0.2	0.7	0.0	1.8	0.1	1.8	0.1	1.5	
5000-6 10000	0.3	2.3	0.2	1.4	2.5	3.0	1.3	3.0	0.8	2.4	
10000-6 20000	3.0	4.1	2.6	3.3	4.5	4.8	4.5	5.2	3.3	4.2	
20000-6 30000	5.7	6.7	5.3	5.6	6.8	7.3	6.9	7.6	5.7	6.2	
30000-6 40000	8.0	7.8	6.6	6.7	9.0	8.0	7.9	8.3	7.0	7.0	
40000-6 50000	8.8	8.6	7.4	7.4	9.0	8.6	8.1	8.9	7.6	7.6	
50000-6 100000	8.9	9.0	8.4	8.4	9.6	9.7	9.0	9.7	8.5	8.6	
100000-6 100000	9.3	10.2	9.8	10.1	10.8	10.7	9.2	10.5	9.7	10.2	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		6.6	7.2	6.9	7.1	6.9	7.0	5.8	6.6	6.7	7.0

ORIGINAL INCOME CLASS	MARRIED JOINT	STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	2.5	
0-6 5000	0.0	0.5	0.0	1.0	0.6	0.6	0.5	0.8	0.4	0.7	
5000-6 10000	0.5	0.7	0.3	0.8	3.6	3.7	3.0	2.2	2.3	1.8	
10000-6 20000	4.1	3.5	3.9	3.1	7.1	5.2	6.6	5.4	6.0	4.9	
20000-6 30000	7.4	6.1	6.6	5.4	8.9	7.2	8.3	7.5	7.6	6.6	
30000-6 40000	5.0	4.0	7.5	6.5	10.1	8.2	9.2	8.4	7.6	6.7	
40000-6 50000	10.9	8.9	8.0	7.2	0.0	0.0	9.9	9.0	8.2	7.3	
50000-6 100000	11.1	9.5	9.0	8.2	11.7	9.7	9.9	9.6	9.2	8.5	
100000-6 100000	9.9	9.9	10.9	10.5	0.0	0.0	10.8	10.8	10.7	10.5	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		3.7	3.2	6.6	5.8	6.4	5.2	5.6	4.8	5.6	4.9

ORIGINAL INCOME CLASS	MARRIED JOINT	ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW		
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
0	0.1	1.9	0.1	0.9	0.0	2.5	0.0	1.3	0.1	1.7	
0-6 5000	0.0	0.8	0.1	0.8	0.5	0.9	0.4	0.9	0.3	0.9	
5000-6 10000	0.5	1.3	0.2	1.2	3.4	3.6	2.6	2.5	1.8	2.0	
10000-6 20000	3.5	3.8	2.8	3.3	6.2	5.0	6.0	5.4	4.8	4.6	
20000-6 30000	6.2	6.5	5.6	5.5	8.0	7.2	7.7	7.6	6.4	6.3	
30000-6 40000	7.6	7.3	6.8	6.6	9.3	8.0	8.3	8.4	7.1	7.0	
40000-6 50000	8.9	8.6	7.5	7.4	9.0	8.6	8.4	8.9	7.7	7.6	
50000-6 100000	9.0	9.1	8.4	8.4	9.9	9.7	9.2	9.7	8.6	8.6	
100000-6 100000	9.3	10.2	9.8	10.1	10.8	10.7	9.3	10.5	9.7	10.2	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		5.8	6.1	6.9	6.9	6.6	6.0	5.7	5.5	6.4	6.4

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**ALL TAXPAYERS**

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY		RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
<b>RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS</b>								
\$ 0-6 5000	0.	-48.	1311.	1838555.	22.	-1186.	1314.	1840083.
\$ 5000-6 10000	266.	-2798.	11106.	3306072.	1461.	-82873.	13108.	3363884.
\$ 10000-6 20000	1865.	-40779.	28288.	8078084.	18385.	-780519.	50938.	12005937.
\$ 20000-6 30000	801.	-141053.	17221.	8468423.	67761.	-6479073.	100442.	26093695.
\$ 30000-6 40000	0.	0.	1996.	8524501.	94251.	-15394340.	95849.	35354498.
\$ 40000-6 50000	0.	0.	134.	559913.	92976.	-22568570.	75254.	23808677.
\$ 50000-6 100000	0.	0.	133.	499157.	50647.	-13829981.	39899.	13755759.
\$ 100000-6 1000000	0.	0.	295.	1623774.	43212.	-17197340.	33902.	21821202.
TOTALS	2940.	-488748.	60573.	35354849.	376190.	-86468644.	617810.	158929321.
<b>RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION</b>								
\$ 0-6 5000	0.	0.	10.	12961.	0.	0.	10.	12961.
\$ 5000-6 10000	15718.	-126948.	25905.	5064939.	96458.	-1518249.	29093.	5790247.
\$ 10000-6 20000	26359.	-1074438.	5524.	1896306.	159928.	-10459850.	14466.	4750925.
\$ 20000-6 30000	5603.	-668688.	267.	440236.	217769.	-35380581.	8543.	5061843.
\$ 30000-6 40000	0.	0.	0.	0.	95567.	-23389726.	5191.	1812568.
\$ 40000-6 50000	0.	0.	0.	0.	33380.	-11238455.	3001.	1141108.
\$ 50000-6 100000	0.	0.	0.	0.	12584.	-4407951.	536.	313369.
\$ 100000-6 1000000	0.	0.	0.	0.	7089.	-3864520.	1728.	556367.
TOTALS	47680.	-1870074.	31706.	7414442.	623083.	-90480094.	62669.	19543810.
<b>RETURNS FOR BOTH TYPES DEDUCTION</b>								
\$ 0-6 5000	0.	-48.	1322.	1851516.	22.	-1186.	1324.	1853044.
\$ 5000-6 10000	15984.	-129746.	37011.	8371011.	97919.	-1601123.	42201.	9154131.
\$ 10000-6 20000	28224.	-1115218.	33812.	9974390.	178313.	-11240369.	65384.	16756862.
\$ 20000-6 30000	6405.	-809741.	17488.	8908658.	285530.	-41859654.	108985.	31155538.
\$ 30000-6 40000	0.	0.	1996.	8524501.	189319.	-38784066.	101039.	37167066.
\$ 40000-6 50000	0.	0.	134.	559913.	126356.	-33807025.	78255.	24949785.
\$ 50000-6 100000	0.	0.	133.	499157.	63231.	-18237932.	40435.	14069128.
\$ 100000-6 1000000	0.	0.	295.	1623774.	50301.	-21061860.	35630.	22377569.
TOTALS	50620.	-2358822.	92279.	62769291.	999273.	-176948738.	480479.	178473131.

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS FOR ALL AGI CLASSES						
	RETURNS FOR BOTH TYPES DEDUCTION						
	ALL FILERS						
RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)	
PRESENTLY TAXABLE TAX INCREASE							
\$ 0 - \$ 50	473.	70107.	1634966.	23.	4.( 4.)	1644143.	82716.
\$ 50 - \$ 100	351.	51340.	3794199.	74.	3.( 7.)	1338917.	67855.
\$ 100 - \$ 250	725.	103799.	17065027.	164.	6.( 13.)	2976441.	148324.
\$ 250 - \$ 500	706.	88369.	31073761.	352.	5.( 18.)	2746526.	132400.
\$ 500 - \$ 1000	555.	50044.	34448152.	688.	3.( 21.)	1836604.	88440.
\$ 1000 - \$NNNNN	1417.	24540.	47687735.	1943.	1.( 22.)	1730220.	93169.
TAXABLE INCREASE	4227.	388200.	135703840.	350.	22.( 22.)	12272851.	612904.
NO CHANGE	45.	1835.	0.	0.	0.( 22.)	21113.	1498.
TAX DECREASE							
\$ 0 - \$ 50	1617.	220479.	-5203499.	-24.	13.( 35.)	2216606.	83810.
\$ 50 - \$ 100	1071.	152115.	-11082954.	-73.	9.( 44.)	2447446.	116921.
\$ 100 - \$ 250	2564.	420162.	-69108343.	-164.	24.( 68.)	8990225.	534228.
\$ 250 - \$ 500	1208.	165476.	-55336841.	-335.	9.( 77.)	5332461.	401360.
\$ 500 - \$ 1000	609.	34822.	-22223053.	-638.	2.( 79.)	1956341.	160015.
\$ 1000 - \$NNNNN	622.	6218.	-13944048.	-2243.	0.( 80.)	709599.	65303.
TAXABLE DECREASE	7691.	999273.	-176948738.	-177.	57.( 57.)	22152678.	1361636.
TAXABLE SUBTOTAL	11963.	1389308.	-41244898.	-38.	80.( 80.)	34446642.	1976038.
PRESENTLY NON-TAXABLE TAX INCREASE							
\$ 0 - \$ 50	188.	20158.	456163.	23.	1.( 81.)	103082.	0.
\$ 50 - \$ 100	131.	13186.	948549.	72.	1.( 82.)	71613.	0.
\$ 100 - \$ 250	253.	25763.	4479063.	174.	1.( 83.)	151174.	0.
\$ 250 - \$ 500	144.	15631.	5447020.	348.	1.( 84.)	107658.	0.
\$ 500 - \$ 1000	93.	9928.	7024191.	703.	1.( 85.)	94802.	0.
\$ 1000 - \$NNNNN	118.	7553.	24414305.	3232.	0.( 85.)	117949.	0.
NON-TAXABLE INCR	927.	92279.	42769291.	463.	5.( 5.)	646279.	0.
NO CHANGE	7460.	261910.	0.	0.	15.(100.)	203472.	0.
TOTALS	20350.	1743497.	1524393.	1.	100.(100.)	35296392.	1976038.

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TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		TAX AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9688	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.39	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2829	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6621	9.09	12.96
100000	66974	9112	9.11	13.71

PROGRESSIVE RATES FAGI - SPOUSES SEPARATE - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		TAX AFTER CREDIT	MGI		
4000	4000	0	0.0	0.0	0
5000	5000	0	0.0	0.0	0
6000	6000	0	0.0	0.0	0
7000	7000	0	0.0	0.0	0
8000	8000	0	0.0	0.0	0
9000	9000	48	0.53	0.53	-33
10000	10000	108	1.08	1.08	-111
11000	11000	182	1.65	1.65	-149
12000	12000	256	2.13	2.13	-175
13000	13000	330	2.54	2.54	-185
14000	14000	404	2.89	2.89	-200
15000	15000	478	3.19	3.19	-218
20000	20000	903	4.51	4.51	-237
25000	25000	1353	5.41	5.41	-255
30000	30000	1803	6.01	6.01	-274
35000	35000	2253	6.44	6.44	-291
40000	40000	2703	6.76	6.76	-308
50000	50000	3603	7.21	7.21	-325
75000	75000	5853	7.80	7.80	-382
100000	100000	8103	8.10	8.10	-968
					-1009
					-11.07

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		TAX AFTER CREDIT	MGI		
4000	3420	0	0.0	0.0	0
5000	4275	0	0.0	0.0	0
6000	5130	0	0.0	0.0	0
7000	5985	0	0.0	0.0	0
8000	6773	66	0.82	0.97	0
9000	7516	137	1.52	1.82	-66
10000	8249	215	2.15	2.61	-89
11000	8972	291	2.65	3.24	-107
12000	9687	367	3.06	3.79	-124
13000	10389	445	3.42	4.28	-141
14000	11092	523	3.77	4.76	-158
15000	11794	612	4.08	5.19	-175
20000	15361	1070	5.35	6.97	-214
25000	18088	1548	6.19	8.20	-231
30000	22282	2039	6.80	9.15	-248
35000	25558	2515	7.19	9.84	-265
40000	28744	2976	7.44	10.35	-282
50000	34594	3399	7.80	11.24	-309
75000	46381	6115	8.15	12.64	-376
100000	60967	8199	8.20	13.45	-443
					-1.17

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	238	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.96	6.05
30000	23910	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

PROGRESSIVE RATES FAGI - SPOUSES SEPARATE - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	
5000	5000	0	0.0	0.0	
6000	6000	0	0.0	0.0	
7000	7000	0	0.0	0.0	
8000	8000	0	0.0	0.0	
9000	9000	0	0.0	0.0	-31
10000	10000	8	0.08	0.08	-81
11000	11000	52	0.47	0.47	-99
12000	12000	100	0.83	0.83	-117
13000	13000	151	1.16	1.16	-137
14000	14000	204	1.46	1.46	-157
15000	15000	265	1.77	1.77	-167
20000	20000	584	2.92	2.92	-232
25000	25000	946	3.78	3.78	-288
30000	30000	1333	4.44	4.44	-324
35000	35000	1745	4.99	4.99	-346
40000	40000	2171	5.43	5.43	-348
50000	50000	3023	6.05	6.05	-360
75000	75000	5248	7.00	7.00	-253
100000	100000	7498	7.50	7.50	-112

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DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3619	0	0.0	0.0
5000	4274	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5985	0	0.0	0.0
8000	6737	0	0.0	0.0
9000	7532	0	0.0	0.0
10000	8269	24	0.24	0.29
11000	8994	74	0.67	0.82
12000	9714	132	1.10	1.36
13000	10419	188	1.45	1.80
14000	11124	264	1.74	2.19
15000	11828	306	2.04	2.59
20000	15414	644	3.22	4.18
25000	18963	1024	4.10	5.40
30000	22388	1427	4.76	6.37
35000	25697	1831	5.23	7.13
40000	23928	2239	5.60	7.74
50000	34961	3054	6.11	8.74
75000	48839	5019	6.69	10.28
100000	61639	6954	6.95	11.28

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	
5000	5000	0	0.0	0.0	
6000	6000	0	0.0	0.0	
7000	7000	0	0.0	0.0	
8000	8000	0	0.0	0.0	
9000	9000	0	0.0	0.0	
10000	10000	8	0.08	0.08	
11000	11000	52	0.47	0.47	-16
12000	12000	100	0.83	0.83	-22
13000	13000	151	1.16	1.16	-32
14000	14000	204	1.46	1.46	-37
15000	15000	265	1.77	1.77	-40
20000	20000	584	2.92	2.92	-60
25000	25000	946	3.78	3.78	-78
30000	30000	1333	4.44	4.44	-94
35000	35000	1745	4.99	4.99	-86
40000	40000	2171	5.43	5.43	-68
50000	50000	3023	6.05	6.05	-31
75000	75000	5248	7.00	7.00	229
100000	100000	7498	7.50	7.50	544

7.82

TABLE 4

SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3594	47	1.17
5000	4398	97	1.94
6000	5185	156	2.60
7000	5964	218	3.11
8000	6743	239	3.61
9000	7521	365	4.06
10000	8291	416	4.46
11000	9052	526	4.78
12000	9808	606	5.05
13000	10550	691	5.32
14000	11290	779	5.56
15000	12014	865	5.77
20000	15493	1313	6.56
25000	18773	1758	7.03
30000	21881	2208	7.36
35000	25095	2674	7.64
40000	28153	3117	7.79
50000	33860	6000	8.00
75000	46925	6101	8.13
100000	59650	8208	8.21

## PROGRESSIVE RATES FAGI - SPOUSES SEPARATE - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE AMOUNT	TAX CHANGE PERCENT
		AFTER CREDIT	MGI TXBL INC		
4000	4000	27	0.67	-20	-42.55
5000	5000	67	1.34	-30	-30.93
6000	5000	107	1.78	-49	-31.41
7000	6000	157	2.24	-61	-27.98
8000	8000	207	2.59	-82	-28.37
9000	9000	267	2.97	-98	-26.85
10000	10000	327	3.27	-119	-26.68
11000	11000	401	3.65	-125	-23.76
12000	12000	475	3.96	-131	-21.62
13000	13000	549	4.22	-142	-20.55
14000	14000	623	4.45	-156	-20.03
15000	15000	697	4.65	-168	-19.42
20000	20000	1122	5.61	-191	-14.55
25000	25000	1572	6.29	-186	-10.58
30000	30000	2022	6.74	-186	-8.42
35000	35000	2472	7.06	-202	-7.55
40000	40000	2922	7.30	-195	-6.26
50000	50000	3822	7.64	-178	-4.45
75000	75000	6072	8.10	-29	-0.48
100000	100000	8322	8.32	114	1.34

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE AMOUNT	TAX CHANGE PERCENT
		AFTER CREDIT	MGI TXBL INC		
4000	3342	33	0.82	0.99	-18.11
5000	4073	76	1.52	1.87	-9
6000	4783	126	2.10	2.63	-11.81
7000	5486	179	2.56	3.26	-15.01
8000	6188	239	2.99	3.86	-12.21
9000	6890	303	3.37	4.40	-13.31
10000	7583	371	3.71	4.89	-11.81
11000	8267	644	4.04	5.37	-11.81
12000	8984	519	4.32	5.78	-9.61
13000	9638	594	4.57	6.13	-8.41
14000	10390	672	4.80	6.47	-7.51
15000	11087	755	5.03	6.81	-7.21
20000	14454	1175	5.88	8.13	-7.61
25000	17649	1599	6.40	9.06	-4.5
30000	20737	2043	6.81	9.85	-1.6
35000	23720	2474	7.07	10.43	-1.0
40000	26548	2884	7.21	10.86	-0.01
50000	31931	3697	7.39	11.53	1.31
75000	44030	5622	7.50	12.77	3.31
100000	55355	7497	7.50	13.54	8.01

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	456.	33439.	825689.	25.	2.( 2.)	1346751.	84292.
2 - 4	363.	29575.	1978856.	67.	2.( 4.)	1128233.	67132.
4 - 6	333.	27501.	3015914.	110.	2.( 5.)	1021020.	60113.
6 - 10	551.	43671.	7680790.	176.	3.( 8.)	1676425.	97434.
10 - 25	1029.	89543.	27842777.	311.	5.( 13.)	3247940.	174222.
25 - XXX	1495.	164470.	94359813.	574.	9.( 22.)	3852481.	129711.
<b>TAXABLE INCREASE</b>	<b>4227.</b>	<b>388200.</b>	<b>135703840.</b>	<b>350.</b>	<b>22.( 22.)</b>	<b>12272851.</b>	<b>612904.</b>
<b>NO CHANGE</b>	<b>45.</b>	<b>1835.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 22.)</b>	<b>21113.</b>	<b>1498.</b>
<b>TAX DECREASE</b>							
0 - 5	1208.	92720.	-7010383.	-76.	5.( 28.)	3849306.	253478.
5 - 10	1145.	123188.	-24234975.	-197.	7.( 35.)	4650450.	317876.
10 - 15	1066.	153598.	-40036142.	-261.	9.( 44.)	4747701.	321334.
15 - 20	965.	167433.	-44292407.	-265.	10.( 53.)	3943767.	256272.
20 - 25	752.	122061.	-25654684.	-210.	7.( 60.)	2060545.	116915.
25 - 30	676.	94233.	-12787583.	-136.	5.( 66.)	1057988.	47232.
30 - 40	670.	88953.	-9083758.	-102.	5.( 71.)	760502.	26756.
40 - 50	379.	49723.	-3634524.	-73.	3.( 74.)	320622.	8116.
50 - 99	439.	56607.	-7840001.	-138.	3.( 77.)	422187.	11281.
99 - XXX	391.	50754.	-2374283.	-47.	3.( 80.)	339610.	2374.
<b>TAXABLE DECREASE</b>	<b>7691.</b>	<b>999273.</b>	<b>-176948738.</b>	<b>-177.</b>	<b>57.( 57.)</b>	<b>22152678.</b>	<b>1361636.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11963.</b>	<b>1389308.</b>	<b>-41244898.</b>	<b>-30.</b>	<b>80.( 80.)</b>	<b>34446642.</b>	<b>1976038.</b>
<b>PRESENTLY NON-TAXABLE</b>							
<b>NO CHANGE</b>	<b>7460.</b>	<b>261910.</b>	<b>0.</b>	<b>0.</b>	<b>15.( 95.)</b>	<b>203472.</b>	<b>0.</b>
<b>TAX INCREASE</b>	<b>927.</b>	<b>92279.</b>	<b>42769291.</b>	<b>463.</b>	<b>5.(100.)</b>	<b>646279.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1763497.</b>	<b>1524393.</b>	<b>1.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1976038.</b>

**APPENDIX G - Flat Rate Applied to Federal Taxable Income Minus Federal Tax Liability**

This proposal, by virtue of applying a flat rate against a base which has been reduced by both itemized deductions and a federal tax deduction, creates a tremendous shift in tax burden. The great majority of taxpayers with less than \$30,000 of income would be required to pay a significantly greater tax, while those with incomes in excess of \$40,000 would realize a substantial decrease in tax. This massive shift in tax burden, by itself, is too dramatic to warrant any consideration of this proposal.



Proposal:

Flat rate applied to federal taxable income minus federal tax.

No adjustments or credits.

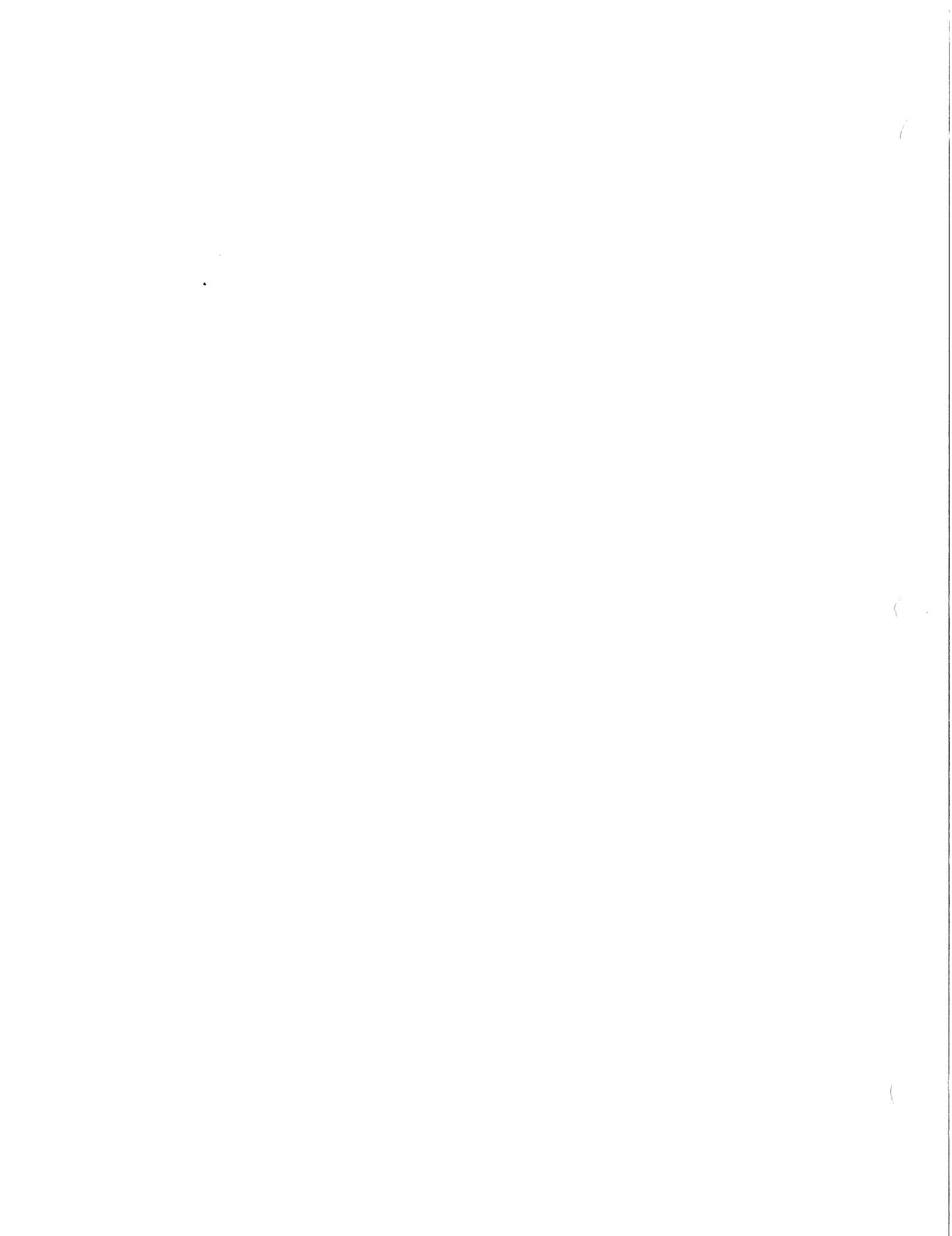
Tax Rate:

10.45%

Budget Impact: -\$ .5 million TY 1983

Prepared For: Governor's Task Force On Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 6, 1982



FEDERAL TAXABLE MINUS FEDERAL TAX DEDUCTION - TAX YEAR 1983 DONE ON 07/02/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

PAGE 82

ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
<b>ORIGINAL AGI CLASS</b>						
<b>RETURNS WITH ITEMIZED DEDUCTION</b>						
\$*****-\$ 0	4855.	25056.	1608700.	216.	15238981.	-458353.
\$ 0-\$ 5000	614.	29486.	4850992.	35892.	12812509.	77673.
\$ 5000-\$ 10000	618.	82576.	20851586.	376892.	-122013868.	621088.
\$ 10000-\$ 20000	928.	169336.	49257345.	1681433.	-467234144.	2538054.
\$ 20000-\$ 30000	953.	190300.	36600008.	3314860.	-721834243.	4781538.
\$ 30000-\$ 40000	975.	168430.	-3110292.	4105478.	-882300421.	5835085.
\$ 40000-\$ 50000	678.	90546.	-21054283.	2783239.	-589487222.	4018235.
\$ 50000-\$ 100000	1181.	77114.	-76757566.	3207373.	-646736591.	4906985.
\$ 100000-\$*****	2711.	14580.	-84812096.	1436992.	-305541391.	2585197.
<b>TOTALS</b>	<b>13513.</b>	<b>847423.</b>	<b>-72565606.</b>	<b>16942376.</b>	<b>-3707096390.</b>	<b>24905503.</b>
<b>RETURNS WITH STANDARD DEDUCTION</b>						
\$*****-\$ 0	20.	222.	15364.	611.	-463834.	-867.
\$ 0-\$ 5000	3082.	315280.	12309399.	749069.	-589468672.	839764.
\$ 5000-\$ 10000	1459.	194345.	24637090.	1198890.	-606808059.	1407101.
\$ 10000-\$ 20000	1282.	226512.	36852827.	2647531.	-654883667.	3275793.
\$ 20000-\$ 30000	506.	100958.	8714919.	1893975.	-313769488.	2435937.
\$ 30000-\$ 40000	206.	36381.	277158.	944528.	-147635255.	12466489.
\$ 40000-\$ 50000	98.	13120.	-1334354.	430040.	-62995401.	577943.
\$ 50000-\$ 100000	125.	8817.	-7462018.	383033.	-57075886.	542840.
\$ 100000-\$*****	59.	440.	-1961615.	40582.	-6213917.	65890.
<b>TOTALS</b>	<b>6837.</b>	<b>896074.</b>	<b>72048771.</b>	<b>8288259.</b>	<b>-2439314179.</b>	<b>10390890.</b>
<b>RETURNS FOR BOTH TYPES DEDUCTION</b>						
\$*****-\$ 0	4875.	25278.	1624064.	827.	14775147.	-459219.
\$ 0-\$ 5000	3696.	344766.	17160390.	784962.	-576656163.	917437.
\$ 5000-\$ 10000	2077.	276921.	45488676.	1575783.	-728821927.	2028189.
\$ 10000-\$ 20000	2210.	395848.	86110172.	4328964.	-1122117811.	5813847.
\$ 20000-\$ 30000	1459.	291257.	45314927.	5208835.	-1035603732.	7217474.
\$ 30000-\$ 40000	1181.	204810.	-2833134.	5050006.	-1029935676.	7081574.
\$ 40000-\$ 50000	776.	103666.	-22388637.	3213279.	-652482622.	4596178.
\$ 50000-\$ 100000	1306.	85931.	-84219583.	3590406.	-703812477.	5449825.
\$ 100000-\$*****	2770.	15020.	-86773711.	1477573.	-311755308.	2651087.
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-516836.</b>	<b>25230635.</b>	<b>-6146410568.</b>	<b>35296392.</b>
						<b>1976038401.</b>

FEDERAL TAXABLE MINUS FEDERAL TAX DEDUCTION - TAX YEAR 1983 DONE ON 07/02/82  
 TABLE 5. DISTRIBUTION OF TAX CHANGE BY AGI CLASS FOR SCHEDULE AND DEDUCTION CATEGORIES

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ALL TAXPAYERS

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY		RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION			
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS										
\$ 0-\$ 5000	11.	-2672.	1306.	1610624.	11.	-2672.	1316.	1611372.	24221.	1545992.
\$ 5000-\$ 10000	532.	-94028.	11718.	4731443.	532.	-94028.	14650.	4945020.	23170.	4185793.
\$ 10000-\$ 20000	1066.	-29187.	30156.	10758384.	1998.	-48109.	69126.	20899694.	58063.	14499002.
\$ 20000-\$ 30000	400.	-111168.	11479.	5711011.	2402.	-285600.	160325.	49542944.	63826.	19193720.
\$ 30000-\$ 40000	0.	0.	1597.	5253699.	56320.	-7603508.	132782.	44203515.	11378.	3477606.
\$ 40000-\$ 50000	0.	0.	0.	0.	80649.	-27086295.	87646.	23976003.	0.	0.
\$ 50000-\$ 100000	0.	0.	0.	0.	62956.	-25205744.	27189.	4151462.	0.	0.
\$ 100000-\$XXXXXX	27.	-748089.	33.	294628.	74076.	-77696330.	2783.	938764.	0.	0.
TOTALS	2036.	-985145.	56370.	29296767.	293302.	-224023325.	495980.	151457718.	180672.	42758550.
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION										
\$ 0-\$ 5000	0.	0.	10.	15364.	0.	0.	10.	15364.	0.	0.
\$ 5000-\$ 10000	17179.	-103842.	28097.	9360566.	30458.	-194275.	96620.	12503674.	1.	0.
\$ 10000-\$ 20000	4128.	-166525.	10783.	3469036.	11324.	-455303.	168309.	25092393.	0.	0.
\$ 20000-\$ 30000	1068.	-237739.	267.	520206.	20088.	-1240707.	206225.	38093534.	798.	80824.
\$ 30000-\$ 40000	0.	0.	0.	0.	31086.	-3957411.	69672.	12672330.	8121.	-610938.
\$ 40000-\$ 50000	0.	0.	0.	0.	17326.	-5556320.	19055.	5833478.	15992.	-1450285.
\$ 50000-\$ 100000	0.	0.	0.	0.	6157.	-2469012.	6829.	1134658.	7496.	-1976358.
\$ 100000-\$XXXXXX	0.	0.	0.	0.	8109.	-7647399.	707.	185381.	8139.	-7505355.
TOTALS	22374.	-508106.	39157.	13365172.	124979.	-23482042.	567427.	95530813.	40954.	-13248931.
RETURNS FOR BOTH TYPES DEDUCTION										
\$ 0-\$ 5000	11.	-2672.	1316.	1625988.	11.	-2672.	1327.	1626736.	24221.	1545992.
\$ 5000-\$ 10000	17710.	-197870.	39815.	14092008.	30990.	-288303.	111270.	17448693.	23171.	4185793.
\$ 10000-\$ 20000	5194.	-195712.	40939.	14227420.	13322.	-503412.	237435.	45992087.	58063.	14499002.
\$ 20000-\$ 30000	1468.	-348908.	11745.	6231217.	22489.	-1526307.	366549.	87636478.	64624.	19274543.
\$ 30000-\$ 40000	0.	0.	1597.	5253699.	87406.	-11560918.	202454.	56875846.	19499.	2866669.
\$ 40000-\$ 50000	0.	0.	0.	0.	97975.	-32642615.	106701.	29809481.	15992.	-1450285.
\$ 50000-\$ 100000	0.	0.	0.	0.	69113.	-27674756.	34017.	5286119.	7496.	-1976358.
\$ 100000-\$XXXXXX	27.	-748089.	33.	294628.	82185.	-85343729.	3491.	1124146.	8139.	-7505355.
TOTALS	24410.	-1493251.	95527.	42661938.	418281.	-247505367.	1063407.	246988531.	221625.	29509619.

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	782.	116372.	2781196.	24.	7.( 7.)	1746021.	86674.
\$ 50 - \$ 100	886.	135423.	10322477.	76.	8.( 14.)	2106309.	105730.
\$ 100 - \$ 250	2771.	451263.	71734296.	159.	26.( 40.)	7390419.	356679.
\$ 250 - \$ 500	1155.	209751.	73393807.	350.	12.( 52.)	4845054.	196222.
\$ 500 - \$ 1000	247.	42366.	27797421.	656.	2.( 55.)	912984.	32574.
\$ 1000 - \$XXXXXX	98.	12705.	18297397.	1440.	1.( 56.)	235212.	6848.
<b>TAXABLE INCREASE</b>	<b>5939.</b>	<b>967880.</b>	<b>204326593.</b>	<b>211.</b>	<b>56.( 56.)</b>	<b>17235999.</b>	<b>784528.</b>
<b>NO CHANGE</b>	<b>60.</b>	<b>3148.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 56.)</b>	<b>51066.</b>	<b>3338.</b>
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	607.	91704.	-1614032.	-18.	5.( 61.)	1553060.	81307.
\$ 50 - \$ 100	269.	45695.	-3374719.	-74.	3.( 64.)	1319330.	77509.
\$ 100 - \$ 250	470.	80652.	-13781137.	-171.	5.( 68.)	2676199.	171336.
\$ 250 - \$ 500	552.	80573.	-29167093.	-362.	5.( 73.)	3218324.	214910.
\$ 500 - \$ 1000	607.	64996.	-44938993.	-691.	4.( 77.)	3038815.	218739.
\$ 1000 - \$XXXXXX	3459.	54662.	-154629393.	-2829.	3.( 80.)	5353849.	424371.
<b>TAXABLE DECREASE</b>	<b>5964.</b>	<b>418281.</b>	<b>-247505367.</b>	<b>-592.</b>	<b>24.( 24.)</b>	<b>17159577.</b>	<b>1188172.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11963.</b>	<b>1389308.</b>	<b>-43178774.</b>	<b>-31.</b>	<b>80.( 80.)</b>	<b>34446642.</b>	<b>1976038.</b>
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	107.	12750.	304351.	24.	1.( 80.)	80148.	0.
\$ 50 - \$ 100	105.	12503.	948817.	76.	1.( 81.)	78003.	0.
\$ 100 - \$ 250	235.	24687.	4089279.	166.	1.( 83.)	150360.	0.
\$ 250 - \$ 500	222.	22140.	7730294.	349.	1.( 84.)	131847.	0.
\$ 500 - \$ 1000	164.	15969.	10880348.	681.	1.( 85.)	88766.	0.
\$ 1000 - \$XXXXXX	119.	7479.	18708849.	2501.	0.( 85.)	67251.	0.
<b>NON-TAXABLE INCR</b>	<b>952.</b>	<b>95527.</b>	<b>42661938.</b>	<b>447.</b>	<b>5.( 5.)</b>	<b>596375.</b>	<b>0.</b>
<b>NO CHANGE</b>	<b>7435.</b>	<b>258662.</b>	<b>0.</b>	<b>0.</b>	<b>15.(100.)</b>	<b>253375.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-516836.</b>	<b>-0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1976038.</b>

FEDERAL TAXABLE MINUS FEDERAL TAX DEDUCTION - TAX YEAR 1983 DONE ON 07/02/82  
 TABLE 1. EFFECTS OF PROPOSED TAX LAW CHANGE BY PERCENT CHANGE IN TAX LIABILITY

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RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	206.	33401.	584113.	17.	2.( 2.)	1052512.	61971.
2 - 4	206.	34477.	1702423.	49.	2.( 4.)	973199.	56963.
4 - 6	216.	37022.	3088482.	83.	2.( 6.)	1065013.	61256.
6 - 10	405.	71164.	8271757.	116.	4.( 10.)	1825734.	104365.
10 - 25	1222.	228284.	43452846.	190.	13.( 23.)	5009110.	261677.
25 - ***	3684.	563532.	147226971.	261.	32.( 56.)	7310431.	238296.
<b>TAXABLE INCREASE</b>	<b>5939.</b>	<b>967880.</b>	<b>204326593.</b>	<b>211.</b>	<b>56.( 56.)</b>	<b>17235999.</b>	<b>784528.</b>
<b>NO CHANGE</b>	<b>60.</b>	<b>3148.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 56.)</b>	<b>51066.</b>	<b>3338.</b>
<b>TAX DECREASE</b>							
0 - 5	503.	83102.	-6004158.	-48.	5.( 60.)	2654427.	161900.
5 - 10	469.	75658.	-12008202.	-159.	4.( 65.)	2518747.	159166.
10 - 15	491.	69685.	-21565623.	-309.	4.( 69.)	2639799.	173545.
15 - 20	454.	53170.	-25798787.	-485.	3.( 72.)	2134396.	147520.
20 - 25	427.	41875.	-31330474.	-748.	2.( 74.)	1917313.	139682.
25 - 30	356.	23695.	-28181910.	-1189.	1.( 76.)	1356954.	102364.
30 - 40	1040.	26971.	-60562046.	-2245.	2.( 77.)	2195253.	173292.
40 - 50	1495.	8149.	-42052119.	-5161.	0.( 78.)	1177179.	95886.
50 - 99	515.	11553.	-20215822.	-1750.	1.( 78.)	443545.	33029.
99 - ***	214.	24423.	-1786226.	-73.	1.( 80.)	121963.	1787.
<b>TAXABLE DECREASE</b>	<b>5964.</b>	<b>418281.</b>	<b>-247505367.</b>	<b>-592.</b>	<b>24.( 24.)</b>	<b>17159577.</b>	<b>1188172.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11963.</b>	<b>1389308.</b>	<b>-43178774.</b>	<b>-31.</b>	<b>80.( 80.)</b>	<b>34446642.</b>	<b>1976038.</b>
<b>PRESENTLY NON-TAXABLE</b>							
<b>- NO CHANGE</b>	<b>7435.</b>	<b>258662.</b>	<b>0.</b>	<b>0.</b>	<b>15.( 95.)</b>	<b>253375.</b>	<b>0.</b>
<b>- TAX INCREASE</b>	<b>952.</b>	<b>95527.</b>	<b>42661938.</b>	<b>447.</b>	<b>5.(100.)</b>	<b>596375.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-516836.</b>	<b>-0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1976038.</b>

TAX RATE COMPUTED ON  
 MINNESOTA GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT	ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS	
		MARRIED COMBINED		MARRIED SEPARATE		OLD	NEW	OLD	NEW
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
\$*****-\$ 0	0.0	5.2	0.0	4.1	0.0	6.5	0.0	4.6	0.0 5.1
\$ 0-\$ 5000	0.0	3.3	1.4	2.5	0.0	3.7	0.1	3.2	0.2 3.2
\$ 5000-\$ 10000	0.4	2.5	0.2	2.7	2.0	4.7	1.4	4.2	0.9 3.4
\$ 10000-\$ 20000	2.6	3.7	2.1	4.4	3.8	5.2	4.0	5.5	3.0 4.7
\$ 20000-\$ 30000	5.2	5.2	4.4	5.5	5.5	5.9	5.7	5.8	4.9 5.5
\$ 30000-\$ 40000	6.6	5.5	5.5	5.8	7.3	5.8	6.5	5.7	5.8 5.7
\$ 40000-\$ 50000	7.2	5.5	6.1	5.8	7.4	5.7	6.6	5.3	6.2 5.7
\$ 50000-\$ 100000	7.5	5.2	6.9	5.5	7.9	5.6	7.3	5.1	7.0 5.5
\$ 100000-\$*****	7.8	4.5	7.9	4.7	8.5	4.3	7.6	4.3	7.9 4.6
	6.0	5.0	5.8	5.4	5.8	5.4	5.1	5.3	5.7 5.3
ORIGINAL INCOME CLASS	MARRIED JOINT	STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD
\$*****-\$ 0	0.0	0.0	0.0	4.4	0.0	0.0	0.0	0.0	0.0 4.4
\$ 0-\$ 5000	0.0	1.4	0.0	2.1	0.7	1.7	0.5	1.5	0.5 1.6
\$ 5000-\$ 10000	0.9	1.7	0.3	2.0	3.4	5.7	2.6	4.2	2.2 3.7
\$ 10000-\$ 20000	4.3	4.5	3.4	5.0	5.8	6.8	5.5	6.6	5.1 6.2
\$ 20000-\$ 30000	6.7	6.0	5.5	6.4	7.3	7.4	6.8	7.0	6.4 6.7
\$ 30000-\$ 40000	7.8	6.2	6.2	6.7	8.1	7.5	7.5	6.8	6.6 6.7
\$ 40000-\$ 50000	8.8	6.7	6.7	6.7	0.0	0.0	8.1	6.5	6.6 6.7
\$ 50000-\$ 100000	9.2	6.0	7.4	6.4	9.4	6.6	8.2	6.0	6.9 6.7
\$ 100000-\$*****	8.8	5.5	8.9	6.1	0.0	0.0	9.0	5.7	8.9 5.9
	4.7	4.3	5.7	6.1	5.5	6.3	4.8	5.6	5.1 5.6
ORIGINAL INCOME CLASS	MARRIED JOINT	ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD
\$*****-\$ 0	0.0	5.2	0.0	4.2	0.0	6.5	0.0	4.6	0.0 5.0
\$ 0-\$ 5000	0.0	1.8	0.3	2.2	0.6	2.2	0.5	1.7	0.4 1.8
\$ 5000-\$ 10000	0.7	2.0	0.3	2.4	3.1	5.5	2.3	4.2	1.8 3.6
\$ 10000-\$ 20000	3.3	4.0	2.5	4.6	5.1	6.2	5.1	6.2	4.2 5.5
\$ 20000-\$ 30000	5.6	5.4	4.7	5.7	6.5	6.7	6.3	6.4	5.6 5.9
\$ 30000-\$ 40000	6.7	5.6	5.6	5.9	7.5	6.3	6.9	6.1	5.9 5.9
\$ 40000-\$ 50000	7.3	5.6	6.2	5.9	7.4	5.7	6.8	5.5	6.3 5.8
\$ 50000-\$ 100000	7.6	5.3	6.9	5.6	8.1	5.7	7.5	5.3	7.1 5.5
\$ 100000-\$*****	7.8	4.5	7.9	4.7	8.5	4.3	7.7	4.4	7.9 4.7
	5.7	4.8	5.8	5.5	5.7	5.9	4.9	5.5	5.5 5.4

TABLE 4

SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI INC
4000	3594	47	1.17
5000	4398	97	1.94
6000	5185	156	2.60
7000	5964	218	3.11
8000	6743	289	3.61
9000	7521	365	4.06
10000	8291	446	4.46
11000	9052	526	4.78
12000	9808	606	5.05
13000	10550	691	5.32
14000	11290	779	5.56
15000	12014	865	5.77
20000	15493	1313	6.56
25000	18773	1758	7.03
30000	21881	2208	7.36
35000	25095	2674	7.64
40000	28153	3117	7.79
50000	33880	4000	8.00
75000	46925	6101	8.13
100000	59650	8208	8.21

## FEDERAL TAXABLE MINUS FED TAX AT 10.45% - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	4000	0	0.0	-47	-100.00
5000	401	42	0.84	-55	-56.70
6000	1259	132	2.20	-24	-15.38
7000	7000	220	3.14	2	0.92
8000	2959	309	3.86	20	6.92
9000	3809	398	4.42	33	9.04
10000	4649	486	4.86	40	8.97
11000	5479	573	5.21	47	8.94
12000	6305	659	5.49	53	8.75
13000	13000	744	5.72	53	7.67
14000	14000	7923	828	49	6.29
15000	15000	8713	911	46	5.32
20000	20000	12511	1307	-6	-0.46
25000	25000	16091	1682	-76	-4.32
30000	30000	19483	2036	-172	-7.79
35000	35000	22683	2370	-304	-11.37
40000	40000	25687	2684	-433	-13.89
50000	50000	31312	3272	-728	-18.20
75000	75000	43777	4575	-1526	-25.01
100000	100000	55027	5750	-2458	-29.95

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	3342	33	0.82	-33	-100.00
5000	4073	76	1.52	-34	-44.74
6000	4783	126	2.10	6	4.76
7000	5486	179	2.56	41	22.91
8000	6188	239	2.99	70	29.29
9000	6890	303	3.37	95	31.35
10000	7583	371	3.71	115	31.00
11000	8267	446	4.04	129	29.05
12000	8984	519	4.32	144	27.75
13000	9688	594	4.57	158	26.60
14000	10390	672	4.80	169	25.15
15000	11087	755	5.03	174	23.05
20000	14454	1175	5.88	100	8.51
25000	17649	1599	6.40	-22	-1.38
30000	20737	2043	6.81	-175	-8.57
35000	23720	2474	7.07	-326	-13.18
40000	26548	2884	7.21	-472	-16.37
50000	31931	3697	7.39	-785	-21.23
75000	44030	5622	7.50	-1599	-28.44
100000	55355	7497	7.50	-2442	-32.57

TABLE 1

MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF	
			MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9688	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2824	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

## FEDERAL TAXABLE MINUS FED TAX AT 10.45% - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE
			MGI	TXBL INC	
4000	0	0	0.0	0.0	0 0.0
5000	0	0	0.0	0.0	0 0.0
6000	0	0	0.0	0.0	0 0.0
7000	0	0	0.0	0.0	0 0.0
8000	534	56	0.70	10.49	-33 -100.00
9000	1424	149	1.66	10.46	-55 -49.55
10000	2304	241	2.41	10.46	-48 -24.37
11000	3174	332	3.02	10.46	-35 -9.54
12000	4036	422	3.52	10.46	-34 -7.46
13000	4886	511	3.93	10.46	-37 -6.75
14000	5736	599	4.28	10.44	-42 -6.55
15000	6586	688	4.59	10.45	-45 -6.14
20000	10754	1124	5.62	10.45	-113 -9.14
25000	14772	1544	6.18	10.45	-210 -11.97
30000	18580	1942	6.47	10.45	-342 -14.97
35000	22236	2324	6.64	10.45	-500 -17.71
40000	25696	2685	6.71	10.45	-674 -20.07
50000	32186	3363	6.73	10.45	-1022 -23.31
75000	46396	4848	6.46	10.45	-1973 -28.93
100000	58730	6137	6.14	10.45	-2975 -32.65

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE
			MGI	TXBL INC	
4000	3420	0	0.0	0.0	0 0.0
5000	4275	0	0.0	0.0	0 0.0
6000	5130	0	0.0	0.0	0 0.0
7000	5985	0	0.0	0.0	0 0.0
8000	6773	66	0.82	0.97	0 0.0
9000	7516	137	1.52	1.82	-10 -15.15
10000	8249	215	2.15	2.61	12 8.76
11000	8972	291	2.65	3.24	26 12.09
12000	9687	367	3.06	3.79	41 14.09
13000	10389	445	3.42	4.28	55 14.99
14000	11092	528	3.77	4.76	66 14.83
15000	11794	612	4.08	5.19	71 13.45
20000	15361	1070	5.35	6.97	76 12.42
25000	18888	1548	6.19	8.20	-16 -1.50
30000	22282	2039	6.80	9.15	-158 -10.21
35000	25558	2515	7.19	9.84	-326 -15.99
40000	28744	2976	7.44	10.35	-492 -19.56
50000	34694	3899	7.80	11.24	-652 -21.91
75000	48381	6115	8.15	12.64	-1017 -26.08
100000	60967	8199	8.20	13.45	-2881 -32.02

TABLE 2

## MARRIED SEPARATE 70-30 2 DEPENDENTS

DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF	
			MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	288	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23910	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

## FEDERAL TAXABLE MINUS FED TAX AT 10.45% - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE
			MGI	TXBL INC	
4000	0	0	0.0	0.0	0 0.0
5000	0	0	0.0	0.0	0 0.0
6000	0	0	0.0	0.0	0 0.0
7000	0	0	0.0	0.0	0 0.0
8000	428	45	0.56	10.51	45 *****
9000	1305	136	1.51	10.42	105 338.71
10000	2174	227	2.27	10.44	138 155.06
11000	3031	317	2.88	10.46	166 109.93
12000	3884	406	3.38	10.45	189 87.10
13000	4721	493	3.79	10.44	205 71.18
14000	5558	581	4.15	10.45	220 60.94
15000	6395	668	4.45	10.45	236 54.63
20000	10506	1098	5.49	10.45	282 34.56
25000	14484	1514	6.06	10.45	280 22.69
30000	18248	1907	6.36	10.45	250 15.09
35000	21869	2285	6.53	10.45	194 9.28
40000	25307	2645	6.61	10.45	126 5.00
50000	50000	31709	3314	6.63	-69 -2.04
75000	75000	45767	4783	6.38	-718 -13.05
100000	100000	57950	6056	6.06	-1554 -20.42

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF	
			MGI	TXBL INC
4000	3619	0	0.0	0.0
5000	4274	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5985	0	0.0	0.0
8000	6787	0	0.0	0.0
9000	7532	0	0.0	0.0
10000	8269	24	0.24	0.29
11000	8994	74	0.67	0.82
12000	9714	132	1.10	1.36
13000	10419	188	1.45	1.80
14000	11124	244	1.74	2.19
15000	11828	306	2.04	2.59
20000	15414	644	3.22	4.18
25000	18963	1024	4.10	5.40
30000	22388	1427	4.76	6.37
35000	25697	1831	5.23	7.13
40000	28928	2239	5.60	7.74
50000	34961	3954	6.11	8.74
75000	48839	5019	6.69	10.28
100000	61639	6954	6.95	11.28

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE
			MGI	TXBL INC	
4000	0	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	0	0.0	0.0	0 0.0
8000	428	45	0.56	10.51	45 *****
9000	1305	136	1.51	10.42	136 *****
10000	2174	227	2.27	10.44	203 845.83
11000	3031	317	2.88	10.46	243 328.38
12000	3884	406	3.38	10.45	274 207.58
13000	4721	493	3.79	10.44	305 162.23
14000	5558	581	4.15	10.45	337 118.30
15000	6395	668	4.45	10.45	362 138.11
20000	9842	1028	5.14	10.45	384 59.63
25000	13003	1359	5.44	10.45	335 32.71
30000	16043	1676	5.59	10.45	249 17.45
35000	18969	1982	5.66	10.45	151 8.25
40000	21817	2280	5.70	10.45	41 1.83
50000	27094	2831	5.66	10.45	-223 -7.30
75000	39102	4086	5.45	10.45	-933 -18.59
100000	50050	5230	5.23	10.45	-1724 -24.79

APPENDIX H - Progressive Rates Applied to Federal Adjusted Gross Income Minus  
Federal Tax Liability - Spouses Taxed Separately

The burden shifts, by income class, that would occur under this proposal were not viewed favorably by the committee, even though the shifts would not be extremely large. The fact that the taxpayers in the lower income groupings would be faced with tax increases was a cause of concern. Furthermore, the proposal is primarily detrimental to itemizers with the greatest benefits accruing to taxpayers in the middle income and upper income categories who utilize the standard deduction.

Perhaps the greatest negative consideration with respect to this proposal is the limited simplification which would result. Two earner married couples would be required to deal with two of the most significant complications of current law, assignment of all types of income between the spouses and a complex federal tax deduction computation.



Proposal:

Progressive rates applied to FAGI minus federal tax - spouses taxed separately.

Add: Municipal Bond Interest

Subtract: U.S. Bond Interest  
Non-resident Earnings  
State Tax Refund

Rate Schedule:

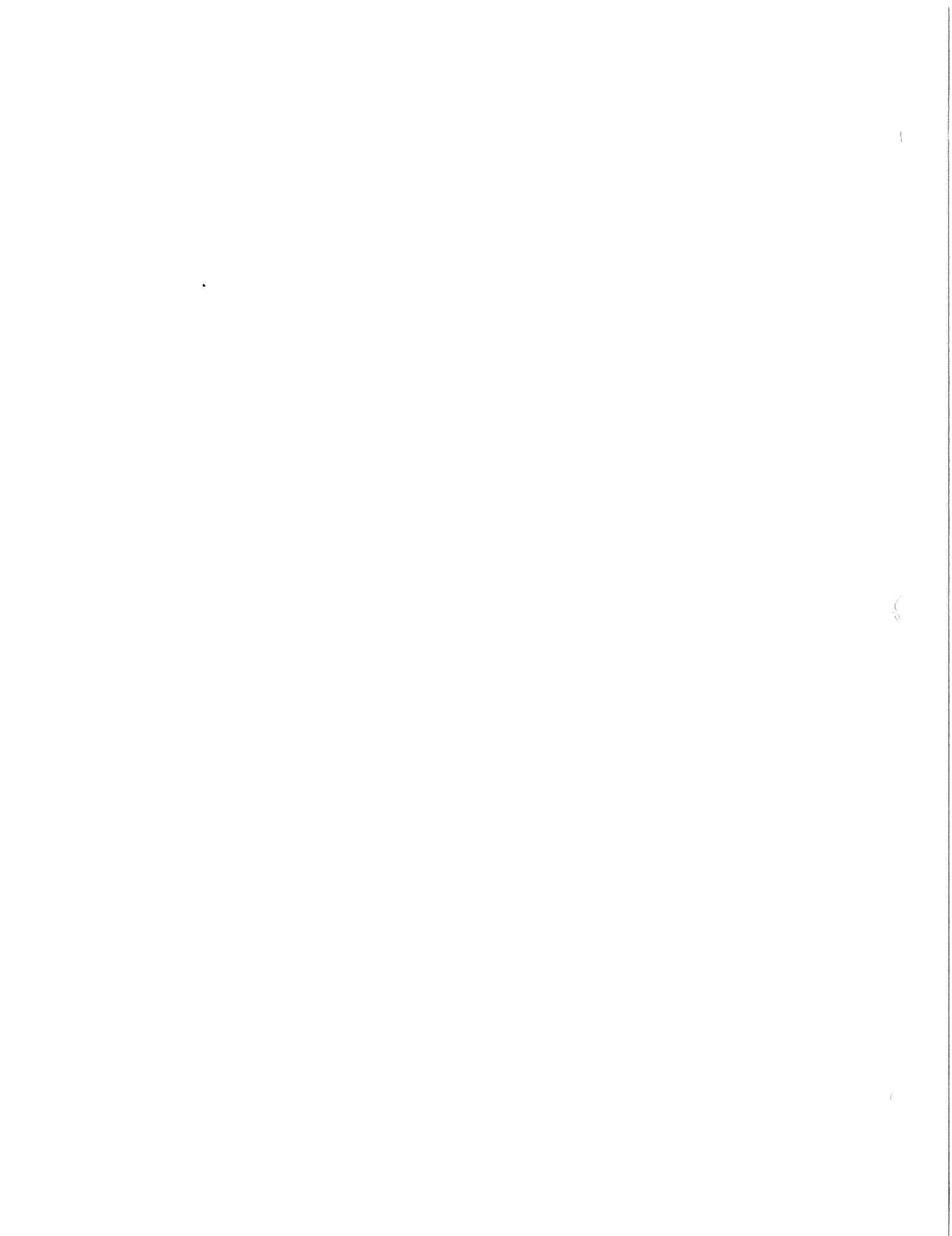
<u>FAGI Minus Federal Tax</u>	<u>Tax Rate</u>
\$ 0 - \$ 2,000	2.5%
2,000 - 4,000	3.7
4,000 - 6,000	5.0
6,000 - 8,000	6.3
8,000 - 10,000	7.6
10,000 - 15,000	9.0
15,000 - 20,000	10.0
20,000 - 30,000	11.0
30,000 - 40,000	12.0
40,000 AND OVER	13.0

\$73 Personal Credit

Budget Impact: \$1.4 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 12, 1982



PROGR. FIVE RATES ON FAGI MINUS FED TAX - TAX YEAR 1983      DONE ON 07/09/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

PAGE 82

ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
-----------------------------	---------------------------------	----------------------	-------------------------------------	--------------------------	--------------------------	----------------------------

RETURNS WITH ITEMIZED DEDUCTION

<b>ORIGINAL AGI CLASS</b>								
XXXXXXXX-\$	0	4854.	25046.	1616613.	216.	26417619.	-458337.	86285.
0-\$	5000	605.	28643.	3834667.	36204.	113803717.	76699.	176390.
5000-\$	10000	617.	82443.	14531056.	377612.	345124723.	619784.	5472282.
10000-\$	20000	928.	169336.	29347937.	1685842.	752037562.	2538054.	75755518.
20000-\$	30000	953.	190300.	28444910.	3319787.	1050640563.	4781538.	232811096.
30000-\$	40000	974.	168230.	7182477.	4102761.	1044696440.	5628638.	338595776.
40000-\$	50000	678.	90546.	-547218.	2785889.	657970183.	4018235.	250276179.
50000-\$	100000	1181.	77114.	-1277196.	3214734.	764186649.	4906985.	344444682.
100000-\$XXXXXXXX	2711.	14530.	-2613704.	1444957.	350357788.	2585197.	204421028.	
<b>TOTALS</b>	13501.	846237.	80519541.	16968003.	5105235244.	24896794.	1452039235.	

RETURNS WITH STANDARD DEDUCTION

<b>ORIGINAL AGI CLASS</b>								
XXXXXXXX-\$	0	21.	232.	13444.	621.	365395.	-883.	0.
0-\$	5000	3091.	316123.	8199290.	752574.	271040431.	840738.	3865571.
5000-\$	10000	1460.	194478.	-898795.	1201855.	196885623.	1408405.	31114776.
10000-\$	20000	1282.	226512.	-27231358.	2650087.	304495689.	3275793.	168390380.
20000-\$	30000	506.	100953.	-26862937.	1896365.	204402842.	2435937.	155190700.
30000-\$	40000	207.	36580.	-15478550.	951645.	88559529.	1252935.	83234840.
40000-\$	50000	98.	13120.	-7354253.	430346.	39406377.	577943.	39704358.
50000-\$	100000	125.	8817.	-8332958.	384818.	26428965.	542840.	41748600.
100000-\$XXXXXXXX	59.	440.	-1162859.	40887.	1333063.	65890.	5909388.	
<b>TOTALS</b>	6849.	897260.	-79109026.	8309196.	1132917914.	10399598.	529158612.	

RETURNS FOR BOTH TYPES DEDUCTION

<b>ORIGINAL AGI CLASS</b>								
XXXXXXXX-\$	0	4875.	25278.	1630056.	837.	26783014.	-459219.	86285.
0-\$	5000	3696.	344766.	12033956.	788778.	389844148.	917437.	4041961.
5000-\$	10000	2077.	276921.	13632261.	1579467.	542010347.	2028189.	36587058.
10000-\$	20000	2210.	395848.	2116578.	4335928.	1056533250.	5813847.	244145898.
20000-\$	30000	1459.	291257.	1581923.	5216152.	1255043405.	7217474.	388001796.
30000-\$	40000	1181.	204810.	-3296072.	5054406.	1133255969.	7081574.	421830616.
40000-\$	50000	776.	103666.	-7901471.	3216234.	697376560.	4596178.	289980537.
50000-\$	100000	1306.	35931.	-9610153.	3599552.	790615615.	5449825.	386193282.
100000-\$XXXXXXXX	2770.	15020.	-3776563.	1485844.	351690851.	2651087.	210330416.	
<b>TOTALS</b>	20350.	1743497.	1410515.	25277199.	6238153158.	35296392.	1981197848.	

PROGRESSIVE RATES ON FAGI MINUS FED TAX - TAX YEAR 1983      DONE ON 07/09/82  
 TABLE 5. DISTRIBUTION OF TAX CHANGE BY AGI CLASS FOR SCHEDULE AND DEDUCTION CATEGORIES

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ALL TAXPAYERS

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE	PRESENTLY NONTAXABLE RETURNS MADE TAXABLE	RETURNS WITH CHANGE IN TAX LIABILITY		RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION					
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX DECREASE	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX DECREASE
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS										
XXXXXXXX-\$	0.	0.	1415.	1614184.	1.	-4.	1438.	1616617.	0.	0.
0-\$ 5000	5000.	0.	13650.	3748698.	266.	-28551.	16848.	3863218.	0.	0.
5000-\$ 10000	10000.	400.	-13728.	34283.	9802534.	11328.	-337329.	63857.	14868385.	0.
10000-\$ 20000	20000.	400.	-111168.	17037.	9799260.	53068.	-4275383.	115667.	33623320.	0.
20000-\$ 30000	30000.	0.	0.	1797.	7175757.	82471.	-13204835.	107230.	41649744.	0.
30000-\$ 40000	40000.	0.	0.	154.	758246.	88318.	-22536559.	79912.	29719036.	0.
40000-\$ 50000	50000.	0.	0.	133.	653185.	53325.	-16804098.	37221.	16256880.	0.
50000-\$ 100000	100000.	0.	0.	295.	1772667.	98588.	-26224664.	28393.	24947468.	0.
100000-\$XXXXXXXX	7.	-342487.	74.	2127051.	9876.	-22295783.	4693.	19682079.	0.	0.
TOTALS	807.	-467384.	68869.	37451582.	347241.	-105707206.	455258.	186226748.	0.	0.
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION										
XXXXXXXX-\$	0.	0.	10.	13444.	0.	0.	10.	13444.	232.	13444.
0-\$ 5000	5000.	266.	-1461.	51788.	6826167.	30809.	-79547.	111860.	8278336.	316123.
5000-\$ 10000	10000.	8253.	-256726.	5590.	2198517.	157796.	-6412834.	17176.	5514039.	194478.
10000-\$ 20000	20000.	3002.	-332962.	133.	340273.	218237.	-32050940.	8142.	4819582.	226512.
20000-\$ 30000	30000.	0.	0.	0.	0.	97963.	-28114922.	2995.	1251935.	100958.
30000-\$ 40000	40000.	0.	0.	0.	0.	35380.	-15878826.	1200.	400276.	36580.
40000-\$ 50000	50000.	0.	0.	0.	0.	12852.	-7424694.	268.	70441.	13120.
50000-\$ 100000	100000.	0.	0.	0.	0.	8643.	-8429359.	174.	96402.	8817.
100000-\$XXXXXXXX	0.	0.	0.	0.	0.	430.	-1162859.	0.	0.	440.
TOTALS	11526.	-591349.	57521.	9328400.	562110.	-99553981.	141824.	20444955.	897260.	-79109026.
RETURNS FOR BOTH TYPES DEDUCTION										
XXXXXXXX-\$	0.	0.	1426.	1627627.	1.	-4.	1448.	1630061.	232.	13444.
0-\$ 5000	5000.	266.	-1461.	65438.	10574864.	31074.	-108098.	128708.	12142054.	316123.
5000-\$ 10000	10000.	8658.	-270654.	39873.	11951051.	169124.	-6750162.	81033.	20382424.	194478.
10000-\$ 20000	20000.	3402.	-444130.	17221.	10139533.	271305.	-36326323.	123809.	38942901.	226512.
20000-\$ 30000	30000.	0.	0.	1797.	7175757.	180434.	-41319757.	110224.	42901679.	100958.
30000-\$ 40000	40000.	0.	0.	134.	758246.	123699.	-38415385.	81112.	30119312.	36580.
40000-\$ 50000	50000.	0.	0.	133.	653185.	66177.	-24228792.	37489.	16327321.	13120.
50000-\$ 100000	100000.	0.	0.	295.	1772667.	57230.	-34654024.	28567.	25043870.	8317.
100000-\$XXXXXXXX	7.	-342487.	74.	2127051.	10306.	-23458642.	4693.	19682079.	440.	-1162859.
TOTALS	12333.	-1058733.	126391.	46779982.	909351.	-205261187.	597083.	206671702.	897260.	-79109026.

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## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	857.	120070.	2040519.	17.	7.( 7.)	1495255.	63486.
\$ 50 - \$ 100	330.	53364.	3927710.	74.	3.( 10.)	1211396.	57475.
\$ 100 - \$ 250	720.	111895.	19071391.	170.	6.( 16.)	2922335.	142248.
\$ 250 - \$ 500	645.	95407.	34372001.	360.	5.( 22.)	2704946.	126244.
\$ 500 - \$ 1000	474.	59360.	40774904.	687.	3.( 25.)	1912894.	86287.
\$ 1000 - \$xxxxx	1004.	30595.	59705196.	1951.	2.( 27.)	1703707.	83657.
<b>TAXABLE INCREASE</b>	<b>4030.</b>	<b>470692.</b>	<b>159891720.</b>	<b>340.</b>	<b>27.( 27.)</b>	<b>11950533.</b>	<b>559398.</b>
<b>NO CHANGE</b>	<b>116.</b>	<b>11075.</b>	<b>0.</b>	<b>0.</b>	<b>1.( 28.)</b>	<b>66366.</b>	<b>2510.</b>
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	1392.	193923.	-4112155.	-21.	11.( 39.)	2156932.	83969.
\$ 50 - \$ 100	948.	139003.	-10261170.	-74.	8.( 47.)	2288997.	111714.
\$ 100 - \$ 250	1780.	307833.	-50578726.	-164.	18.( 64.)	6543284.	381012.
\$ 250 - \$ 500	1218.	190930.	-65355209.	-342.	11.( 75.)	6275794.	426913.
\$ 500 - \$ 1000	724.	61219.	-40073290.	-655.	4.( 79.)	3166506.	240422.
\$ 1000 - \$xxxxx	1771.	16397.	-34830638.	-2127.	1.( 80.)	2019451.	175260.
<b>TAXABLE DECREASE</b>	<b>7833.</b>	<b>909351.</b>	<b>-205261187.</b>	<b>-226.</b>	<b>52.( 52.)</b>	<b>22450963.</b>	<b>1419289.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-45369467.</b>	<b>-33.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	404.	43025.	653938.	15.	2.( 82.)	166204.	0.
\$ 50 - \$ 100	135.	14216.	1040405.	73.	1.( 83.)	75883.	0.
\$ 100 - \$ 250	269.	26159.	4424824.	169.	2.( 85.)	140025.	0.
\$ 250 - \$ 500	194.	21773.	7597942.	349.	1.( 86.)	151297.	0.
\$ 500 - \$ 1000	126.	12514.	8642885.	707.	1.( 87.)	96278.	0.
\$ 1000 - \$xxxxx	120.	8704.	24219989.	2783.	0.( 87.)	132575.	0.
<b>NON-TAXABLE INCR</b>	<b>1248.</b>	<b>126391.</b>	<b>46779982.</b>	<b>370.</b>	<b>7.( 7.)</b>	<b>762267.</b>	<b>0.</b>
<b>NO CHANGE</b>	<b>7123.</b>	<b>225989.</b>	<b>0.</b>	<b>0.</b>	<b>13.(100.)</b>	<b>66264.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>1610515.</b>	<b>1.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

PROGRESSIVE RATES ON FAGI MINUS FED TAX - TAX YEAR 1983      DONE ON 07/09/82  
 TABLE 1. EFFECTS OF PROPOSED TAX LAW CHANGE BY PERCENT CHANGE IN TAX LIABILITY

PAGE 27

RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	230.	23494.	483866.	21.	1.( 1.)	843838.	50881.
2 - 4	254.	26882.	1501395.	56.	2.( 3.)	860043.	50994.
4 - 6	231.	27359.	2326912.	85.	2.( 4.)	840030.	47487.
6 - 10	408.	46992.	6197747.	132.	3.( 7.)	1424219.	78449.
10 - 25	926.	109720.	27662611.	252.	6.( 13.)	3265332.	169708.
25 - ***	1981.	236245.	121719189.	515.	14.( 27.)	4717021.	161878.
<b>TAXABLE INCREASE</b>	<b>6030.</b>	<b>470692.</b>	<b>159891720.</b>	<b>340.</b>	<b>27.( 27.)</b>	<b>11950533.</b>	<b>559398.</b>
<b>NO CHANGE</b>	<b>116.</b>	<b>11075.</b>	<b>0.</b>	<b>0.</b>	<b>1.( 28.)</b>	<b>66366.</b>	<b>2510.</b>
<b>TAX DECREASE</b>							
0 - 5	924.	100302.	-4715948.	-47.	6.( 33.)	2937156.	179608.
5 - 10	1035.	104545.	-16331894.	-156.	6.( 39.)	3372126.	216250.
10 - 15	1276.	126216.	-32738568.	-259.	7.( 47.)	3876244.	260023.
15 - 20	2827.	390007.	-105838343.	-271.	22.( 69.)	9062259.	585670.
20 - 25	1042.	110494.	-29654197.	-268.	6.( 75.)	2238236.	139509.
25 - 30	184.	18320.	-3727386.	-203.	1.( 76.)	280042.	13862.
30 - 40	190.	18116.	-3853523.	-213.	1.( 77.)	239890.	11146.
40 - 50	96.	9637.	-1577650.	-164.	1.( 78.)	102292.	3571.
50 - 99	163.	19380.	-5759946.	-297.	1.( 79.)	230725.	8591.
99 - ***	96.	12333.	-1058733.	-86.	1.( 80.)	111993.	1059.
<b>TAXABLE DECREASE</b>	<b>7833.</b>	<b>909351.</b>	<b>-205261187.</b>	<b>-226.</b>	<b>52.( 52.)</b>	<b>22450963.</b>	<b>1419289.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-45369467.</b>	<b>-33.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE</b>							
<b>NO CHANGE</b>	<b>7123.</b>	<b>225989.</b>	<b>0.</b>	<b>0.</b>	<b>13.( 93.)</b>	<b>66264.</b>	<b>0.</b>
<b>TAX INCREASE</b>	<b>1248.</b>	<b>126391.</b>	<b>46779982.</b>	<b>370.</b>	<b>7.(100.)</b>	<b>762267.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>1410515.</b>	<b>1.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

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TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT		ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
xxxxxxxx-\$ 0	0.1	1.7	0.1	1.0	0.0	2.8	0.0	1.2	0.1	1.5
0-S 5000	0.0	1.9	0.2	1.1	0.0	2.7	0.1	2.2	0.1	1.9
5000-S 10000	0.3	2.7	0.2	2.0	2.5	3.9	1.3	3.6	0.8	2.9
10000-S 20000	3.0	4.8	2.4	3.8	4.5	5.5	4.5	5.4	3.4	4.7
20000-S 30000	5.8	7.0	5.3	5.9	6.8	7.7	6.9	7.3	5.7	6.4
30000-S 40000	8.0	8.2	6.6	6.8	9.0	8.4	7.9	8.1	7.0	7.2
40000-S 50000	8.8	9.1	7.4	7.3	9.0	9.2	8.1	8.8	7.6	7.6
50000-S 100000	8.9	9.4	8.4	8.2	9.6	10.0	9.0	9.3	8.5	8.5
100000-Sxxxxxxxxx	9.3	9.9	9.8	9.5	10.9	11.0	9.3	9.6	9.7	9.6
	6.7	7.5	6.9	7.1	6.9	7.5	5.8	6.6	6.7	7.1

ORIGINAL INCOME CLASS	MARRIED JOINT		STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
xxxxxxxx-\$ 0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	1.9
0-S 5000	0.0	0.7	0.0	1.4	0.6	1.1	0.5	1.2	0.3	1.1
5000-S 10000	0.5	0.9	0.3	1.1	3.6	4.4	3.0	2.6	2.3	2.2
10000-S 20000	4.1	3.9	4.0	3.5	7.1	5.7	6.6	5.5	6.0	5.0
20000-S 30000	7.5	6.2	6.6	5.5	8.9	7.3	8.4	6.9	7.6	6.3
30000-S 40000	5.0	3.7	7.5	6.2	10.1	8.1	9.2	7.4	7.6	6.2
40000-S 50000	10.9	8.5	8.0	6.5	0.0	0.0	9.9	7.9	8.2	6.7
50000-S 100000	11.2	8.8	9.0	7.2	11.7	9.1	10.0	8.1	9.3	7.4
100000-Sxxxxxxxxx	10.2	8.0	10.9	8.8	0.0	0.0	10.9	8.8	10.8	8.7
	3.7	3.3	6.6	5.5	6.4	5.6	5.6	4.8	5.6	4.8

ORIGINAL INCOME CLASS	MARRIED JOINT		ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
xxxxxxxx-\$ 0	0.1	1.7	0.1	1.0	0.0	2.8	0.0	1.2	0.1	1.5
0-S 5000	0.0	0.9	0.1	1.2	0.5	1.5	0.5	1.3	0.3	1.2
5000-S 10000	0.5	1.6	0.2	1.6	3.4	4.3	2.6	2.9	1.8	2.4
10000-S 20000	3.5	4.4	2.8	3.7	6.2	5.6	6.0	5.4	4.8	4.9
20000-S 30000	6.2	6.7	5.6	5.8	8.0	7.5	7.7	7.1	6.4	6.4
30000-S 40000	7.6	7.6	6.8	6.7	9.3	8.3	8.4	7.9	7.1	7.0
40000-S 50000	9.0	9.0	7.5	7.2	9.0	9.2	8.4	8.7	7.7	7.5
50000-S 100000	9.0	9.4	8.5	8.1	9.9	9.9	9.2	9.0	8.6	8.4
100000-Sxxxxxxxxx	9.4	9.9	9.9	9.5	10.9	11.0	9.5	9.5	9.8	9.6
	5.9	6.4	6.9	6.9	6.7	6.5	5.7	5.5	6.4	6.4

TABLE 4  
 SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3594	47	1.17	1.31
5000	4398	97	1.94	2.21
6000	5185	156	2.60	3.01
7000	5964	218	3.11	3.66
8000	6743	289	3.61	4.29
9000	7521	365	4.06	4.85
10000	8291	446	4.46	5.38
11000	9052	526	4.78	5.81
12000	9808	606	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.56	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1758	7.03	9.36
30000	21881	2208	7.36	10.09
35000	25095	2674	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33880	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

FAGI MINUS FEDERAL TAX - PROGRESSIVE RATES 1983/

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		AFTER CREDIT	MGI		
4000	3923	48	1.20	1.22	1 2.13
5000	4801	91	1.82	1.90	-6 -6.19
6000	5659	134	2.23	2.37	-22 -14.10
7000	6509	183	2.61	2.81	-35 -16.06
8000	7359	237	2.96	3.22	-52 -17.99
9000	8209	293	3.26	3.57	-72 -19.73
10000	9049	357	3.57	3.95	-89 -19.96
11000	9879	420	3.82	4.25	-106 -20.15
12000	10705	492	4.10	4.60	-114 -18.81
13000	11515	565	4.35	4.91	-126 -18.23
14000	12323	638	4.56	5.18	-141 -18.10
15000	13113	709	4.73	5.41	-156 -18.03
20000	16911	1070	5.35	6.33	-243 -18.51
25000	20491	1433	5.73	6.99	-325 -18.49
30000	23883	1806	6.02	7.56	-402 -18.21
35000	27083	2158	6.17	7.97	-516 -19.30
40000	30087	2489	6.22	8.27	-628 -20.15
50000	35712	3164	6.33	8.86	-836 -20.90
75000	48527	4788	6.38	9.87	-1313 -21.52
100000	61027	6413	6.41	10.51	-1795 -21.87

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3923	48	1.20	1.22
5000	4801	91	1.82	1.90
6000	5659	134	2.23	2.37
7000	6509	183	2.61	2.81
8000	7359	237	2.96	3.22
9000	8209	293	3.26	3.57
10000	9049	357	3.57	3.95
11000	9881	420	3.82	4.25
12000	10746	496	4.13	4.62
13000	11597	573	4.41	4.94
14000	12447	649	4.64	5.21
15000	13291	725	4.83	5.45
20000	17399	1119	5.59	6.43
25000	21337	1526	6.10	7.15
30000	25171	1948	6.49	7.74
35000	28901	2358	6.74	8.16
40000	32479	2776	6.94	8.55
50000	39367	3603	7.21	9.15
75000	55252	5662	7.55	10.25
100000	70377	7628	7.63	10.84

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10  
10  
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45.45  
19.74  
6.35  
2.23  
-0.84  
-3.30  
-3.77  
-5.41  
-4.43  
-3.54  
-3.42  
-3.97  
-4.77  
-4.57  
-4.65  
-4.69  
-3.74  
-2.54

131 1.75

TAB 4

## SINGLE FILER 0 DEPENDENTS

DEDUCTIONS ARE 20 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

		TAX AS PERCENT OF		
MGI	TAXABLE INCOME	TAX AFTER CREDIT	MGI	TXBL INC
4000	3179	22	0.55	0.69
5000	3869	64	1.28	1.65
6000	4539	107	1.78	2.36
7000	5200	157	2.24	3.02
8000	5862	209	2.61	3.57
9000	6524	270	3.00	4.14
10000	7210	332	3.32	4.60
11000	7834	404	3.67	5.12
12000	8579	477	3.97	5.56
13000	9258	548	4.22	5.92
14000	9928	618	4.41	6.22
15000	10597	696	4.64	6.57
20000	13335	1093	5.46	7.90
25000	16916	1502	6.01	8.88
30000	19906	1921	6.40	9.65
35000	22757	2334	6.67	10.26
40000	25505	2733	6.83	10.72
50000	30709	3507	7.01	11.42
75000	42503	5368	7.16	12.63
100000	53319	7160	7.16	13.43

## FAGI MINUS FEDERAL TAX - PROGRESSIVE RATES 1983/

		TAX AS PERCENT OF					TAX CHANGE	
MGI	TAXABLE INCOME	TAX AFTER CREDIT	MGI	TXBL INC	AMOUNT	PERCENT		
4000	3923	48	1.20	1.22	26	118.18		
5000	4801	91	1.82	1.90	27	42.19		
6000	5659	134	2.23	2.37	27	25.23		
7000	6509	183	2.61	2.81	26	16.56		
8000	7359	237	2.96	3.22	28	13.40		
9000	8209	293	3.26	3.57	23	8.52		
10000	9083	359	3.59	3.95	27	8.13		
11000	9955	426	3.87	4.28	22	5.45		
12000	10828	504	4.20	4.65	27	5.66		
13000	11695	582	4.48	4.98	34	6.20		
14000	12553	659	4.71	5.25	41	6.63		
15000	13410	736	4.91	5.49	40	5.75		
20000	17591	1138	5.69	6.47	45	4.12		
25000	21617	1557	6.23	7.20	55	3.66		
30000	25555	1990	6.63	7.79	69	3.59		
35000	29355	2408	6.88	8.20	74	3.17		
40000	33055	2846	7.11	8.61	113	4.13		
50000	40167	3701	7.40	9.21	194	5.53		
75000	56752	5857	7.81	10.32	489	9.11		
100000	72377	7888	7.89	10.90	728	10.17		

## DEDUCTIONS ARE 25 PERCENT OF INCOME

		TAX AS PERCENT OF					TAX CHANGE	
MGI	TAXABLE INCOME	TAX AFTER CREDIT	MGI	TXBL INC	AMOUNT	PERCENT		
4000	3923	48	1.20	1.22	38	380.00		
5000	4801	91	1.82	1.90	43	89.58		
6000	5659	134	2.23	2.37	49	57.65		
7000	6509	183	2.61	2.81	53	40.77		
8000	7374	238	2.97	3.23	60	33.71		
9000	8269	297	3.30	3.59	64	27.47		
10000	9164	365	3.65	3.98	73	25.00		
11000	10049	433	3.94	4.31	77	21.63		
12000	10930	513	4.27	4.69	90	21.28		
13000	11811	592	4.55	5.01	101	20.57		
14000	12686	671	4.79	5.29	113	20.25		
15000	13553	749	4.99	5.53	124	19.84		
20000	17831	1162	5.81	6.52	171	17.26		
25000	21967	1595	6.38	7.26	215	15.58		
30000	25987	2038	6.79	7.84	274	15.53		
35000	29915	2470	7.06	8.26	310	14.35		
40000	33775	2932	7.33	8.68	387	15.21		
50000	41167	3831	7.66	9.31	561	17.16		
75000	58552	6091	8.12	10.40	1051	20.85		
100000	74877	8213	8.21	10.97	1475	21.89		

TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	NGI TXBL INC
6000	3664	0	0.0      0.0
5000	4580	0	0.0      0.0
6000	5497	0	0.0      0.0
7000	6413	33	0.47     0.51
8000	7269	111	1.39     1.53
9000	8084	197	2.19     2.44
10000	8891	283	2.83     3.18
11000	9688	367	3.34     3.79
12000	10478	456	3.80     4.35
13000	11257	543	4.22     4.87
14000	12035	641	4.58     5.33
15000	12814	733	4.89     5.72
20000	16633	1237	6.18     7.44
25000	20314	1754	7.02     8.63
30000	23972	2284	7.61     9.53
35000	27694	2824	8.07     10.20
40000	31216	3359	8.40     10.76
50000	37823	4355	8.77     11.59
75000	52645	6821	9.09     12.96
100000	66474	9112	9.11     13.71

FAGI MINUS FEDERAL TAX - PROGRESSIVE RATES 1983/

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	NGI TXBL INC		
4000	4000	0	0.0      0.0	0	0.0
5000	5000	0	0.0      0.0	0	0.0
6000	6000	0	0.0      0.0	0	0.0
7000	7000	0	0.0      0.0	-33	-100.00
8000	7934	54	0.67     0.68	-57	-51.35
9000	8824	121	1.34     1.37	-76	-38.58
10000	9704	183	1.88     1.94	-95	-33.57
11000	10574	262	2.38     2.48	-105	-28.61
12000	11436	339	2.82     2.96	-117	-25.66
13000	12286	416	3.20     3.39	-132	-24.09
14000	13136	492	3.51     3.75	-149	-23.24
15000	13986	569	3.79     4.07	-164	-22.37
20000	18154	975	4.88     5.37	-262	-21.18
25000	22172	1399	5.60     6.31	-355	-20.24
30000	25980	1818	6.06     7.00	-466	-20.40
35000	29636	2220	6.34     7.49	-604	-21.39
40000	33096	2632	6.58     7.95	-727	-21.64
50000	50000	3410	6.82     8.61	-975	-22.23
75000	75000	54146	5299	7.07	-1522
100000	100000	67730	7065	9.79	-22.31
				10.43	-2047
					-22.46

TOTAL

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	NGI TXBL INC
6000	3420	0	0.0      0.0
5000	4275	0	0.0      0.0
6000	5130	0	0.0      0.0
7000	5985	0	0.0      0.0
8000	6773	66	0.82     0.97
9000	7516	137	1.52     1.82
10000	8249	215	2.15     2.61
11000	8972	291	2.65     3.24
12000	9687	367	3.06     3.79
13000	10389	445	3.42     4.28
14000	11092	528	3.77     4.76
15000	11794	612	4.08     5.19
20000	15361	1070	5.35     6.97
25000	13688	1548	6.19     8.20
30000	22282	2039	6.80     9.15
35000	25553	2515	7.19     9.84
40000	28744	2976	7.44     10.35
50000	34694	3399	7.80     11.24
75000	48381	6115	8.15     12.64
100000	60967	8199	8.20     13.45

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	NGI TXBL INC
4000	4000	0	0.0      0.0
5000	5000	0	0.0      0.0
6000	6000	0	0.0      0.0
7000	7000	0	0.0      0.0
8000	7934	54	0.67     0.68
9000	8824	121	1.34     1.37
10000	9704	188	1.88     1.94
11000	10574	262	2.38     2.48
12000	11436	339	2.82     2.96
13000	12286	416	3.20     3.39
14000	13136	492	3.51     3.75
15000	13986	569	3.79     4.07
20000	18290	939	4.94     5.41
25000	22555	1441	5.76     6.39
30000	26689	1896	6.32     7.10
35000	30707	2345	6.70     7.64
40000	34636	2816	7.04     8.13
50000	42081	3731	7.46     8.87
75000	59526	5998	8.00     10.03
100000	75890	8126	8.13     10.71

-0.89

TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3257	0	0.0
5000	4071	0	0.0
6000	4886	0	0.0
7000	5700	0	0.0
8000	6448	36	0.45
9000	7150	100	1.11
10000	7842	172	1.72
11000	8524	244	2.22
12000	9198	315	2.63
13000	9360	385	2.96
14000	10537	462	3.30
15000	11236	546	3.64
20000	14635	980	4.90
25000	18064	1428	5.71
30000	21342	1903	6.34
35000	24504	2361	6.75
40000	27533	2807	7.02
50000	33371	3693	7.39
75000	46549	5812	7.75
100000	58687	7822	7.82

FAGI MINUS FEDERAL TAX - PROGRESSIVE RATES 1983/

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0	0	0.0
5000	5000	0	0.0	0	0.0
6000	6000	0	0.0	0	0.0
7000	7000	0	0.0	0	0.0
8000	7934	54	0.67	18	50.00
9000	8824	121	1.34	21	21.00
10000	9704	188	1.88	16	9.30
11000	10574	262	2.38	18	7.38
12000	11436	339	2.82	24	7.62
13000	12286	416	3.20	31	8.05
14000	13151	494	3.53	32	6.93
15000	14038	573	3.82	27	4.95
20000	18426	1003	5.01	23	2.35
25000	22745	1462	5.85	34	2.38
30000	26965	1926	6.42	23	1.21
35000	31071	2389	6.83	28	1.19
40000	35096	2872	7.18	65	2.32
50000	42781	3822	7.64	129	3.49
75000	60726	6154	8.21	342	5.88
100000	77650	8355	8.35	533	6.81

TOTAL

DEDUCTIONS ARE 25 PERCENT OF INCOME

4000	3053	0	0.0	0.0
5000	3817	0	0.0	0.0
6000	4580	0	0.0	0.0
7000	5344	0	0.0	0.0
8000	6040	0	0.0	0.0
9000	6692	57	0.63	0.85
10000	7333	119	1.19	1.62
11000	7964	185	1.68	2.32
12000	8618	254	2.12	2.95
13000	9274	323	2.48	3.48
14000	9931	393	2.81	3.96
15000	10538	468	3.12	4.42
20000	13340	868	4.34	6.27
25000	17034	1291	5.16	7.58
30000	20166	1733	5.78	8.59
35000	23164	2167	6.19	9.36
40000	26077	2539	6.47	9.93
50000	31676	3431	6.86	10.83
75000	44258	5432	7.24	12.27
100000	55837	7350	7.35	13.16

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0	0	0.0
5000	5000	0	0.0	0	0.0
6000	6000	0	0.0	0	0.0
7000	7000	0	0.0	0	0.0
8000	7934	54	0.67	54	112.28
9000	8824	121	1.34	64	57.98
10000	9704	188	1.88	69	41.62
11000	10574	262	2.38	77	34.65
12000	11466	342	2.85	99	30.65
13000	12361	422	3.25	110	27.99
14000	13256	503	3.59	116	24.79
15000	14151	584	3.89	152	17.51
20000	18596	1020	5.10	197	15.26
25000	22983	1488	5.95	231	13.33
30000	27310	1964	6.55	274	12.64
35000	31505	2441	6.97	345	13.33
40000	35616	2934	7.33	499	14.54
50000	43616	3930	7.86	917	16.88
75000	62226	6349	8.47	1291	17.56
100000	79850	8641	8.64		

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4530	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	288	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23910	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

FAGI MINUS FEDERAL TAX - PROGRESSIVE RATES 1983/

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0	0.0
5000	5000	0	0.0	0.0	0	0.0
6000	6000	0	0.0	0.0	0	0.0
7000	7000	0	0.0	0.0	0	0.0
8000	7935	0	0.0	0.0	0	0.0
9000	8825	17	0.19	0.19	-14	-45.16
10000	9705	66	0.66	0.68	-23	-25.84
11000	10575	113	1.03	1.07	-38	-25.17
12000	11437	161	1.34	1.41	-56	-25.81
13000	12287	216	1.66	1.76	-72	-25.00
14000	13137	271	1.94	2.06	-90	-24.93
15000	13987	328	2.19	2.35	-104	-24.07
20000	18155	650	3.25	3.58	-166	-20.34
25000	22173	977	3.91	4.41	-257	-20.83
30000	30000	1316	4.39	5.07	-341	-20.58
35000	35000	1660	4.74	5.60	-431	-20.61
40000	40000	2005	5.01	6.06	-514	-20.40
50000	50000	2679	5.36	6.77	-704	-20.81
75000	75000	54147	5.71	7.91	-1217	-22.12
100000	100000	67730	5.91	8.73	-1700	-22.36

DEDUCTIONS ARE 16 PERCENT OF INCOME

4000	3619	0	0.0	0.0
5000	4274	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5935	0	0.0	0.0
8000	6787	0	0.0	0.0
9000	7532	0	0.0	0.0
10000	8269	24	0.24	0.29
11000	8974	74	0.67	0.82
12000	9716	132	1.10	1.36
13000	10419	138	1.45	1.80
14000	11124	244	1.74	2.19
15000	11828	306	2.04	2.59
20000	15414	644	3.22	4.18
25000	18963	1024	4.10	5.40
30000	22388	1427	4.76	6.37
35000	25697	1831	5.23	7.13
40000	28928	2239	5.60	7.74
50000	34961	3054	6.11	8.74
75000	48839	5019	6.69	10.28
100000	61639	6954	6.95	11.28

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	4000	0	0.0	0.0
5000	5000	0	0.0	0.0
6000	6000	0	0.0	0.0
7000	7000	0	0.0	0.0
8000	7935	0	0.0	0.0
9000	8825	17	0.19	0.19
10000	9705	66	0.66	0.68
11000	10575	113	1.03	1.07
12000	11437	161	1.34	1.41
13000	12287	216	1.66	1.76
14000	13137	271	1.94	2.06
15000	13987	328	2.19	2.35
20000	20000	660	3.30	3.61
25000	25000	1011	4.04	4.48
30000	30000	1379	4.60	5.17
40000	40000	1766	5.05	5.75
50000	50000	2164	5.41	6.25
75000	75000	59527	6.55	8.26
100000	100000	75890	6.92	9.12

TOTAL

TABLE  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3256	0	0.0	0.0
5000	4070	0	0.0	0.0
6000	4885	0	0.0	0.0
7000	5699	0	0.0	0.0
8000	6461	0	0.0	0.0
9000	7165	0	0.0	0.0
10000	7862	0	0.0	0.0
11000	8546	41	0.37	0.48
12000	9226	89	0.74	0.96
13000	9890	140	1.08	1.42
14000	10569	193	1.38	1.83
15000	11271	249	1.66	2.21
20000	14737	571	2.85	3.87
25000	18138	924	3.70	5.09
30000	21448	1299	4.33	6.06
35000	24643	1690	4.83	6.86
40000	27743	2076	5.19	7.48
50000	33638	2658	5.72	8.50
75000	47007	4736	6.31	10.08
100000	59358	6595	6.59	11.11

FAGI MINUS FEDERAL TAX - PROGRESSIVE RATES 1983/

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	0	0.0	0.0	0 0.0
8000	8000	0	0.0	0.0	0 0.0
9000	9000	17	0.19	0.19	17 0.0
10000	9705	66	0.66	0.68	66 0.0
11000	10575	113	1.03	1.07	72 175.61
12000	11437	161	1.34	1.41	72 80.90
13000	12287	216	1.66	1.76	76 54.29
14000	13152	272	1.94	2.07	79 40.93
15000	14039	332	2.21	2.36	83 33.33
20000	18427	671	3.35	3.64	100 17.51
25000	22746	1028	4.11	4.52	104 11.26
30000	26966	1405	4.68	5.21	106 8.16
35000	31072	1803	5.15	5.80	113 6.69
40000	35097	2212	5.53	6.30	136 6.55
50000	42782	3011	6.02	7.04	153 5.35
75000	60727	5060	6.75	8.33	324 6.84
100000	77650	7140	7.14	9.20	545 8.26

DEDUCTIONS ARE 25 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	0	0.0	0.0	0 0.0
8000	8000	0	0.0	0.0	0 0.0
9000	9000	0	0.0	0.0	0 0.0
10000	9000	17	0.19	0.19	17 0.0
11000	9705	66	0.66	0.68	66 0.0
12000	10575	113	1.03	1.07	113 175.61
13000	11467	163	1.36	1.42	119 270.45
14000	12362	221	1.70	1.79	131 145.56
15000	13257	278	1.99	2.10	141 102.92
20000	14152	339	2.26	2.40	150 79.37
25000	18597	685	3.42	3.68	204 42.41
30000	22984	1049	4.20	4.56	250 31.29
35000	27310	1437	4.79	5.26	283 24.52
40000	31506	1846	5.27	5.86	340 22.58
50000	35617	2267	5.67	6.36	393 20.97
75000	43617	3104	6.21	7.12	499 19.16
100000	62227	5242	6.99	8.42	839 19.06
		79850	7413	7.41	1268 20.63

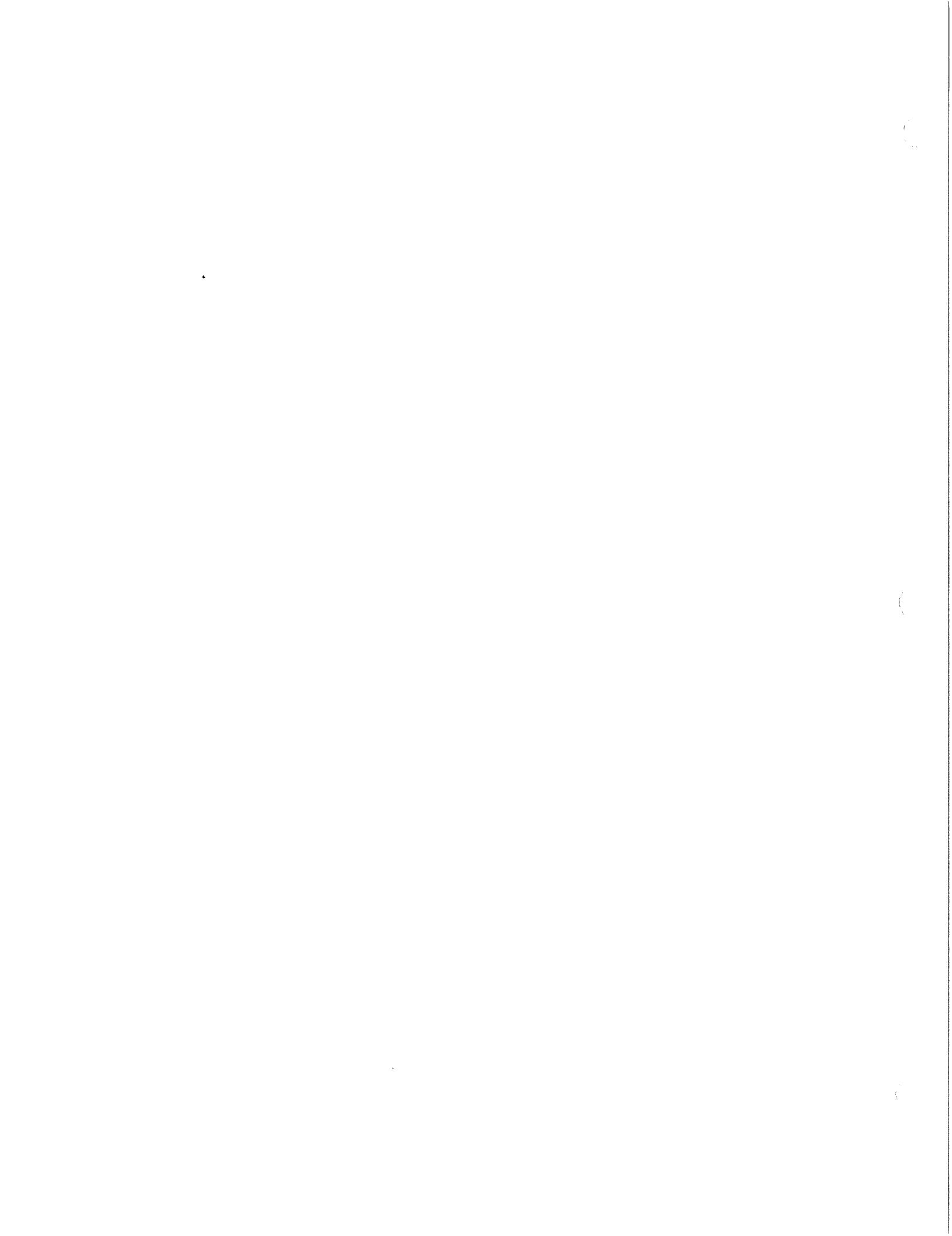
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APPENDIX I - Flat Rate Applied to Federal Adjusted Gross Income Minus Federal Tax Liability

This concept removes much of the complexity which exists under the similar proposal that uses progressive tax rates. There is no benefit to be derived from a division of income between spouses in the case of a married couple. Therefore, a single column return could be used by all taxpayers. Also, the deduction for federal taxes need not be apportioned between spouses. Thus, this proposal would have merit, if not for significant tax burden shifts.

As with all flat rate proposals reviewed, the removal of progressivity from the tax structure substantially reduced the tax of the average taxpayer with income in excess of \$30,000 and increased the tax burden of taxpayers at the lower end of the income spectrum. Itemizers with incomes between \$10,000 and \$30,000 would be particularly hard hit by this proposal. The average tax increase for this group would approach \$300.



Proposal:

Flat tax rate applied to FAGI minus federal tax - spouse taxed separately.

Add: Municipal Bond Interest

Subtract: U.S. Bond Interest  
Non-resident Earnings  
State Tax Refund

Tax Rate: 7.3%

\$73 Personal Credit

Budget Impact: \$1 million

Prepared For: Governor's Task Force on Minnesota Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 12, 1982



ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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ORIGINAL AGI CLASS

\$NNNNNNNN-\$	0	4854.	25046.	1512704.	216.	26417619.	-458337.	86285.
\$ 0-\$ 5000	5000	605.	28643.	7197378.	36204.	113803717.	76699.	176390.
\$ 5000-\$ 10000	10000	617.	82443.	32666671.	377612.	345124723.	619784.	5472282.
\$ 10000-\$ 20000	20000	928.	169336.	65678483.	1685842.	752037562.	2538054.	75755518.
\$ 20000-\$ 30000	30000	953.	190300.	39711039.	3319787.	1050640563.	4781538.	232811096.
\$ 30000-\$ 40000	40000	974.	168230.	-7673345.	4102761.	1044696440.	5828638.	338595776.
\$ 40000-\$ 50000	50000	678.	90546.	-23891349.	2785889.	657970183.	4018235.	250276179.
\$ 50000-\$ 100000	100000	1161.	77114.	-75901402.	3214734.	764186649.	4906985.	34446682.
\$ 100000-\$NNNNNNNN	2711.	14580.	-77554590.	1444957.	350357788.	2585197.	204421028.	
<b>TOTALS</b>		<b>13501.</b>	<b>846237.</b>	<b>-38254911.</b>	<b>16968003.</b>	<b>5105235244.</b>	<b>24896796.</b>	<b>1452039235.</b>

RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

\$NNNNNNNN-\$	0	21.	232.	18090.	621.	365395.	-883.	0.
\$ 0-\$ 5000	5000	3091.	316123.	41204850.	752574.	271040431.	840738.	3865571.
\$ 5000-\$ 10000	10000	1460.	194478.	40512218.	1201855.	196885623.	1408405.	31114776.
\$ 10000-\$ 20000	20000	1282.	226512.	16345727.	2650087.	304495689.	3275793.	168390380.
\$ 20000-\$ 30000	30000	506.	100958.	-19439836.	1896365.	204402842.	2435937.	155190700.
\$ 30000-\$ 40000	40000	207.	36580.	-14959856.	951645.	88559529.	1252935.	83234840.
\$ 40000-\$ 50000	50000	98.	13120.	-8199698.	430346.	39406377.	577943.	39704358.
\$ 50000-\$ 100000	100000	125.	8817.	-13662291.	384818.	26428965.	542840.	41748600.
\$ 100000-\$NNNNNNNN	59.	440.	-2595812.	40887.	1333063.	65890.	5909388.	
<b>TOTALS</b>		<b>6849.</b>	<b>897260.</b>	<b>39223393.</b>	<b>8309196.</b>	<b>1132917914.</b>	<b>10399598.</b>	<b>529158612.</b>

RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

\$NNNNNNNN-\$	0	4875.	25278.	1530794.	837.	26783014.	-459219.	86285.
\$ 0-\$ 5000	5000	3696.	344766.	48402228.	788778.	384844148.	917437.	4041961.
\$ 5000-\$ 10000	10000	2077.	276921.	73178889.	1579467.	542010347.	2028189.	36587058.
\$ 10000-\$ 20000	20000	2210.	395848.	82024210.	4335928.	1056533250.	5813847.	244145898.
\$ 20000-\$ 30000	30000	1459.	291257.	20271204.	5216152.	1255043405.	7217474.	388001796.
\$ 30000-\$ 40000	40000	1181.	204810.	-22633701.	5054406.	1133255969.	7081574.	421830616.
\$ 40000-\$ 50000	50000	776.	103666.	-32091047.	3216234.	697376560.	4596178.	289980537.
\$ 50000-\$ 100000	100000	1306.	85931.	-89563693.	3599552.	790615615.	5449825.	386193282.
\$ 100000-\$NNNNNNNN	2770.	15020.	-80150401.	1485844.	351690851.	2651087.	210330416.	
<b>TOTALS</b>		<b>20350.</b>	<b>1743497.</b>	<b>968482.</b>	<b>25277199.</b>	<b>6238153158.</b>	<b>35296392.</b>	<b>1981197848.</b>

SOT

**TAX RATE COMPUTED ON  
FEDERAL ADJUSTED GROSS INCOME  
UNDER PLAN X**

ORIGINAL INCOME CLASS	MARRIED	JOINT	ITEMIZED DEDUCTIONS				SINGLE FILERS	ALL FILERS		
			MARRIED COMBINED		MARRIED SEPARATE			OLD	NEW	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	
\$ 0-\$ 5000	0.1	1.4	0.1	1.2	0.0	3.5	0.0	1.6	0.1	1.4
\$ 5000-\$ 10000	0.0	2.3	0.2	2.2	0.0	5.7	0.1	4.8	0.1	3.5
\$ 10000-\$ 20000	0.3	4.4	0.2	5.2	2.5	7.2	1.3	6.3	0.8	5.6
\$ 20000-\$ 30000	3.0	5.8	2.4	6.1	4.5	6.7	4.5	6.7	3.4	6.3
\$ 30000-\$ 40000	5.8	6.3	5.3	6.7	6.8	7.5	6.9	7.1	5.7	6.7
\$ 40000-\$ 50000	8.0	6.8	6.6	6.9	9.0	6.9	7.9	7.0	7.0	6.9
\$ 50000-\$ 100000	8.8	6.9	7.4	6.9	9.0	7.1	8.1	6.9	7.6	6.9
\$ 100000-\$ 100000	8.9	6.5	8.4	6.7	9.6	6.9	9.0	6.6	8.5	6.6
	9.3	6.0	9.8	6.1	10.9	6.8	9.3	5.8	9.7	6.0
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	6.7	6.2	6.9	6.6	6.9	7.0	5.8	6.7	6.7	6.6

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## **STANDARD DEDUCTIONS**

ORIGINAL INCOME CLASS		MARRIED JOINT		STANDARD DEDUCTIONS		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS	
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
\$0-\$6	0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	2.5
6-8	5000	0.0	1.5	0.0	3.5	0.6	4.8	0.5	5.0	0.3	4.1
8-10	10000	0.5	2.4	0.3	4.4	3.6	7.3	3.0	6.1	2.3	5.2
10-20	20000	4.1	4.8	4.0	6.0	7.1	7.2	6.6	7.0	6.0	6.6
20-30	30000	7.5	5.9	6.6	6.7	8.9	7.2	8.4	6.9	7.6	6.7
30-40	40000	5.0	3.2	7.5	6.7	10.1	7.1	9.2	6.6	7.6	6.2
40-50	50000	10.9	6.6	8.0	6.5	0.0	0.0	9.9	6.4	8.2	6.5
50-60	60000	11.2	6.1	9.0	6.3	11.7	6.4	10.0	6.0	9.3	6.3
60-100	100000	10.2	5.0	10.9	6.5	0.0	0.0	10.9	5.8	10.8	6.1
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		3.7	3.8	6.6	6.6	6.6	7.0	5.6	6.5	5.6	6.0

#### **ALL DEDUCTIONS**

ORIGINAL INCOME CLASS		ALL DEDUCTIONS										ALL FILERS		
		MARRIED JOINT		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS						
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	
\$ 0-\$5000	0-5	5000	0	0.1	1.4	0.1	1.4	0.0	3.5	0.0	1.6	0.1	1.4	
5000-\$10000	5-10	10000	0.0	1.7	0.1	3.0	0.5	5.0	0.5	5.0	0.3	4.0		
10000-\$20000	10-20	20000	0.5	3.1	0.2	4.9	3.4	7.3	2.6	6.1	1.8	5.3		
20000-\$30000	20-30	30000	3.5	5.4	2.8	6.1	6.2	7.0	6.0	6.9	4.8	6.6		
30000-\$40000	30-40	40000	6.2	6.2	5.6	6.7	8.0	7.4	7.7	7.0	6.4	6.7		
40000-\$50000	40-50	50000	7.6	6.4	6.8	6.8	9.3	7.0	8.4	6.8	7.1	6.8		
50000-\$100000	50-99	100000	9.0	6.9	7.5	6.8	9.0	7.1	8.4	6.9	7.7	6.8		
100000-\$999999	100+	999999	9.4	6.0	9.9	6.1	10.9	6.8	9.5	5.8	8.6	6.6	9.8	6.0
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		5.9	5.5	6.9	6.6	6.2	7.0	5.7	6.5	6.6	6.4			

FLAT RATE ON FAGI MINUS FEDERAL TAX - TAX YEAR 1983      DONE ON 07/09/82  
 TABLE 5. DISTRIBUTION OF TAX CHANGE BY AGI CLASS FOR SCHEDULE AND DEDUCTION CATEGORIES

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ALL TAXPAYERS

ORIGINAL AGI CLASS	NUMBER OF RETURNS	AMOUNT OF TAX CUT	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE	PRESENTLY NONTAXABLE RETURNS MADE TAXABLE	RETURNS WITH CHANGE IN TAX LIABILITY		RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
			NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS								
INNNNNNN-\$	0	0.	1942.	1505286.	0.	0.	1966.	1512704.
0-5 5000	5000	0.	17628.	6570319.	133.	-64671.	21058.	7262049.
5000-6 10000	10000	267.	-11996.	41008.	18824339.	267.	-11996.	82043.
10000-6 20000	20000	201.	-2206.	17489.	13694183.	7197.	-480352.	161939.
20000-9 30000	30000	0.	0.	1797.	5499867.	64502.	-13702965.	125599.
30000-6 40000	40000	0.	0.	134.	507952.	90989.	-36734796.	77042.
40000-6 50000	50000	0.	0.	133.	465951.	65103.	-33343665.	25443.
50000-6 100000	100000	0.	0.	295.	1180881.	68337.	-82638744.	8643.
100000-6NNNNNN	NNNNNN	8.	-398776.	74.	1274283.	13841.	-82105765.	738.
TOTALS		475.	-412978.	80500.	49523063.	310369.	-249082950.	504470.
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION								
INNNNNNN-\$	0	0.	64.	18090.	0.	0.	64.	18090.
0-5 5000	5000	133.	-1328.	163000.	23594912.	133.	-1328.	263176.
5000-6 10000	10000	0.	0.	24163.	6840471.	267.	-34787.	193412.
10000-6 20000	20000	0.	0.	133.	276297.	72492.	-5384972.	153419.
20000-9 30000	30000	0.	0.	0.	0.	80194.	-23476201.	20764.
30000-6 40000	40000	0.	0.	0.	0.	31919.	-15573281.	4462.
40000-6 50000	50000	0.	0.	0.	0.	12852.	-8254470.	268.
50000-6 100000	100000	0.	0.	0.	0.	8776.	-13685642.	41.
100000-6NNNNNN	NNNNNN	0.	0.	0.	0.	430.	-2595812.	0.
TOTALS		133.	-1328.	187360.	30729770.	207062.	-69006492.	635604.
RETURNS FOR BOTH TYPES DEDUCTION								
INNNNNNN-\$	0	0.	2006.	1523376.	0.	0.	2029.	1530794.
0-5 5000	5000	133.	-1328.	180627.	30165232.	266.	-65999.	284234.
5000-6 10000	10000	267.	-11996.	65171.	25664810.	533.	-46783.	275455.
10000-6 20000	20000	201.	-2206.	17622.	13970480.	79689.	-5865324.	315358.
20000-6 30000	30000	0.	0.	1797.	5499867.	144695.	-37179166.	146362.
30000-6 40000	40000	0.	0.	134.	507952.	122907.	-52308075.	81504.
40000-6 50000	50000	0.	0.	133.	465951.	77955.	-41598135.	25710.
50000-6 100000	100000	0.	0.	295.	1180881.	77113.	-96324386.	8684.
100000-6NNNNNN	NNNNNN	8.	-398776.	74.	1274283.	14271.	-84701577.	738.
TOTALS		608.	-414306.	267859.	80252833.	517431.	-318089442.	1140075.
								319057924.
								897260.
								39223393.

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TABLE 1  
MARRIED JOINT                    2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9688	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2824	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

FAGI MINUS FEDERAL TAX - FLAT TAX RATE - 1983 /

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	4000	0	0.0	0.0	0
5000	5000	73	1.46	1.46	73
6000	6000	145	2.42	2.42	145
7000	7000	218	3.11	3.11	185
8000	7934	286	3.57	3.60	175
9000	8824	351	3.90	3.98	154
10000	9704	415	4.15	4.28	78.17
11000	10574	479	4.35	4.53	132
12000	11436	542	4.52	4.74	46.64
13000	12286	604	4.65	4.92	86
14000	13136	666	4.76	5.07	25
15000	13986	728	4.85	5.21	-5
20000	18154	1031	5.15	5.68	-206
25000	22172	1324	5.30	5.97	-430
30000	25980	1602	5.34	6.17	-682
35000	29636	1868	5.34	6.30	-956
40000	33096	2121	5.30	6.41	-1238
50000	39586	2594	5.19	6.55	-1791
75000	54146	3655	4.87	6.75	-3166
100000	67730	4646	4.65	6.86	-4466

DJLJD

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	3420	0	0.0	0.0	0
5000	4275	0	0.0	0.0	73
6000	5130	0	0.0	0.0	145
7000	5985	0	0.0	0.0	218
8000	6773	66	0.82	0.97	220
9000	7516	137	1.52	1.82	333.33
10000	8249	215	2.15	2.61	156.20
11000	8972	291	2.65	3.24	93.02
12000	9687	367	3.06	3.79	66.60
13000	10389	445	3.42	4.28	47.68
14000	11092	528	3.77	4.76	35.73
15000	11794	612	4.08	5.19	26.14
20000	15361	1070	5.35	6.97	18.95
25000	18888	1548	6.19	8.20	-3.64
30000	22282	2039	6.80	9.15	-13.82
35000	25558	2515	7.19	9.84	-20.16
40000	28744	2976	7.44	10.35	-23.94
50000	34694	3399	7.80	11.24	-26.44
75000	48381	6115	8.15	12.64	-30.44
100000	60967	8199	8.20	13.45	-35.72
					-38.04

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	288	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23910	1557	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

FAGI MINUS FEDERAL TAX - FLAT TAX RATE - 1983 /

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0	0.0
5000	5000	72	1.44	1.44	72	0.0
6000	6000	145	2.42	2.42	145	0.0
7000	7000	218	3.11	3.11	218	0.0
8000	8000	287	3.59	3.62	287	0.0
9000	9000	351	3.90	3.98	320	1032.26
10000	10000	415	4.15	4.28	326	366.29
11000	10575	479	4.35	4.53	328	217.22
12000	12000	542	4.52	4.74	325	149.77
13000	13000	604	4.65	4.92	316	109.72
14000	13137	665	4.75	5.06	304	84.21
15000	13987	728	4.85	5.20	296	68.52
20000	18155	1031	5.15	5.68	215	26.35
25000	22173	1324	5.30	5.97	90	7.29
30000	25980	1602	5.34	6.17	-55	-3.32
35000	29637	1868	5.34	6.30	-223	-10.66
40000	33097	2121	5.30	6.41	-398	-15.80
50000	50000	2594	5.19	6.55	-789	-23.32
75000	54147	3655	4.87	6.75	-1846	-33.56
100000	67730	4645	4.64	6.86	-2965	-38.96

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0	0.0
5000	5000	72	1.44	1.44	72	0.0
6000	6000	145	2.42	2.42	145	0.0
7000	7000	218	3.11	3.11	218	0.0
8000	7935	287	3.59	3.62	287	0.0
9000	8825	351	3.90	3.98	351	0.0
10000	9705	415	4.15	4.28	391	1629.17
11000	10575	479	4.35	4.53	405	547.30
12000	11437	542	4.52	4.74	410	310.61
13000	12287	604	4.65	4.92	416	221.28
14000	13137	665	4.75	5.06	421	172.54
15000	13987	728	4.85	5.20	422	137.91
20000	18155	1031	5.15	5.68	387	60.09
25000	22310	1334	5.34	5.98	310	30.27
30000	26345	1628	5.43	6.18	201	14.09
35000	30253	1914	5.47	6.33	83	4.53
40000	34037	2189	5.47	6.43	-50	-2.23
50000	41207	2712	5.42	6.58	-342	-11.20
75000	57930	3931	5.24	6.79	-1088	-21.68
100000	73690	5080	5.08	6.89	-1874	-26.95

TABLE 4  
 SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF	
			MGI	TXBL INC
4000	3594	67	1.17	1.31
5000	4398	97	1.94	2.21
6000	5185	156	2.60	3.01
7000	5964	218	3.11	3.66
8000	6743	289	3.61	4.29
9000	7521	365	4.06	4.85
10000	8291	446	4.46	5.38
11000	9052	526	4.78	5.81
12000	9808	606	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.56	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1758	7.03	9.36
30000	21881	2208	7.36	10.09
35000	25095	2674	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33880	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

FAGI MINUS FEDERAL TAX - FLAT TAX RATE - 1983 /

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE
			MGI	TXBL INC	
4000	3923	213	5.32	5.43	166
5000	4801	277	5.54	5.77	180
6000	5659	340	5.67	6.01	184
7000	6509	402	5.74	6.18	184
8000	7359	463	5.79	6.29	174
9000	8209	525	5.83	6.40	160
10000	9049	587	5.87	6.49	141
11000	9879	647	5.88	6.55	121
12000	10705	707	5.89	6.60	101
13000	11515	766	5.89	6.65	75
14000	12323	825	5.89	6.69	46
15000	13113	883	5.89	6.73	18
20000	16911	1160	5.80	6.86	-153
25000	20491	1421	5.68	6.93	-337
30000	23883	1668	5.56	6.98	-540
35000	27083	1901	5.43	7.02	-773
40000	30087	2120	5.30	7.05	-997
50000	35712	2530	5.06	7.08	-1470
75000	48527	3465	4.62	7.14	-2636
100000	61027	4376	4.38	7.17	-3832

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE
			MGI	TXBL INC	
4000	3923	213	5.32	5.43	180
5000	4801	277	5.54	5.77	201
6000	5659	340	5.67	6.01	214
7000	6509	402	5.74	6.18	223
8000	7359	463	5.79	6.29	224
9000	8209	525	5.83	6.40	222
10000	9049	587	5.87	6.49	73.27
11000	9879	647	5.88	6.55	216
12000	10705	707	5.89	6.60	203
13000	11515	766	5.89	6.65	188
14000	12323	825	5.89	6.69	172
15000	13134	884	5.89	6.73	153
11087	755	5.03	6.81	14.00	22.77
20000	15000	13134	884	5.89	129
25000	20000	17159	1178	5.89	3
30000	25000	20987	1457	5.83	0.26
35000	30000	24691	1727	5.76	-142
40000	35000	28271	1988	5.68	-8.88
50000	40000	31727	2240	5.60	-316
75000	50000	38277	2717	5.43	-15.47
100000	75000	53377	3818	5.09	-486
55355	7497	7.50	13.54	67877	-1980
					-32.09
					-34.97

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

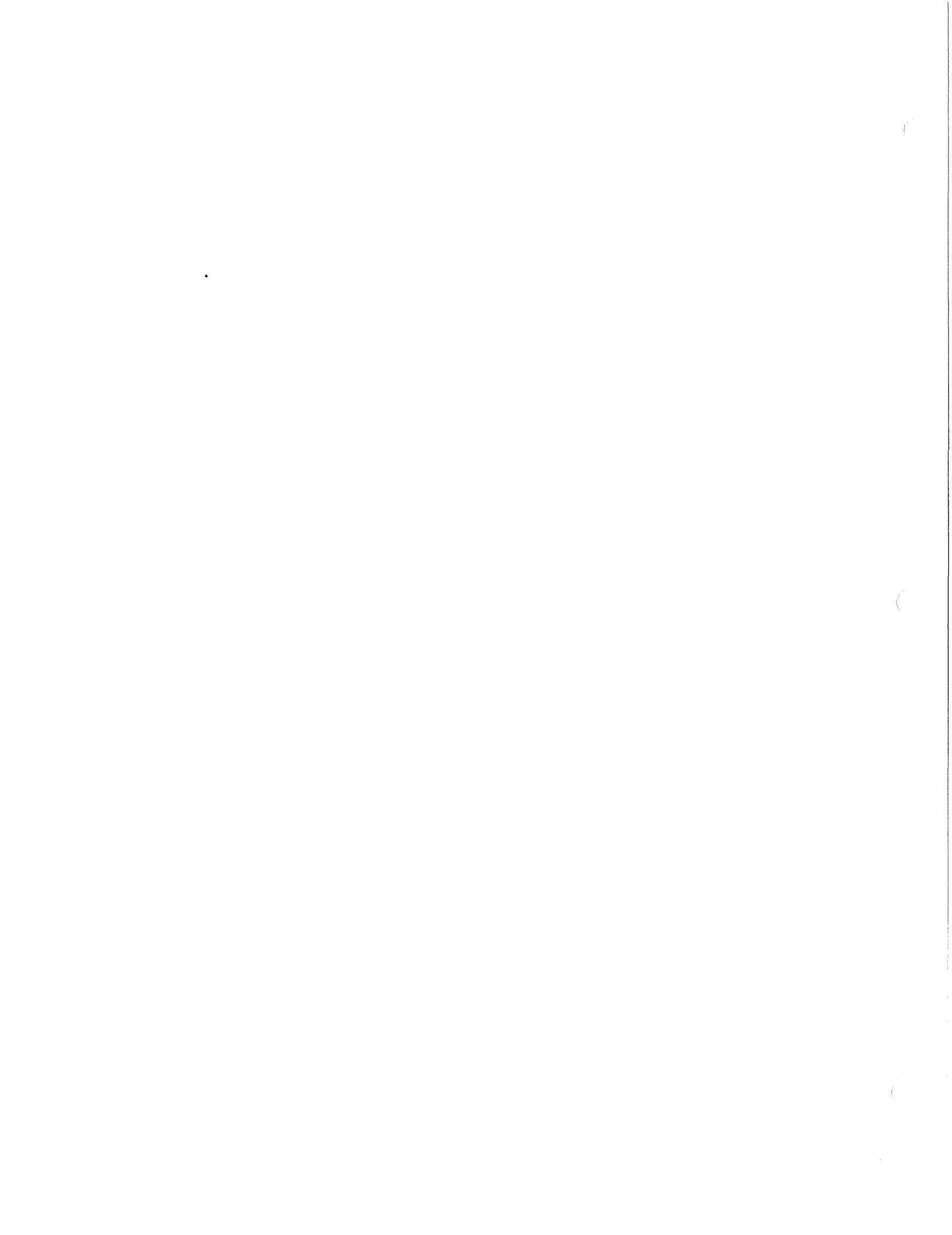
ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	330.	62308.	1637610.	26.	4.( 4.)	1338337.	73119.
\$ 50 - \$ 100	381.	71074.	5367863.	76.	4.( 8.)	1305316.	67567.
\$ 100 - \$ 250	3144.	646983.	75571403.	169.	26.( 33.)	5131274.	201760.
\$ 250 - \$ 500	1051.	176621.	62639925.	355.	10.( 43.)	3662317.	142105.
\$ 500 - \$ 1000	563.	95633.	64424610.	674.	5.( 49.)	2219785.	70698.
\$ 1000 - \$ 500000	302.	19596.	29163678.	1488.	1.( 50.)	636833.	17327.
TAXABLE INCREASE	5771.	872215.	238805090.	274.	50.( 50.)	14293862.	572576.
NO CHANGE	61.	1471.	0.	0.	0.( 50.)	30931.	2266.
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	314.	58139.	-1346982.	-23.	3.( 53.)	1366965.	77849.
\$ 50 - \$ 100	275.	49563.	-3691885.	-74.	3.( 56.)	1219224.	72326.
\$ 100 - \$ 250	693.	122085.	-21114806.	-173.	7.( 63.)	3497724.	217269.
\$ 250 - \$ 500	734.	118309.	-42966798.	-363.	7.( 70.)	3971294.	262017.
\$ 500 - \$ 1000	764.	100013.	-71128297.	-711.	6.( 76.)	6197926.	300914.
\$ 1000 - \$ 500000	3387.	69322.	-177840674.	-2565.	4.( 80.)	5889937.	475981.
TAXABLE DECREASE	6167.	517431.	-318089442.	-615.	30.( 30.)	20143069.	1406356.
TAXABLE SUBTOTAL	11979.	1391118.	-79284352.	-57.	80.( 80.)	34467862.	1981198.
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	619.	41533.	1102288.	27.	2.( 82.)	74556.	0.
\$ 50 - \$ 100	463.	46656.	3473725.	74.	3.( 85.)	118393.	0.
\$ 100 - \$ 250	815.	87998.	13376879.	152.	5.( 90.)	334784.	0.
\$ 250 - \$ 500	464.	47510.	17430563.	367.	3.( 93.)	266037.	0.
\$ 500 - \$ 1000	298.	32551.	22185656.	682.	2.( 94.)	238039.	0.
\$ 1000 - \$ 500000	143.	11612.	22683722.	1954.	1.( 95.)	165216.	0.
NON-TAXABLE INCR	2602.	267859.	80252833.	300.	15.( 15.)	1197026.	0.
NO CHANGE	5769.	84520.	0.	0.	5.(100.)	-368496.	0.
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>968482.</b>	<b>1.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>



**APPENDIX J - Flat Rate Applied to the Federal Tax**

Two proposals of this type were considered; a flat rate on the federal tax with no Minnesota credits allowed (except a credit for taxes paid to another state) using 1982 as the study year and a flat rate on the federal tax allowing all Minnesota credits available under current law. The results in both cases were very similar.

These proposals would benefit the average taxpayer in the \$10,000 to \$50,000 income brackets with greater tax burdens falling upon taxpayers earning less than \$10,000 or more than \$50,000. While the increases to lower income taxpayers would not be dramatic, persons earning in excess of \$50,000 would be the recipients of an average tax increase of nearly \$1,500. Such a significant change in tax burden to a particular class of taxpayer is not acceptable.



Proposal:

Minnesota Tax; a flat 37.5% of Federal Line 37 (before Federal non-refundable credits).

Retain All Minnesota Credits

Budget Impact: +\$2.7 Million (Calendar Year 1982)

Prepared For: Governor's Task Force on  
Minnesota Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
June 14, 1982



**ALL TAXPAYERS**

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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**RETURNS WITH ITEMIZED REDUCTION**

GENERAL AGI CLASS									
*****-\$	0	3283.	38433.	3841921.	37.	0.	-274279.	73040.	
0-\$	5000	392.	39317.	2351543.	64831.	0.	134909.	232214.	
5000-\$	10000	889.	89229.	8816683.	407167.	0.	673775.	6603198.	
10000-\$	20000	1925.	193272.	3519024.	1981220.	0.	2932437.	99435229.	
20000-\$	30000	2183.	219089.	-39910644.	3767803.	0.	5461686.	276029225.	
30000-\$	40000	1622.	162637.	-42846455.	3871339.	0.	5605705.	331403943.	
40000-\$	50000	708.	71063.	-10936026.	2130930.	0.	3125889.	200866046.	
50000-\$	100000	1277.	55138.	234494325.	2243418.	0.	3528758.	255694065.	
100000-\$*****	1752.	11715.	73109761.	1110551.	0.	3015925.	165996768.		

TALS 19031. 879893. 21330133. 15577295. 0. 23204807. 1335783729.

### RETURNS WITH STANDARD DEDUCTION

GINAL AGI CLASS		REVENUE WITH STANDARD DEDUCTION						
*****-\$	0	24.	623.	43135.	886.	0.	-1699.	1548.
0-\$	5000	3254.	325860.	1183681.	751731.	0.	841887.	4252668.
5000-\$	10000	1949.	195678.	-811804.	1203630.	0.	1428181.	38878049.
10000-\$	20000	2034.	204169.	-21831482.	2295703.	0.	2878190.	152749550.
20000-\$	30000	756.	75918.	-10164551.	1407766.	0.	1840169.	118720930.
30000-\$	40000	278.	27799.	26422.	709161.	0.	947102.	63756232.
40000-\$	50000	85.	8530.	3279512.	268727.	0.	371912.	26501762.
50000-\$	100000	95.	4597.	6673820.	193634.	0.	283030.	21701137.
100000-\$*****	50.	422.	2931644.	47916.	0.	75707.	7207961.	

TALS 8525. 843597. -18669623. 6879154. 0. 8664479. 433769835.

#### **RETURNS FOR BOTH TYPES REDUCTION**

\*\*\*\*\*-\$ 0 3307. 39056. 3885057. 923. 0. -275978. 74588.  
 0-\$ 5000 3646. 365177. 3535225. 816562. 0. 976797. 4684882.  
 5000-\$ 10000 2838. 284907. 8004830. 1610797. 0. 2101955. 45481247.  
 10000-\$ 20000 3959. 397441. -18312458. 4276922. 0. 5810627. 252184779.  
 20000-\$ 30000 2939. 295007. -50075195. 5175568. 0. 7301856. 394750154.  
 30000-\$ 40000 1900. 190436. -42820033. 4580500. 0. 6552808. 395160175.  
 40000-\$ 50000 793. 79593. -7716515. 2399658. 0. 3497801. 227367808.  
 50000-\$ 100000 1372. 59735. 30118146. 2937052. 0. 3811788. 277395202.  
 100000-\$\*\*\*\*\* 1302. 12137. 76041404. 1158467. 0. 2091632. 172654729

TALS 22556. 1723490. 2660510. 22456449. 0. 31869286. 1769553564.

## ALL TAXPAYERS

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY		RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS								
*****-\$ 0	0.	0.	1851.	3836000.	0.	0.	1852.	3841921.
0-\$ 5000	402.	-12472.	22623.	2222209.	804.	-16193.	24836.	2367737.
5000-\$ 10000	201.	-3319.	35535.	5347088.	8428.	-343572.	71058.	9160255.
10000-\$ 20000	201.	-130350.	12343.	3439149.	99314.	-12527219.	91449.	16046243.
20000-\$ 30000	100.	-134497.	1106.	917191.	163662.	-49953095.	54926.	10042451.
30000-\$ 40000	0.	0.	121.	593674.	124596.	-49938741.	37439.	7092286.
40000-\$ 50000	0.	0.	0.	0.	42355.	-18330670.	28708.	7334644.
50000-\$ 100000	20.	-56574.	20.	419025.	18892.	-12414821.	36124.	35859147.
00000-\$*****	22.	-489365.	22.	59581.	796.	-7003604.	10898.	80113364.
TOTALS	947.	-826576.	73620.	16833917.	458847.	-150527915.	357283.	171858049.
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION								
*****-\$ 0	23.	-1548.	100.	44684.	23.	-1548.	100.	44634.
0-\$ 5000	24409.	-347072.	34973.	2152364.	83145.	-1871531.	53781.	3055212.
5000-\$ 10000	2211.	-141590.	9441.	885498.	119154.	-6607971.	68185.	5796167.
10000-\$ 20000	201.	-44629.	702.	77023.	187810.	-24302659.	16158.	2971177.
20000-\$ 30000	0.	0.	0.	0.	51818.	-13265042.	23793.	3100491.
30000-\$ 40000	11.	-43981.	0.	0.	12852.	-4589952.	14847.	4616374.
40000-\$ 50000	0.	0.	0.	0.	1305.	-601676.	7226.	3881188.
50000-\$ 100000	0.	0.	0.	0.	610.	-507003.	3987.	7180823.
00000-\$*****	0.	0.	0.	0.	4.	-387727.	419.	3319370.
TOTALS	26855.	-578821.	45216.	3159569.	456721.	-52635110.	188500.	33965483.
RETURNS FOR BOTH TYPES DEDUCTION								
*****-\$ 0	23.	-1548.	1951.	3880684.	23.	-1548.	1952.	3886605.
0-\$ 5000	24811.	-359544.	57596.	4374574.	83950.	-1887725.	78616.	5422949.
5000-\$ 10000	2413.	-144910.	44976.	6232586.	127581.	-6951543.	139243.	14956423.
10000-\$ 20000	401.	-174930.	13045.	3516172.	287124.	-37329878.	107607.	19017421.
20000-\$ 30000	100.	-134497.	1106.	917191.	215480.	-63218137.	78723.	13142942.
30000-\$ 40000	11.	-43981.	121.	593674.	137448.	-54528693.	52286.	11708660.
40000-\$ 50000	0.	0.	0.	0.	43660.	-18932346.	35933.	11215832.
50000-\$ 100000	20.	-56574.	20.	419025.	19502.	-12921824.	40111.	43039970.
00000-\$*****	22.	-489365.	22.	59581.	799.	-7391330.	11316.	83432735.
TOTALS	27802.	-1405393.	118836.	12993437.	915568.	-203163026.	545789.	205823536.

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

SOLUTE CHANGE TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
RESENTLY TAXABLE TAX INCREASE							
0 - \$ 50	1207.	120068.	2970284.	25.	7.( 7.)	2247211.	104441.
50 - \$ 100	973.	96334.	7073515.	73.	6.( 13.)	1719958.	73832.
100 - \$ 250	1141.	111537.	17471200.	157.	6.( 19.)	2468436.	112642.
250 - \$ 500	482.	42873.	14915304.	348.	2.( 22.)	1385500.	79927.
500 - \$ 1000	399.	24767.	17079809.	690.	1.( 23.)	1104933.	71719.
1000 - \$*****	2219.	31324.	126319937.	4033.	2.( 25.)	3096933.	234393.
TAXABLE INCREASE	6421.	426953.	185830050.	435.	25.( 25.)	12022971.	676952.
NO CHANGE	75.	3184.	0.	0.	0.( 25.)	52993.	3256.
TAX DECREASE							
0 - \$ 50	2449.	245128.	-6457999.	-26.	14.( 39.)	2918862.	127635.
50 - \$ 100	1944.	194040.	-14947950.	-77.	11.( 50.)	3210225.	166689.
100 - \$ 250	2165.	214551.	-31218532.	-146.	12.( 63.)	4670985.	260001.
250 - \$ 500	1375.	134206.	-48791564.	-364.	8.( 71.)	3550181.	211718.
500 - \$ 1000	1195.	115799.	-78127519.	-675.	7.( 77.)	3819800.	266660.
1000 - \$*****	281.	11845.	-23619463.	-1994.	1.( 78.)	657149.	56643.
TAXABLE DECREASE	9409.	915568.	-203163026.	-222.	53.( 53.)	18827201.	1089345.
TAXABLE SUBTOTAL	15905.	1345705.	-17332976.	-13.	78.( 78.)	30903166.	1769554.
RESENTLY NON-TAXABLE TAX INCREASE							
0 - \$ 50	473.	46278.	1116585.	24.	3.( 81.)	190690.	0.
50 - \$ 100	268.	25841.	1832338.	71.	1.( 82.)	141759.	0.
100 - \$ 250	333.	32363.	5023549.	155.	2.( 84.)	223986.	0.
250 - \$ 500	105.	9712.	3344760.	344.	1.( 85.)	86238.	0.
500 - \$ 1000	35.	2511.	1723580.	716.	0.( 85.)	16798.	0.
1000 - \$*****	42.	2130.	6877175.	3228.	0.( 85.)	16553.	0.
NON-TAXABLE INCR	1256.	118336.	19993487.	168.	7.( 7.)	676024.	0.
NO CHANGE	5395.	258948.	0.	0.	15.(100.)	290097.	0.
OTALS	22556.	1723490.	2660510.	2.	100.(100.)	31869286.	1769554.

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	462.	43368.	734245.	17.	3.( 3.)	1336710.	77113.
2 - 4	420.	39019.	2089675.	54.	2.( 5.)	1217563.	70233.
4 - 6	294.	27063.	2493697.	92.	2.( 6.)	878050.	50207.
6 - 10	501.	42715.	6255303.	146.	2.( 9.)	1364941.	79324.
10 - 25	1180.	85865.	27262124.	317.	5.( 14.)	2790013.	167032.
25 - ***	3564.	188922.	146995004.	778.	11.( 25.)	4435695.	233043.
TAXABLE INCREASE	6421.	426953.	185830050.	435.	25.( 25.)	12022971.	676952.
NO CHANGE	75.	3184.	0.	0.	0.( 25.)	52993.	3256.
<b>TAX DECREASE</b>							
0 - 5	1193.	113934.	-4688435.	-41.	7.( 32.)	3215752.	185271.
5 - 10	1322.	128302.	-13672256.	-107.	7.( 39.)	3177784.	184314.
10 - 15	1276.	124824.	-18718446.	-150.	7.( 46.)	2608651.	151717.
15 - 20	1649.	162828.	-22311731.	-137.	9.( 56.)	2434122.	130123.
20 - 25	674.	66147.	-19928533.	-301.	4.( 60.)	1496158.	88524.
25 - 30	812.	79933.	-30185506.	-378.	5.( 64.)	1774638.	109113.
30 - 40	1275.	125252.	-60620071.	-484.	7.( 71.)	2877441.	177849.
40 - 50	449.	42915.	-17476052.	-407.	2.( 74.)	719740.	40055.
50 - 99	473.	43599.	-13480087.	-309.	3.( 76.)	411191.	20288.
99 - ***	236.	27834.	-2081009.	-75.	2.( 78.)	111723.	2085.
TAXABLE DECREASE	9409.	915568.	-203163026.	-222.	53.( 53.)	18827201.	1089345.
TAXABLE SUBTOTAL	15905.	1345705.	-17332976.	-13.	78.( 78.)	30903166.	1769554.
<b>PRESENTLY NON-TAXABLE</b>							
NO CHANGE	5395.	258948.	0.	0.	15.( 93.)	290097.	0.
TAX INCREASE	1256.	118836.	19993487.	168.	7.(100.)	676024.	0.
TOTALS	22556.	1723490.	2660510.	2.	100.(100.)	31869286.	1769554.

TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS		ITEMIZED DEDUCTIONS										ALL FILERS	
		MARRIED JOINT		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS					
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$	0	0.0	1.0	0.0	0.1	0.0	0.7	0.0	0.3	0.0	0.7		
\$ 0-\$	5000	0.2	1.1	0.0	0.7	0.4	0.3	0.1	1.6	0.1	1.2		
\$ 5000-\$	10000	0.5	1.6	0.2	1.8	2.2	1.5	2.1	3.7	1.1	2.6		
\$ 10000-\$	20000	4.2	3.5	3.2	4.0	5.7	4.0	6.0	5.8	4.3	4.5		
\$ 20000-\$	30000	7.4	5.1	6.1	5.5	8.4	5.5	7.9	7.5	6.7	5.7		
\$ 30000-\$	40000	9.0	6.2	7.5	6.8	9.6	6.6	9.2	9.1	7.9	6.9		
\$ 40000-\$	50000	10.1	7.9	8.4	8.1	0.0	0.0	9.3	10.4	8.6	8.1		
\$ 50000-\$	100000	10.6	10.2	9.5	10.4	8.1	12.5	10.2	13.7	9.7	10.6		
\$ 100000-\$	*****	11.6	15.6	11.1	16.1	8.9	13.0	10.0	16.0	11.1	16.0		
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		
\$ 0-\$		7.1	6.0	7.5	7.9	7.5	5.8	6.2	6.9	7.2	7.4		
ORIGINAL INCOME CLASS		STANDARD DEDUCTIONS										ALL FILERS	
		MARRIED JOINT		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$	0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.5		
\$ 0-\$	5000	0.0	0.3	0.0	0.6	1.1	0.1	0.6	0.7	0.5	0.7		
\$ 5000-\$	10000	1.2	1.3	0.8	1.7	4.2	1.8	4.0	3.9	3.5	3.4		
\$ 10000-\$	20000	6.0	3.9	4.9	4.4	8.2	4.4	7.6	6.8	7.0	6.0		
\$ 20000-\$	30000	9.6	6.5	7.6	6.9	11.7	7.7	9.5	9.6	8.7	7.9		
\$ 30000-\$	40000	10.8	8.5	8.6	8.6	11.0	7.7	10.1	11.9	9.1	9.1		
\$ 40000-\$	50000	10.4	10.2	9.4	10.4	0.0	0.0	10.6	13.5	9.5	10.7		
\$ 50000-\$	100000	11.2	12.3	9.8	13.0	0.0	0.0	11.1	15.6	10.0	13.1		
\$ 100000-\$	*****	23.1	19.3	11.7	18.0	0.0	0.0	15.4	21.5	13.4	18.9		
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		
		5.8	4.3	7.3	7.6	6.8	3.6	6.0	5.8	6.4	6.1		
ORIGINAL INCOME CLASS		ALL DEDUCTIONS										ALL FILERS	
		MARRIED JOINT		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$	0	0.0	1.0	0.0	0.2	0.0	0.7	0.0	0.3	0.0	0.7		
\$ 0-\$	5000	0.1	0.6	0.0	0.7	0.9	0.2	0.6	0.8	0.4	0.8		
\$ 5000-\$	10000	0.9	1.4	0.4	1.8	4.0	1.8	3.6	3.9	2.6	3.1		
\$ 10000-\$	20000	4.8	3.6	3.6	4.1	7.5	4.3	7.1	6.5	5.6	5.2		
\$ 20000-\$	30000	7.8	5.4	6.4	5.8	8.9	5.9	8.7	8.5	7.2	6.3		
\$ 30000-\$	40000	9.1	6.4	7.7	7.1	9.8	6.7	9.4	10.0	8.0	7.2		
\$ 40000-\$	50000	10.1	7.9	8.5	8.3	0.0	0.0	9.7	11.3	8.7	8.4		
\$ 50000-\$	100000	10.7	10.3	9.5	10.6	8.1	12.5	10.2	13.8	9.7	10.8		
\$ 100000-\$	*****	11.8	15.6	11.1	16.2	8.2	13.0	10.5	16.6	11.2	16.1		
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----		
		6.9	5.7	7.5	7.8	7.1	4.7	6.1	6.2	7.0	7.0		

TABLE 4

SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## IX STRUCTURE AFTER 1981 SESSION - 1982

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI INC
4000	3553	0	0.0
5000	4340	0	0.0
6000	5109	32	0.53
7000	5871	192	2.74
8000	6629	311	3.89
9000	7332	391	4.34
10000	8126	472	4.72
11000	8861	553	5.03
12000	9590	634	5.28
13000	10297	722	5.55
14000	11004	808	5.77
15000	11702	894	5.96
20000	15022	1343	6.71
25000	18133	1786	7.14
30000	21123	2235	7.45
35000	24147	2687	7.68
40000	26974	3111	7.78
50000	32165	3945	7.89
75000	44765	6050	8.07
100000	57365	8207	8.21

## PIGGYBACKING 37.5% OF LINE 37 FEDERAL TAX - 1982

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	3553	31	0.77	31	*****
5000	4340	81	1.62	81	*****
6000	5109	138	2.30	106	331.25
7000	5871	198	2.83	6	3.13
8000	6629	259	3.24	-52	-16.72
9000	7332	323	3.59	-68	-17.39
10000	8126	391	3.91	-81	-17.16
11000	8861	462	4.20	-91	-16.46
12000	9590	535	4.46	-99	-15.62
13000	10297	618	4.75	-104	-14.40
14000	11004	701	5.01	-107	-13.24
15000	11702	787	5.25	-107	-11.97
20000	15022	1290	6.45	-53	-3.95
25000	18133	1879	7.52	93	5.21
30000	21123	2539	8.46	304	13.60
35000	24147	3289	9.40	602	22.40
40000	26974	4113	10.28	1002	32.21
50000	32165	5931	11.86	1986	50.34
75000	44765	10619	14.16	4569	75.52
100000	57365	57365	15.31	7099	86.50

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	3302	0	0.0	31	*****
5000	4015	0	0.0	81	*****
6000	4709	32	0.53	106	331.25
7000	5394	192	2.74	6	3.13
8000	6075	258	3.22	1	0.39
9000	6750	322	3.58	1	0.31
10000	7415	394	3.94	-3	-0.76
11000	8073	466	4.24	-5	-1.07
12000	8768	542	4.52	-25	-4.61
13000	9440	616	4.74	-34	-5.52
14000	10112	698	4.99	-50	-7.16
15000	10780	781	5.21	-67	-8.58
20000	14014	1205	6.02	-119	-9.88
25000	17057	1625	6.50	-96	-5.91
30000	19996	2066	6.89	-56	-2.71
35000	22829	2489	7.11	43	1.73
40000	25470	2835	7.21	239	8.28
50000	30431	3674	7.35	736	20.03
75000	41738	5531	7.37	2566	46.39
100000	52952	7452	7.45	4348	58.35

TABLE 1

 MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## STRUCTURE AFTER 1981 SESSION - 1982

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TAXABLE INCOME	TAX AS PERCENT OF		AMOUNT	PERCENT
		TAX AFTER CREDIT	MGI INC			AFTER CREDIT	MGI INC			TAX AFTER CREDIT	MGI INC		
4000	3628	0	0.0	0.0	4000	3628	0	0.0	0.0	0.0	0.0	0	0.0
5000	4535	0	0.0	0.0	5000	4535	0	0.0	0.0	0.0	0.0	0	0.0
6000	5443	0	0.0	0.0	6000	5443	0	0.0	0.0	0.0	0.0	0	0.0
7000	6350	0	0.0	0.0	7000	6350	0	0.0	0.0	0.0	0.0	0	0.0
8000	7193	0	0.0	0.0	8000	7193	27	0.34	0.38	0.34	0.38	27	*****
9000	7991	0	0.0	0.0	9000	7991	72	0.80	0.90	0.80	0.90	72	*****
10000	8780	0	0.0	0.0	10000	8780	120	1.20	1.37	1.20	1.37	120	*****
11000	9560	160	1.45	1.67	11000	9560	173	1.57	1.81	1.57	1.81	13	8.13
12000	10333	321	2.67	3.11	12000	10333	228	1.90	2.21	1.90	2.21	-93	-28.97
13000	11095	481	3.70	4.34	13000	11095	288	2.22	2.60	2.22	2.60	-193	-40.12
14000	11857	642	4.59	5.41	14000	11857	348	2.49	2.93	2.49	2.93	-294	-45.79
15000	12619	796	5.31	6.31	15000	12619	408	2.72	3.23	2.72	3.23	-388	-48.74
20000	16318	1303	6.51	7.99	20000	16318	754	3.77	4.62	3.77	4.62	-549	-42.13
25000	19834	1823	7.29	9.19	25000	19834	1176	4.70	5.93	4.70	5.93	-647	-35.49
30000	23471	2367	7.89	10.08	30000	23471	1666	5.55	7.10	5.55	7.10	-701	-29.62
35000	27005	2898	8.28	10.73	35000	27005	2226	6.36	8.24	6.36	8.24	-672	-23.19
40000	30333	3432	8.58	11.31	40000	30333	2863	7.16	9.44	7.16	9.44	-569	-16.58
50000	36672	4418	8.84	12.11	50000	36672	4329	8.66	11.87	8.66	11.87	-89	-2.01
75000	50030	6733	8.98	13.46	75000	50030	8660	11.55	17.31	11.55	17.31	1927	28.62
100000	62777	8916	8.92	14.20	100000	62777	13293	13.29	21.17	13.29	21.17	4377	49.09

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TAXABLE INCOME	TAX AS PERCENT OF		AMOUNT	PERCENT
		TAX AFTER CREDIT	MGI INC			AFTER CREDIT	MGI INC			TAX AFTER CREDIT	MGI INC		
4000	3386	0	0.0	0.0	4000	3386	0	0.0	0.0	0.0	0.0	0	0.0
5000	4233	0	0.0	0.0	5000	4233	0	0.0	0.0	0.0	0.0	0	0.0
6000	5080	0	0.0	0.0	6000	5080	0	0.0	0.0	0.0	0.0	0	0.0
7000	5927	0	0.0	0.0	7000	5927	0	0.0	0.0	0.0	0.0	0	0.0
8000	6701	0	0.0	0.0	8000	6701	27	0.34	0.40	27	0.40	27	*****
9000	7426	0	0.0	0.0	9000	7426	72	0.80	0.97	72	0.97	72	*****
10000	8142	0	0.0	0.0	10000	8142	120	1.20	1.47	120	1.47	120	*****
11000	8848	160	1.45	1.81	11000	8848	173	1.57	1.96	173	1.96	13	8.13
12000	9545	321	2.67	3.36	12000	9545	228	1.90	2.39	228	2.39	-93	-28.97
13000	10231	481	3.70	4.70	13000	10231	288	2.22	2.81	288	2.81	-193	-40.12
14000	10916	579	4.14	5.30	14000	10916	348	2.49	3.19	348	3.19	-231	-39.90
15000	11602	664	4.43	5.72	15000	11602	408	2.72	3.52	408	3.52	-256	-38.55
20000	15058	1130	5.65	7.50	20000	15058	697	3.48	4.63	697	4.63	-433	-38.32
30000	21710	2104	7.01	9.69	30000	21710	1014	4.06	5.50	1014	5.50	-600	-37.17
35000	24849	2574	7.35	10.36	35000	24849	1373	4.58	6.32	1373	6.32	-731	-34.74
40000	27884	3039	7.60	10.90	40000	27884	1780	5.09	7.16	1780	7.16	-794	-30.85
50000	33499	3940	7.88	11.76	50000	33499	2226	5.56	7.98	2226	7.98	-813	-26.75
75000	46256	6087	8.12	13.16	75000	46256	6416	8.55	13.87	6416	13.87	-653	-16.57
100000	57737	8052	8.05	13.95	100000	57737	10020	10.02	17.35	10020	17.35	329	5.40
												1968	24.44

TABLE 2  
MARRIED SEPARATE 75-25 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1982

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3628	0	0.0	0.0
5000	4534	0	0.0	0.0
6000	5442	0	0.0	0.0
7000	6349	0	0.0	0.0
8000	7203	0	0.0	0.0
9000	8003	0	0.0	0.0
10000	8796	0	0.0	0.0
11000	9579	160	1.45	1.67
12000	10355	288	2.40	2.78
13000	11119	361	2.78	3.25
14000	11883	435	3.11	3.66
15000	12647	510	3.40	4.03
20000	16362	914	4.57	5.59
25000	19906	1347	5.39	6.77
30000	23285	1776	5.92	7.63
35000	26497	2212	6.32	8.35
40000	29709	2661	6.65	8.96
50000	35754	3510	7.02	9.82
75000	49172	5542	7.39	11.27
100000	61764	7595	7.59	12.30

PIGGYBACKING 37.5% OF LINE 37 FEDERAL TAX - 1982

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	3628	0	0.0	0.0	0 0.0
5000	4534	0	0.0	0.0	0 0.0
6000	5442	0	0.0	0.0	0 0.0
7000	6349	0	0.0	0.0	0 0.0
8000	7203	22	0.27	0.31	22 *****
9000	8003	66	0.73	0.82	66 *****
10000	8796	114	1.14	1.30	114 *****
11000	9579	165	1.50	1.72	5 3.13
12000	10355	219	1.82	2.11	-69 -23.96
13000	11119	279	2.15	2.51	-82 -22.71
14000	11883	337	2.41	2.84	-98 -22.53
15000	12647	397	2.65	3.14	-113 -22.16
20000	16362	736	3.68	4.50	-178 -19.47
25000	19906	1146	4.58	5.76	-201 -14.92
30000	23285	1624	5.41	6.97	-152 -8.56
35000	26497	2172	6.21	8.20	-40 -1.81
40000	29709	2790	6.97	9.39	129 4.85
50000	35754	4233	8.47	11.84	723 20.60
75000	49172	8488	11.32	17.26	2946 53.16
100000	61764	13059	13.06	21.14	5464 71.94

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3385	0	0.0	0.0
5000	4232	0	0.0	0.0
6000	5079	0	0.0	0.0
7000	5926	0	0.0	0.0
8000	6712	0	0.0	0.0
9000	7440	0	0.0	0.0
10000	8160	0	0.0	0.0
11000	8868	129	1.17	1.45
12000	9570	187	1.56	1.95
13000	10256	252	1.94	2.46
14000	10945	317	2.26	2.90
15000	11631	381	2.54	3.28
20000	15106	735	3.67	4.87
25000	18510	1121	4.48	6.06
30000	21804	1529	5.10	7.01
35000	24977	1940	5.54	7.77
40000	28050	2362	5.90	8.42
50000	33745	3155	6.31	9.35
75000	46671	5068	6.76	10.86
100000	58354	6903	6.90	11.83

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3385	0	0.0	0.0
5000	4232	0	0.0	0.0
6000	5079	0	0.0	0.0
7000	5926	0	0.0	0.0
8000	6712	22	0.27	0.33
9000	7440	66	0.73	0.89
10000	8160	114	1.14	1.40
11000	8868	165	1.50	1.86
12000	9570	219	1.82	2.29
13000	10256	279	2.15	2.72
14000	10945	337	2.41	3.08
15000	11631	397	2.65	3.41
20000	15106	679	3.39	4.49
25000	18510	988	3.95	5.34
30000	21804	1338	4.46	6.14
35000	24977	1732	4.95	6.93
40000	28050	2164	5.41	7.71
50000	33745	3195	6.39	9.47
75000	46671	6261	8.35	13.42
100000	58354	9790	9.79	16.78

2887 41.82

Proposal:

Minnesota Tax; a flat 38% of Federal Line 37.

Credit for taxes paid to other states.

Add: Municipal Bond Interest

Subtract: U. S. Bond Interest  
Non-resident Earnings

Budget Impact: Negligible (Calendar Year 1983)

Prepared For: Governor's Task Force On Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 26, 1982



**ALL TAXPAYERS**

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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**RETURNS WITH ITEMIZED DEDUCTION**

## ORIGINAL AGI CLASS

*****-\$	0	4854.	25046.	2718301.	216.	7170201.	-458337.	86285.
0-\$	5000	605.	28643.	2666995.	36204.	-28574519.	76699.	176390.
5000-\$	10000	617.	82443.	11022356.	377612.	-332932630.	619784.	5472282.
10000-\$	20000	928.	169336.	7766060.	1685842.	-1460239296.	2538054.	75755518.
20000-\$	30000	953.	190300.	-22024701.	3319787.	-2759647122.	4731538.	232811096.
30000-\$	40000	974.	168230.	-51819137.	4102761.	-3344627815.	5828638.	338595776.
40000-\$	50000	678.	90546.	-23741105.	2785889.	-2188143237.	4018235.	250276179.
50000-\$	100000	1181.	77114.	13278539.	3214734.	-2269347468.	4906985.	34444682.
100000-\$*****		2711.	14580.	85692591.	1446957.	-67661390.	2585197.	204621028.

TOTALS 13501. 846237. 25559900. 16968003. -13053033276. 24896794. 1452039235.

SIGNAL AGT GLASS

#### **RETURNS WITH STANDARD DEDUCTION**

*****-\$	0	21.	232.	10506.	621.	-593022.	-883.	0.
0-\$	5000	3091.	316123.	2983675.	752574.	-732939644.	840738.	3865571.
5000-\$	100000	1460.	194478.	-229490.	1201855.	-1105021286.	1408405.	31114776.
10000-\$	20000	1282.	226512.	-25529181.	2650087.	-2266633827.	3275793.	168390380.
20000-\$	30000	506.	100958.	-17715466.	1896365.	-1530025361.	2435937.	155190700.
30000-\$	40000	207.	36580.	-273677.	951645.	-732127832.	1252935.	83234840.
40000-\$	50000	98.	13120.	2879613.	430346.	-318186863.	577943.	39704358.
50000-\$	100000	125.	8817.	9166437.	384818.	-250554858.	542840.	41748600.
100000-\$*****		59.	440.	3078290.	40887.	-16799776.	65890.	5909388.

**TOTALS**      **6849**      **897260**      **-25629292**      **8309196**      **-6952932471**      **10399598**      **529158612**

**RETURNS FOR BOTH TYPES REDUCTION**

ORIGINAL AGI CLASS										
*****-\$	0	4875.	25278.	2728807.	837.	6577180.	-459219.		86285.	
5000-\$	5000	3696.	344766.	5650670.	788778.	-761514163.	917437.		4041961.	
10000-\$	10000	2077.	276921.	10792866.	1579467.	-1437953916.	2028189.		36587058.	
20000-\$	20000	2210.	395348.	-17763121.	4335928.	-3726923123.	5813847.		244145898.	
30000-\$	30000	1459.	291257.	-39740167.	5216152.	-4238672484.	7217474.		388001796.	
40000-\$	40000	1181.	204810.	-52092814.	5054406.	-4076755647.	7081574.		421830616.	
50000-\$	50000	776.	103666.	-20861491.	3216234.	-2506330100.	4596178.		289980537.	
100000-\$	100000	1306.	85931.	22444976.	3599552.	-2519902327.	5449825.		386193282.	

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## ALL TAXPAYERS

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY		RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION	
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS								
*****-\$ 0	140.	-84763.	825.	2801468.	150.	-85122.	826.	2803422.
0-\$ 5000	632.	-98426.	12512.	2684606.	1428.	-106925.	14515.	2773920.
5000-\$ 10000	600.	-131209.	32819.	7358999.	8062.	-515858.	65792.	11533214.
10000-\$ 20000	534.	-35760.	11946.	5948631.	79157.	-9667176.	84103.	17433236.
20000-\$ 30000	0.	0.	1597.	12827517.	149966.	-43760587.	39735.	21735835.
30000-\$ 40000	0.	0.	0.	0.	144701.	-57368915.	23395.	5549778.
40000-\$ 50000	10.	-4374.	0.	0.	67791.	-28164987.	22622.	4423882.
50000-\$ 100000	0.	0.	215.	1294320.	30679.	-16671594.	46037.	29950133.
100000-\$*****	40.	-1155729.	23.	3138040.	1012.	-5666355.	13517.	91358946.
TOTALS	1956.	-1560260.	59937.	36053580.	482948.	-162007518.	310590.	187567418.
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION								
*****-\$ 0	0.	0.	10.	10506.	0.	0.	10.	10506.
0-\$ 5000	23553.	-245268.	45226.	3829457.	92208.	-1528205.	52928.	4511880.
5000-\$ 10000	8789.	-373121.	14845.	2786625.	142750.	-6457886.	41344.	6228396.
10000-\$ 20000	5070.	-678891.	133.	332543.	209356.	-32146001.	17156.	6616820.
20000-\$ 30000	399.	-180805.	0.	0.	84981.	-21244949.	15777.	3529483.
30000-\$ 40000	0.	0.	0.	0.	18787.	-6567853.	17593.	6294176.
40000-\$ 50000	0.	0.	0.	0.	3882.	-1342373.	9238.	4221986.
50000-\$ 100000	10.	-161017.	0.	0.	839.	-972097.	7977.	10138534.
100000-\$*****	10.	-253547.	0.	0.	20.	-273027.	420.	3351317.
TOTALS	37832.	-1892648.	60214.	6959131.	552825.	-70532390.	162443.	44903097.
RETURNS FOR BOTH TYPES DEDUCTION								
*****-\$ 0	140.	-84763.	835.	2811974.	150.	-85122.	836.	2813929.
0-\$ 5000	24185.	-33694.	57738.	6514063.	93637.	-1635129.	67443.	7285800.
5000-\$ 10000	9390.	-554330.	47664.	10145624.	150813.	-6973744.	107136.	17766610.
10000-\$ 20000	5605.	-714651.	12079.	6281174.	238513.	-41813177.	101258.	24050057.
20000-\$ 30000	399.	-180805.	1597.	12827517.	234947.	-65005536.	55512.	25265369.
30000-\$ 40000	0.	0.	0.	0.	163489.	-63936768.	40988.	11843954.
40000-\$ 50000	10.	-4374.	0.	0.	71673.	-29507360.	31860.	8645868.
50000-\$ 100000	10.	-161017.	215.	1294320.	31519.	-17643691.	54064.	40088667.
100000-\$*****	50.	-1409276.	23.	3138040.	1032.	-5939381.	13936.	94710232.
TOTALS	39788.	-3452908.	120151.	43012711.	1035772.	-232539908.	473033.	232470516.

D-12E

TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT		ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
*****-\$ 0	0.1	3.0	0.1	0.7	0.0	1.3	0.0	1.7	0.1	2.5
0-\$ 5000	0.0	1.6	0.2	0.4	0.0	0.0	0.1	1.7	0.1	1.3
5000-\$ 10000	0.3	2.3	0.2	1.7	2.5	1.6	1.3	2.9	0.8	2.4
10000-\$ 20000	3.0	2.7	2.4	3.3	4.5	3.1	4.5	4.6	3.4	3.7
20000-\$ 30000	5.8	5.4	5.3	4.7	6.8	4.4	6.9	6.2	5.7	5.2
30000-\$ 40000	8.0	5.5	6.6	5.9	9.0	5.6	7.9	7.4	7.0	6.0
40000-\$ 50000	8.8	6.4	7.4	6.9	9.0	6.0	8.1	8.1	7.6	6.9
50000-\$ 100000	8.9	8.3	8.4	8.8	9.6	9.0	9.0	10.8	8.5	8.8
100000-\$*****	9.3	13.1	9.8	13.8	10.9	11.8	9.3	15.3	9.7	13.8
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	6.7	6.1	6.9	7.2	6.9	5.3	5.8	6.3	6.7	6.8

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ORIGINAL INCOME CLASS	MARRIED JOINT		STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
*****-\$ 0	0.0	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0	1.5
0-\$ 5000	0.0	0.4	0.0	0.7	0.6	0.2	0.5	0.7	0.3	0.6
5000-\$ 10000	0.5	0.9	0.3	1.5	3.6	2.0	3.0	2.8	2.3	2.2
10000-\$ 20000	4.1	3.2	4.0	3.7	7.1	3.7	6.6	5.7	6.0	5.1
20000-\$ 30000	7.5	5.2	6.6	5.7	8.9	5.7	8.4	8.1	7.6	6.8
30000-\$ 40000	5.0	4.3	7.5	7.3	10.1	6.9	9.2	10.0	7.6	7.6
40000-\$ 50000	10.9	9.3	8.0	8.6	0.0	0.0	9.9	11.4	8.2	8.8
50000-\$ 100000	11.2	12.2	9.0	10.8	11.7	12.0	10.0	14.1	9.3	11.3
100000-\$*****	10.2	17.4	10.9	15.5	0.0	0.0	10.9	18.1	10.8	16.5
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	3.7	3.0	6.6	6.8	6.4	3.8	5.6	5.3	5.6	5.4

ORIGINAL INCOME CLASS	MARRIED JOINT		ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS	
	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
*****-\$ 0	0.1	3.0	0.1	0.7	0.0	1.3	0.0	1.7	0.1	2.5
0-\$ 5000	0.0	0.6	0.1	0.6	0.5	0.1	0.5	0.8	0.3	0.7
5000-\$ 10000	0.5	1.4	0.2	1.6	3.4	1.9	2.6	2.8	1.8	2.3
10000-\$ 20000	3.5	2.9	2.8	3.4	6.2	3.5	6.0	5.4	4.8	4.5
20000-\$ 30000	6.2	5.3	5.6	5.0	8.0	5.1	7.7	7.2	6.4	5.7
30000-\$ 40000	7.6	5.3	6.8	6.1	9.3	5.9	8.4	8.4	7.1	6.3
40000-\$ 50000	9.0	6.6	7.5	7.1	9.0	6.0	8.4	8.6	7.7	7.1
50000-\$ 100000	9.0	8.4	8.5	9.0	9.9	9.4	9.2	11.6	8.6	9.1
100000-\$*****	9.4	13.2	9.9	13.9	10.9	11.8	9.5	15.5	9.8	13.9
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5.9	5.3	6.9	7.1	6.7	4.5	5.7	5.7	6.4	6.4

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	273.	36170.	769918.	21.	2.( 2.)	1290945.	75653.
2 - 4	230.	29247.	1906447.	65.	2.( 4.)	1070106.	63911.
4 - 6	202.	21960.	2903446.	116.	1.( 5.)	952731.	58076.
6 - 10	314.	34838.	6112473.	175.	2.( 7.)	1297588.	77811.
10 - 25	867.	73617.	29086031.	395.	4.( 11.)	2840216.	179639.
25 - ***	3276.	154050.	148679490.	965.	9.( 20.)	4478039.	242529.
<b>TAXABLE INCREASE</b>	<b>5162.</b>	<b>352882.</b>	<b>189457805.</b>	<b>537.</b>	<b>20.( 20.)</b>	<b>11929624.</b>	<b>697620.</b>
<b>NO CHANGE</b>	<b>16.</b>	<b>2463.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 20.)</b>	<b>45626.</b>	<b>2280.</b>
<b>TAX DECREASE</b>							
0 - 5	769.	113646.	-5689693.	-50.	7.( 27.)	3669578.	212158.
5 - 10	768.	121722.	-15624620.	-128.	7.( 34.)	3591695.	207144.
10 - 15	889.	145423.	-26232324.	-180.	8.( 42.)	3532098.	207720.
15 - 20	1456.	226169.	-35066236.	-155.	13.( 55.)	3657985.	200067.
20 - 25	551.	81886.	-22780219.	-278.	5.( 60.)	1757852.	100946.
25 - 30	389.	61695.	-25971062.	-421.	4.( 63.)	1532318.	94028.
30 - 40	817.	136460.	-67353503.	-494.	8.( 71.)	3205372.	195539.
40 - 50	321.	49669.	-17545299.	-353.	3.( 74.)	769335.	40487.
50 - 99	479.	59112.	-12735207.	-215.	3.( 77.)	532942.	19668.
99 - ***	362.	39990.	-3541745.	-89.	2.( 80.)	243457.	3542.
<b>TAXABLE DECREASE</b>	<b>6801.</b>	<b>1035772.</b>	<b>-232539908.</b>	<b>-225.</b>	<b>59.( 59.)</b>	<b>22492612.</b>	<b>1281298.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-43082103.</b>	<b>-31.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE</b>							
<b>NO CHANGE</b>	<b>7099.</b>	<b>232229.</b>	<b>0.</b>	<b>0.</b>	<b>13.( 93.)</b>	<b>133866.</b>	<b>0.</b>
<b>TAX INCREASE</b>	<b>1272.</b>	<b>120151.</b>	<b>43012711.</b>	<b>358.</b>	<b>7.(100.)</b>	<b>694665.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-69392.</b>	<b>-0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	547.	84240.	1972414.	23.	5.( 5.)	1770440.	81692.
\$ 50 - \$ 100	426.	64075.	4618004.	72.	4.( 9.)	1367129.	62832.
\$ 100 - \$ 250	654.	94862.	15321106.	162.	5.( 14.)	2372262.	113002.
\$ 250 - \$ 500	405.	47936.	17389014.	362.	3.( 17.)	1651844.	96195.
\$ 500 - \$ 1000	343.	26562.	18395229.	693.	2.( 18.)	1237303.	79746.
\$ 1000 - \$*****	2787.	35157.	131762038.	3748.	2.( 20.)	3530647.	264154.
<b>TAXABLE INCREASE</b>	<b>5162.</b>	<b>352882.</b>	<b>189457805.</b>	<b>537.</b>	<b>20.( 20.)</b>	<b>11929624.</b>	<b>697620.</b>
<b>NO CHANGE</b>	<b>16.</b>	<b>2463.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 20.)</b>	<b>45626.</b>	<b>2280.</b>
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	1960.	275780.	-6329613.	-23.	16.( 36.)	3040072.	116620.
\$ 50 - \$ 100	943.	145737.	-10367398.	-75.	8.( 45.)	2879447.	144607.
\$ 100 - \$ 250	1897.	331749.	-50925595.	-154.	19.( 64.)	7275253.	407502.
\$ 250 - \$ 500	837.	138527.	-49898562.	-360.	8.( 72.)	3985442.	234121.
\$ 500 - \$ 1000	851.	130029.	-91271952.	-702.	7.( 79.)	4571410.	318457.
\$ 1000 - \$*****	313.	13951.	-23246783.	-1666.	1.( 80.)	740988.	59991.
<b>TAXABLE DECREASE</b>	<b>6801.</b>	<b>1035772.</b>	<b>-232539908.</b>	<b>-225.</b>	<b>59.( 59.)</b>	<b>22492612.</b>	<b>1281298.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-43082103.</b>	<b>-31.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	537.	39306.	904439.	23.	2.( 82.)	134580.	0.
\$ 50 - \$ 100	244.	28815.	2153070.	75.	2.( 84.)	152175.	0.
\$ 100 - \$ 250	263.	32478.	4976508.	153.	2.( 86.)	232444.	0.
\$ 250 - \$ 500	98.	11424.	3923794.	343.	1.( 86.)	96412.	0.
\$ 500 - \$ 1000	40.	3174.	2290370.	722.	0.( 86.)	20771.	0.
\$ 1000 - \$*****	90.	4953.	28764529.	5808.	0.( 87.)	58283.	0.
<b>NON-TAXABLE INCR</b>	<b>1272.</b>	<b>120151.</b>	<b>43012711.</b>	<b>358.</b>	<b>7.( 7.)</b>	<b>694665.</b>	<b>0.</b>
<b>NO CHANGE</b>	<b>7099.</b>	<b>232229.</b>	<b>0.</b>	<b>0.</b>	<b>13.(100.)</b>	<b>133866.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>-69392.</b>	<b>-0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

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TABLE 1  
 MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC
		AFTER CREDIT	MGI		
4000	3664	0	0.0	0.0	
5000	4580	0	0.0	0.0	
6000	5497	0	0.0	0.0	
7000	6413	33	0.47	0.51	
8000	7269	111	1.39	1.53	
9000	8084	197	2.19	2.44	
10000	8891	283	2.83	3.18	
11000	9688	367	3.34	3.79	
12000	10478	456	3.80	4.35	
13000	11257	548	4.22	4.87	
14000	12035	641	4.58	5.33	
15000	12814	733	4.89	5.72	
20000	16633	1237	6.18	7.44	
25000	20314	1754	7.02	8.63	
30000	23972	2284	7.61	9.53	
35000	27694	2824	8.07	10.20	
40000	31216	3359	8.40	10.76	
50000	37823	4385	8.77	11.59	
75000	52645	6821	9.09	12.96	
100000	66474	9112	9.11	13.71	

PIGGYBACKING AT 38.0% OF FEDERAL TAX - 1983 /

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX CHANGE		
		AFTER CREDIT	MGI			AMOUNT	PERCENT	
4000	0	0	0.0	0.0		0	0.0	
5000	0	0	0.0	0.0		0	0.0	
6000	0	0	0.0	0.0		0	0.0	
7000	0	0	0.0	0.0		0	0.0	
8000	66	0.82	0.97	8000	66	0.31	37.88	
9000	137	1.52	1.82	9000	176	0.74	38.07	
10000	215	2.15	2.61	10000	296	1.12	37.84	
11000	291	2.65	3.24	11000	426	1.47	38.03	
12000	367	3.06	3.79	12000	564	1.78	37.94	
13000	445	3.42	4.28	13000	714	2.08	37.96	
14000	528	3.77	4.76	14000	864	2.34	37.96	
15000	612	4.08	5.19	15000	1014	2.57	37.97	
20000	1070	5.35	6.97	20000	1710	3.25	38.01	
25000	1548	6.19	8.20	25000	2445	3.72	38.00	
30000	22282	2039	6.80	9.15	30000	3311	4.19	37.99
35000	25558	2515	7.19	9.84	35000	4293	4.66	37.99
40000	28744	2976	7.44	10.35	40000	5364	5.09	37.99
50000	34694	3899	7.80	11.24	50000	7919	6.02	38.00
75000	48381	6115	8.15	12.64	75000	15474	7.84	38.00
100000	60967	8199	8.20	13.45	100000	24110	9.16	38.00
						3151	34.58	

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX CHANGE		
		AFTER CREDIT	MGI			AMOUNT	PERCENT	
4000	0	0	0.0	0.0		0	0.0	
5000	0	0	0.0	0.0		0	0.0	
6000	0	0	0.0	0.0		0	0.0	
7000	0	0	0.0	0.0		0	0.0	
8000	66	0.82	0.97	8000	66	0.31	37.88	
9000	137	1.52	1.82	9000	176	0.74	38.07	
10000	215	2.15	2.61	10000	296	1.12	37.84	
11000	291	2.65	3.24	11000	426	1.47	38.03	
12000	367	3.06	3.79	12000	564	1.78	37.94	
13000	445	3.42	4.28	13000	714	2.08	37.96	
14000	528	3.77	4.76	14000	864	2.34	37.96	
15000	612	4.08	5.19	15000	1014	2.57	37.97	
20000	1070	5.35	6.97	20000	1710	3.25	38.01	
25000	1548	6.19	8.20	25000	2445	3.72	38.00	
30000	22282	2039	6.80	9.15	30000	3311	4.19	37.99
35000	25558	2515	7.19	9.84	35000	4293	4.66	37.99
40000	28744	2976	7.44	10.35	40000	5364	5.09	37.99
50000	34694	3899	7.80	11.24	50000	7919	6.02	38.00
75000	48381	6115	8.15	12.64	75000	15474	7.84	38.00
100000	60967	8199	8.20	13.45	100000	24110	9.16	38.00
						963	11.75	

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983					PIGGYBACKING AT 38.0% OF FEDERAL TAX - 1983 /					TAX CHANGE	
MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		AMOUNT	PERCENT
			MGI	TXBL INC				MGI	TXBL INC		
4000	3664	0	0.0	0.0	4000	0	0	0.0	0.0	0	0.0
5000	4580	0	0.0	0.0	5000	0	0	0.0	0.0	0	0.0
6000	5497	0	0.0	0.0	6000	0	0	0.0	0.0	0	0.0
7000	6413	0	0.0	0.0	7000	0	0	0.0	0.0	0	0.0
8000	7282	0	0.0	0.0	8000	52	20	0.25	38.46	20	*****
9000	8099	31	0.34	0.38	9000	160	61	0.68	38.13	30	96.77
10000	8910	89	0.89	1.00	10000	276	105	1.05	38.04	16	17.98
11000	9709	151	1.37	1.56	11000	404	154	1.40	38.12	3	1.99
12000	10504	217	1.81	2.07	12000	536	204	1.70	38.06	-13	-5.99
13000	11283	288	2.22	2.55	13000	684	260	2.00	38.01	-28	-9.72
14000	12065	361	2.58	2.99	14000	832	316	2.26	37.98	-45	-12.47
15000	12845	432	2.88	3.36	15000	980	372	2.48	37.96	-60	-13.89
20000	16680	816	4.08	4.89	20000	1794	682	3.41	38.02	-134	-16.42
25000	20394	1234	4.94	6.05	25000	2741	1042	4.17	38.02	-192	-15.56
30000	23910	1657	5.52	6.93	30000	3902	1483	4.94	38.01	-174	-10.50
35000	27297	2091	5.97	7.66	35000	5206	1978	5.65	37.99	-113	-5.40
40000	30515	2519	6.30	8.25	40000	6693	2543	6.36	37.99	24	0.95
50000	36884	3383	6.77	9.17	50000	10141	3854	7.71	38.00	471	13.92
75000	51981	5501	7.33	10.69	75000	20358	7736	10.31	38.00	2235	40.63
100000	65116	7610	7.61	11.69	100000	31550	11989	11.99	38.00	4379	57.54
DEDUCTIONS ARE 16 PERCENT OF INCOME											
4000	3419	0	0.0	0.0	4000	0	0	0.0	0.0	0	0.0
5000	4274	0	0.0	0.0	5000	0	0	0.0	0.0	0	0.0
6000	5130	0	0.0	0.0	6000	0	0	0.0	0.0	0	0.0
7000	5985	0	0.0	0.0	7000	0	0	0.0	0.0	0	0.0
8000	6787	0	0.0	0.0	8000	52	20	0.25	38.46	20	*****
9000	7532	0	0.0	0.0	9000	160	61	0.68	38.13	61	*****
10000	8269	24	0.24	0.29	10000	276	105	1.05	38.04	81	337.50
11000	8994	74	0.67	0.82	11000	404	154	1.40	38.12	80	108.11
12000	9714	132	1.10	1.36	12000	536	204	1.70	38.06	72	54.55
13000	10419	188	1.45	1.80	13000	684	260	2.00	38.01	72	38.30
14000	11124	244	1.74	2.19	14000	832	316	2.26	37.98	72	29.51
15000	11828	306	2.04	2.59	15000	980	372	2.48	37.96	66	21.57
20000	15414	644	3.22	4.18	20000	1658	630	3.15	38.00	-14	-2.17
25000	18963	1024	4.10	5.40	25000	2372	901	3.60	37.98	-123	-12.01
30000	22368	1427	4.76	6.37	30000	3207	1219	4.06	38.01	-208	-14.58
35000	25697	1831	5.23	7.13	35000	4156	1579	4.51	37.99	-252	-13.76
40000	28928	2239	5.60	7.74	40000	5183	1970	4.92	38.01	-269	-12.01
50000	34961	3054	6.11	8.74	50000	7656	2909	5.82	38.00	-145	-4.75
75000	48839	5019	6.69	10.28	75000	15023	5709	7.61	38.00	690	13.75
100000	61639	6954	6.95	11.28	100000	23450	8911	8.91	38.00	1957	28.14

TABLE 4  
 SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC
		AFTER CREDIT	MG1		
4000	3594	47	1.17	1.31	
5000	4398	97	1.94	2.21	
6000	5185	156	2.60	3.01	
7000	5964	218	3.11	3.66	
8000	6743	289	3.61	4.29	
9000	7521	365	4.06	4.85	
10000	8291	446	4.46	5.38	
11000	9052	526	4.78	5.81	
12000	9808	606	5.05	6.18	
13000	10550	691	5.32	6.55	
14000	11290	779	5.56	6.90	
15000	12014	865	5.77	7.20	
20000	15493	1313	6.56	8.47	
25000	18773	1758	7.03	9.36	
30000	21881	2208	7.36	10.09	
35000	25095	2674	7.64	10.66	
40000	28153	3117	7.79	11.07	
50000	33880	4000	8.00	11.81	
75000	46925	6101	8.13	13.00	
100000	59650	8208	8.21	13.76	

PIGGYBACKING AT 38.0% OF FEDERAL TAX - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX AFTER CREDIT	TAX AS PERCENT OF		AMOUNT	TAX CHANGE PERCENT
		AFTER CREDIT	MG1				TXBL INC	AMOUNT		
4000	3594	77	0.72	37.66		-18	-38.30			
5000	4398	199	1.52	38.19		-21	-21.65			
6000	5185	341	2.17	38.12		-26	-16.67			
7000	5964	491	2.67	38.09		-31	-14.22			
8000	6743	641	3.05	38.07		-45	-15.57			
9000	7521	791	3.34	38.05		-64	-17.53			
10000	8291	9000	3.61	37.96		-85	-19.06			
11000	9052	951	3.87	38.00		-100	-19.01			
12000	9808	1121	4.10	37.99		-114	-18.81			
13000	10550	1295	4.34	37.98		-127	-18.38			
14000	11290	1485	4.55	37.98		-142	-18.23			
15000	12014	1677	4.78	38.00		-148	-17.11			
20000	15493	1887	5.87	38.01		-139	-10.59			
25000	18773	2089	6.85	37.99		-45	-2.56			
30000	21881	25000	7.75	37.99		116	5.25			
35000	25095	30000	8.59	37.99		334	12.49			
40000	28153	35000	9.42	38.00		650	20.85			
50000	33880	40000	10.86	38.00		1429	35.72			
75000	46925	50000	13.41	38.00		3959	64.89			
100000	59650	75000	14.81	38.00		6602	80.43			
		100000	14810	38.00						

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX AFTER CREDIT	TAX AS PERCENT OF		AMOUNT	TAX CHANGE PERCENT
		AFTER CREDIT	MG1				TXBL INC	AMOUNT		
4000	3342	77	0.72	37.66		-4	-12.12			
5000	4073	199	1.52	38.19		0	0.0			
6000	4783	341	2.17	38.12		4	3.17			
7000	5486	491	2.67	38.09		8	4.47			
8000	6188	641	3.05	38.07		5	2.09			
9000	6890	791	3.34	38.05		-2	-0.66			
10000	7583	951	3.61	37.96		-10	-2.70			
11000	8267	1119	3.86	37.98		-19	-4.28			
12000	8984	1254	3.97	38.04		-42	-8.09			
13000	9688	1403	4.10	37.99		-61	-10.27			
14000	10390	1553	4.21	37.99		-82	-12.20			
15000	11087	1709	4.33	37.98		-106	-14.04			
20000	14454	2601	4.94	37.99		-187	-15.91			
25000	17649	3663	5.57	38.00		-207	-12.95			
30000	20737	4829	6.12	38.00		-208	-10.18			
35000	23720	5218	6.62	38.01		-156	-6.31			
40000	26548	5904	7.14	38.00		-26	-0.90			
50000	31931	10633	8.08	38.00		344	9.30			
75000	44030	19748	10.01	38.00		1882	33.48			
100000	55355	29623	11.26	38.00		3760	50.15			
		11257								

APPENDIX K - Progressive Rates Applied to Federal Taxable Income - Joint  
Return Equalization Credit Allowed

This proposal did result in some appreciable shift in tax burden. While taxpayers with incomes between zero and \$5,000 would be negligibly impacted by a tax increase, the average taxpayer with income between \$5,000 and \$40,000 would be the recipient of a tax reduction. Within this group, taxpayers with incomes of \$10,000 to \$20,000 are affected the greatest, realizing an average tax decrease of approximately \$120. The most negatively impacted taxpayers are those with incomes over \$50,000. These persons would incur an average tax increase of approximately \$600.

The most significant attribute of this proposal is the fact that burden shifts within specific classes of taxpayers (by income level are) not significant. That is, whether the taxpayer is single, a one earner married household or a two earner married household, the proposal has approximately the same effect.



Proposal:

Progressive tax rates applied to federal taxable income.

Add: Municipal Bond Interest  
Federal Marriage Penalty

Subtract: U.S. Bond Interest  
Non-resident Earnings

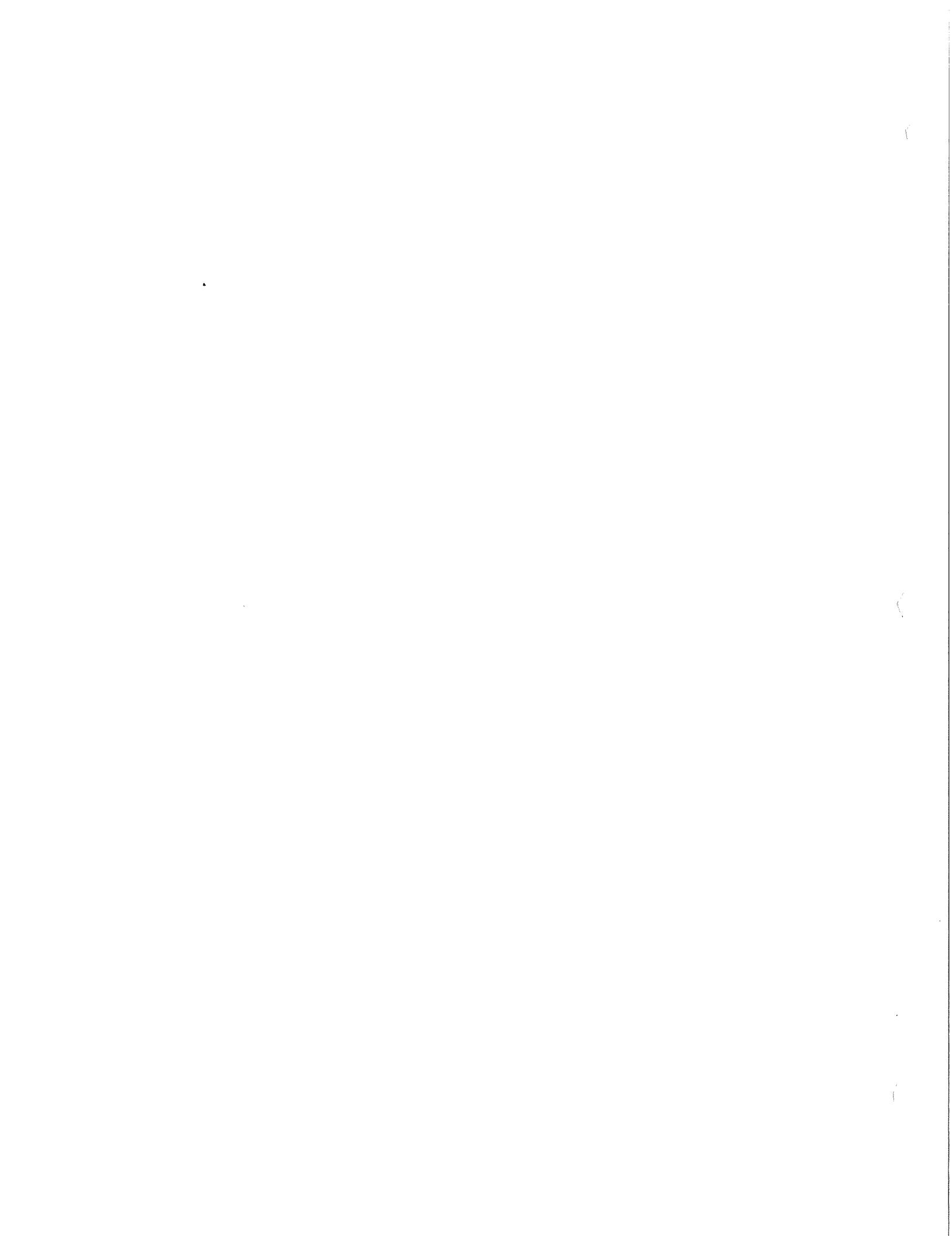
Rate Schedule:

<u>Marriage Penalty Credit</u>	
<u>Spouse Income</u>	<u>Tax Credit</u>
\$ 0 - \$ 1,000	0
1,000 - 2,000	16
2,000 - 3,000	38
3,000 - 4,000	66
4,000 - 5,000	100
5,000 - 6,000	142
6,000 - 7,000	192
7,000 - 8,000	254
8,000 - 9,000	328
9,000 - 10,000	414
10,000 - 11,000	500
11,000 AND OVER	598

Budget Impact: \$1.5 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 20, 1982



ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$	0	4854.	25046.	2295710.	216.	22948679.	-458337.	86285.
\$ 0-\$	5000	605.	26643.	2748624.	36204.	21747389.	76699.	176390.
\$ 5000-\$	10000	617.	82443.	6924149.	377612.	-62657961.	619784.	5472282.
\$ 10000-\$	20000	928.	169336.	-7570839.	1685842.	-207399724.	2538054.	75755518.
\$ 20000-\$	30000	953.	190300.	-12176759.	3319787.	-93845796.	4781533.	232811096.
\$ 30000-\$	40000	974.	168230.	-9926735.	4102761.	-29687991.	5828638.	338595776.
\$ 40000-\$	50000	678.	90546.	4042556.	2785889.	80950804.	4016235.	250276179.
\$ 50000-\$	100000	1181.	77114.	23066046.	3214734.	372773609.	4906985.	344444682.
\$ 100000-\$*****	2711.	14580.	30147355.	1444957.	490607703.	2585197.	204421028.	
<b>TOTALS</b>		<b>13501.</b>	<b>846237.</b>	<b>39550108.</b>	<b>16968003.</b>	<b>595436712.</b>	<b>24896794.</b>	<b>1452039235.</b>

RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$	0	21.	232.	13084.	621.	-445687.	-883.	0.
\$ 0-\$	5000	3091.	316123.	1356199.	752574.	-563789021.	840738.	3865571.
\$ 5000-\$	10000	1460.	194473.	-14560974.	1201855.	-505911626.	1408405.	31114776.
\$ 10000-\$	20000	1282.	226512.	-40727239.	2650087.	-262738350.	3275793.	168390380.
\$ 20000-\$	30000	506.	100958.	-4960039.	1896365.	65705187.	2435937.	155190700.
\$ 30000-\$	40000	207.	36580.	6599994.	951645.	87696741.	1252935.	83234840.
\$ 40000-\$	50000	98.	13120.	5476365.	430346.	59341502.	577943.	39704358.
\$ 50000-\$	100000	125.	8817.	7231547.	384818.	84540491.	542840.	41748600.
\$ 100000-\$*****	59.	440.	1507283.	40887.	18670054.	65890.	5909388.	
<b>TOTALS</b>		<b>6849.</b>	<b>897260.</b>	<b>-38063780.</b>	<b>8309196.</b>	<b>-1016931209.</b>	<b>10399598.</b>	<b>529158612.</b>

RETURNS FOR BOTH TYPES DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$	0	4875.	25278.	2308794.	837.	22502992.	-459219.	86285.
\$ 0-\$	5000	3596.	344766.	4104823.	788778.	-542041632.	917437.	4041961.
\$ 5000-\$	10000	2077.	276921.	-7636825.	1579467.	-568569586.	2028189.	36587058.
\$ 10000-\$	20000	2210.	395848.	-48298079.	4335928.	-470138574.	5813847.	244145898.
\$ 20000-\$	30000	1459.	291257.	-17136798.	5216152.	-28140609.	7217474.	388001796.
\$ 30000-\$	40000	1181.	204810.	-3326741.	5054406.	58008750.	7081574.	421830616.
\$ 40000-\$	50000	776.	103466.	9518921.	3216234.	140292306.	4596178.	289980537.
\$ 50000-\$	100000	1306.	85931.	30297593.	3599552.	457314099.	5449825.	386193282.
\$ 100000-\$*****	2770.	15020.	31654639.	1485844.	509277757.	2651087.	210330416.	
<b>TOTALS</b>		<b>20350.</b>	<b>1743497.</b>	<b>1486328.</b>	<b>25277199.</b>	<b>-421494497.</b>	<b>35296392.</b>	<b>1981197848.</b>

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## ALL TAXPAYERS

ORIGINAL AGI CLASS	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	RETURNS WITH CHANGE IN TAX LIABILITY			NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE
					PRESENTLY TAXABLE RETURNS MADE NONTAXABLE	PRESENTLY NONTAXABLE RETURNS MADE TAXABLE	TAX DECREASE				
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS											
\$*****-\$ 0	11.	-2672.	1327.	2299146.	22.	-3482.	1328.	2299192.	24211.	2202660.	
\$ 0-\$ 5000	532.	-95887.	11461.	2864156.	2391.	-136124.	12534.	2884748.	22327.	2531241.	
\$ 5000-\$ 10000	3064.	-122443.	24561.	6195091.	28512.	-2042349.	37017.	8966498.	56997.	4281272.	
\$ 10000-\$ 20000	4604.	-503561.	7139.	3929124.	126891.	-18150651.	31763.	10579812.	63025.	-4274138.	
\$ 20000-\$ 30000	799.	-126012.	998.	9813063.	149163.	-30913990.	39739.	18737232.	10579.	-733347.	
\$ 30000-\$ 40000	0.	0.	0.	0.	105008.	-21940070.	62687.	12013335.	0.	0.	
\$ 40000-\$ 50000	0.	0.	0.	0.	36022.	-7858954.	54390.	11901510.	0.	0.	
\$ 50000-\$ 100000	0.	0.	215.	770121.	17341.	-5140056.	59426.	28206102.	0.	0.	
\$ 100000-\$*****	23.	-692643.	22.	2186340.	1543.	-6724741.	12980.	36872097.	13.	-26867.	
<b>TOTALS</b>	<b>9032.</b>	<b>-1543219.</b>	<b>45723.</b>	<b>28057040.</b>	<b>466893.</b>	<b>-92910418.</b>	<b>311863.</b>	<b>132460526.</b>	<b>-177153.</b>	<b>3980821.</b>	
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION											
\$*****-\$ 0	0.	0.	10.	13084.	0.	0.	10.	13084.	0.	0.	
\$ 0-\$ 5000	31786.	-401700.	27878.	3476634.	96458.	-2784859.	31464.	4141053.	1.	0.	
\$ 5000-\$ 10000	42069.	-2430096.	5390.	1573993.	162723.	-18469095.	12183.	3908120.	0.	0.	
\$ 10000-\$ 20000	9141.	-1427682.	133.	419977.	218703.	-46441793.	7808.	5714553.	999.	-134443.	
\$ 20000-\$ 30000	0.	0.	0.	0.	63415.	-11838525.	37542.	6878486.	8520.	-791030.	
\$ 30000-\$ 40000	134.	-381534.	0.	0.	8732.	-2669864.	27848.	9269858.	16391.	3389010.	
\$ 40000-\$ 50000	0.	0.	0.	0.	1071.	-216278.	12049.	5692643.	7496.	2351060.	
\$ 50000-\$ 100000	0.	0.	0.	0.	265.	-712488.	8551.	7944036.	8139.	6405318.	
\$ 100000-\$*****	0.	0.	0.	0.	12.	-13186.	418.	1520470.	406.	1251248.	
<b>TOTALS</b>	<b>83130.</b>	<b>-4641211.</b>	<b>33412.</b>	<b>5483688.</b>	<b>551380.</b>	<b>-83146088.</b>	<b>137873.</b>	<b>45082308.</b>	<b>41953.</b>	<b>12471164.</b>	
RETURNS FOR BOTH TYPES DEDUCTION											
\$*****-\$ 0	11.	-2672.	1337.	2312230.	22.	-3482.	1338.	2312276.	24211.	2202660.	
\$ 0-\$ 5000	32318.	-497537.	39339.	6340791.	98848.	-2920983.	43998.	7025806.	22328.	2531241.	
\$ 5000-\$ 10000	45133.	-2552539.	29951.	7769084.	191235.	-20511444.	49200.	12874618.	56997.	4281272.	
\$ 10000-\$ 20000	13745.	-1931443.	7273.	4349100.	345595.	-64592444.	39571.	16294365.	64024.	-4408581.	
\$ 20000-\$ 30000	799.	-126012.	998.	9813063.	212579.	-42752515.	77281.	25615717.	19100.	-1524376.	
\$ 30000-\$ 40000	134.	-381534.	0.	0.	113739.	-24609934.	90535.	21283193.	16391.	3389010.	
\$ 40000-\$ 50000	0.	0.	0.	0.	37094.	-8075232.	66439.	17594153.	7496.	2351060.	
\$ 50000-\$ 100000	0.	0.	215.	770121.	17606.	-5352545.	67977.	36150138.	8139.	6405318.	
\$ 100000-\$*****	23.	-692643.	22.	2186340.	1556.	-6737927.	13398.	38392566.	419.	1224380.	
<b>TOTALS</b>	<b>92162.</b>	<b>-6184430.</b>	<b>79134.</b>	<b>33540729.</b>	<b>1018273.</b>	<b>-176056506.</b>	<b>449736.</b>	<b>177542834.</b>	<b>219106.</b>	<b>16451985.</b>	

TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT	ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		MARRIED COMBINED	MARRIED SEPARATE	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.1	2.5	0.1	0.8	0.0	2.4	0.0	1.5	0.1	2.1	
\$ 0-\$ 5000	0.0	1.8	0.2	0.3	0.0	1.3	0.1	1.6	0.1	1.4	
\$ 5000-\$ 10000	0.3	2.1	0.2	1.0	2.5	1.6	1.3	2.1	0.8	1.8	
\$ 10000-\$ 20000	3.0	2.2	2.4	2.5	4.5	3.3	4.5	3.9	3.4	3.0	
\$ 20000-\$ 30000	5.8	5.7	5.3	4.9	6.8	5.7	6.9	6.5	5.7	5.4	
\$ 30000-\$ 40000	8.0	7.0	6.6	6.6	9.0	7.6	7.9	7.8	7.0	6.8	
\$ 40000-\$ 50000	8.8	8.0	7.4	7.7	9.0	8.1	8.1	8.3	7.6	7.7	
\$ 50000-\$ 100000	8.9	9.0	8.4	9.0	9.6	9.9	9.0	9.8	8.5	9.1	
\$ 100000-\$*****	9.3	10.7	9.8	11.2	10.9	10.0	9.3	11.5	9.7	11.2	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		6.7	6.5	6.9	7.2	6.9	6.1	5.8	5.9	6.7	6.9

ORIGINAL INCOME CLASS	MARRIED JOINT	STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		MARRIED COMBINED	MARRIED SEPARATE	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0	0.0	1.8	
\$ 0-\$ 5000	0.0	0.3	0.0	0.7	0.6	0.4	0.5	0.5	0.3	0.5	
\$ 5000-\$ 10000	0.5	0.4	0.3	0.7	3.6	3.0	3.0	1.4	2.3	1.2	
\$ 10000-\$ 20000	4.1	2.9	4.0	2.6	7.1	4.8	6.6	5.2	6.0	4.5	
\$ 20000-\$ 30000	7.5	6.2	6.6	6.1	8.9	8.2	8.4	8.7	7.6	7.4	
\$ 30000-\$ 40000	5.0	4.5	7.5	8.0	10.1	10.1	9.2	10.5	7.6	8.2	
\$ 40000-\$ 50000	10.9	11.0	8.0	9.1	0.0	0.0	9.9	11.3	8.2	9.3	
\$ 50000-\$ 100000	11.2	11.8	9.0	10.6	11.7	12.5	10.0	12.3	9.3	10.9	
\$ 100000-\$*****	10.2	13.4	10.9	13.4	0.0	0.0	10.9	14.0	10.8	13.6	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		3.7	3.1	6.6	6.9	6.4	5.2	5.6	4.9	5.6	5.2

ORIGINAL INCOME CLASS	MARRIED JOINT	ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		MARRIED COMBINED	MARRIED SEPARATE	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.1	2.5	0.1	0.8	0.0	2.4	0.0	1.5	0.1	2.1	
\$ 0-\$ 5000	0.0	0.6	0.1	0.5	0.5	0.6	0.5	0.6	0.3	0.6	
\$ 5000-\$ 10000	0.5	1.0	0.2	0.9	3.4	2.7	2.6	1.6	1.8	1.4	
\$ 10000-\$ 20000	3.5	2.5	2.8	2.5	6.2	4.3	6.0	4.8	4.8	3.9	
\$ 20000-\$ 30000	6.2	5.8	5.6	5.2	8.0	7.1	7.7	7.6	6.4	6.1	
\$ 30000-\$ 40000	7.6	6.7	6.8	6.9	9.3	8.3	8.4	8.8	7.1	7.1	
\$ 40000-\$ 50000	9.0	8.2	7.5	7.9	9.0	8.1	8.4	8.7	7.7	7.9	
\$ 50000-\$ 100000	9.0	9.1	8.5	9.2	9.9	10.3	9.2	10.4	8.6	9.3	
\$ 100000-\$*****	9.4	10.8	9.9	11.3	10.9	10.0	9.5	11.7	9.8	11.2	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		5.9	5.6	6.9	7.2	6.7	5.6	5.7	5.3	6.4	6.4

RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	454.	70867.	1618980.	23.	4.( 4.)	1925124.	103329.
\$ 50 - \$ 100	334.	50356.	3712830.	74.	3.( 7.)	1606159.	90593.
\$ 100 - \$ 250	721.	101127.	16896697.	167.	6.( 13.)	3675562.	222259.
\$ 250 - \$ 500	666.	73058.	25787469.	353.	4.( 17.)	3183350.	207021.
\$ 500 - \$ 1000	608.	44651.	30267442.	678.	3.( 20.)	2167758.	144930.
\$ 1000 - \$xxxxxx	2445.	30534.	65718688.	2152.	2.( 21.)	2835859.	207475.
<b>TAXABLE INCREASE</b>	<b>5228.</b>	<b>370602.</b>	<b>144002105.</b>	<b>389.</b>	<b>21.( 21.)</b>	<b>15398813.</b>	<b>975657.</b>
<b>NO CHANGE</b>	<b>53.</b>	<b>2243.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 21.)</b>	<b>47022.</b>	<b>2970.</b>
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	1398.	202882.	-5046595.	-25.	12.( 33.)	2767462.	118142.
\$ 50 - \$ 100	1028.	156776.	-11600084.	-74.	9.( 42.)	2600629.	122320.
\$ 100 - \$ 250	2910.	478021.	-82932433.	-173.	27.( 69.)	8476119.	440091.
\$ 250 - \$ 500	932.	161417.	-55328415.	-343.	9.( 79.)	4288453.	255964.
\$ 500 - \$ 1000	139.	16126.	-10040982.	-623.	1.( 80.)	576362.	38908.
\$ 1000 - \$xxxxxx	291.	3050.	-11107997.	-3641.	0.( 80.)	313002.	27145.
<b>TAXABLE DECREASE</b>	<b>6693.</b>	<b>1018273.</b>	<b>-176056506.</b>	<b>-173.</b>	<b>58.( 58.)</b>	<b>19022026.</b>	<b>1002571.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-32054401.</b>	<b>-23.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	353.	37842.	782269.	21.	2.( 82.)	216821.	0.
\$ 50 - \$ 100	134.	11454.	815790.	71.	1.( 83.)	46596.	0.
\$ 100 - \$ 250	137.	13571.	2129001.	157.	1.( 83.)	62097.	0.
\$ 250 - \$ 500	75.	6998.	2482327.	355.	0.( 84.)	40221.	0.
\$ 500 - \$ 1000	45.	3908.	2787140.	713.	0.( 84.)	20732.	0.
\$ 1000 - \$xxxxxx	95.	5352.	24544202.	4577.	0.( 84.)	55976.	0.
<b>NON-TAXABLE INCR</b>	<b>839.</b>	<b>79134.</b>	<b>33540729.</b>	<b>424.</b>	<b>5.( 5.)</b>	<b>442442.</b>	<b>0.</b>
<b>NO CHANGE</b>	<b>7532.</b>	<b>273245.</b>	<b>0.</b>	<b>0.</b>	<b>16.(100.)</b>	<b>386088.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>1486328.</b>	<b>1.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	344.	42525.	1022191.	24.	2.( 2.)	1630253.	102362.
2 - 4	333.	39750.	2957423.	74.	2.( 5.)	1545636.	98632.
4 - 6	361.	40145.	5248341.	131.	2.( 7.)	1629920.	105537.
6 - 10	734.	71146.	15940298.	224.	4.( 11.)	3105521.	202053.
10 - 25	2050.	101389.	55804075.	550.	6.( 17.)	5298374.	358613.
25 - ***	1406.	75646.	63029777.	833.	4.( 21.)	2189109.	108459.
<b>TAXABLE INCREASE</b>	<b>5228.</b>	<b>370602.</b>	<b>144002105.</b>	<b>389.</b>	<b>21.( 21.)</b>	<b>15398813.</b>	<b>975657.</b>
<b>NO CHANGE</b>	<b>53.</b>	<b>2243.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 21.)</b>	<b>47022.</b>	<b>2970.</b>
<b>TAX DECREASE</b>							
0 - 5	769.	109404.	-5686609.	-52.	6.( 28.)	3753815.	232162.
5 - 10	650.	102481.	-14263955.	-139.	6.( 34.)	3089058.	192392.
10 - 15	586.	100665.	-19353327.	-192.	6.( 39.)	2611431.	155520.
15 - 20	478.	85445.	-19504548.	-228.	5.( 44.)	1984674.	112655.
20 - 25	428.	76066.	-18750144.	-246.	4.( 49.)	1576109.	83403.
25 - 30	323.	58619.	-14774251.	-252.	3.( 52.)	1080673.	54208.
30 - 40	591.	96541.	-24533657.	-254.	6.( 57.)	1524153.	71359.
40 - 50	502.	70616.	-17414379.	-247.	4.( 62.)	899799.	39017.
50 - 99	1668.	225795.	-35292400.	-156.	13.( 74.)	1859681.	55369.
99 - ***	703.	92640.	-6483237.	-70.	5.( 80.)	642622.	6485.
<b>TAXABLE DECREASE</b>	<b>6698.</b>	<b>1018273.</b>	<b>-176056506.</b>	<b>-173.</b>	<b>58.( 58.)</b>	<b>19022026.</b>	<b>1002571.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-32054401.</b>	<b>-23.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE</b>							
- NO CHANGE	7532.	273245.	0.	0.	16.( 95.)	386088.	0.
- TAX INCREASE	839.	79134.	33540729.	424.	5.(100.)	442442.	0.
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>1486328.</b>	<b>1.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

TABLE 1  
 MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3664	0	0.0
5000	4580	0	0.0
6000	5497	0	0.0
7000	6413	33	0.47
8000	7269	111	1.39
9000	8084	197	2.19
10000	8891	233	2.83
11000	9688	367	3.34
12000	10478	456	3.80
13000	11257	548	4.22
14000	12035	641	4.58
15000	12814	733	4.89
20000	16633	1237	6.18
25000	20314	1754	7.02
30000	23972	2264	7.61
35000	27694	2824	8.07
40000	31216	3359	8.40
50000	37823	4335	8.77
75000	52645	6221	9.09
100000	66474	9112	9.11

FEDERAL TAXABLE & MARRIAGE PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE		
		AFTER CREDIT	MGI TXBL INC			
4000	0	0	0.0	0	0.0	
5000	0	0	0.0	0	0.0	
6000	0	0	0.0	0	0.0	
7000	0	0	0.0	0	0.0	
8000	600	10	0.13	1.67	-33	
9000	1600	29	0.32	1.81	-101	-90.9
10000	2600	55	0.55	2.12	-168	-85.2
11000	3600	86	0.78	2.39	-228	-80.5
12000	4600	125	1.04	2.72	-281	-76.5
13000	5600	172	1.32	3.07	-331	-72.5
14000	6600	229	1.64	3.47	-376	-68.6
15000	7600	298	1.99	3.92	-412	-64.2
20000	12600	762	3.81	6.05	-435	-59.3
25000	17600	1342	5.37	7.63	-475	-38.4
30000	22600	1980	6.60	8.76	-412	-23.4
35000	27600	2630	7.51	9.53	-304	-13.3
40000	32600	3280	8.20	10.06	-194	-6.8
50000	42600	4580	9.16	10.75	-79	-2.3
75000	67600	7830	10.44	11.53	195	4.4
100000	92600	11080	11.08	11.97	1009	14.7
					1968	21.6

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE		
		AFTER CREDIT	MGI TXBL INC			
4000	0	0	0.0	0	0.0	
5000	0	0	0.0	0	0.0	
6000	0	0	0.0	0	0.0	
7000	0	0	0.0	0	0.0	
8000	600	10	0.13	1.67	-56	-84.8
9000	1600	29	0.32	1.81	-108	-78.8
10000	2600	55	0.55	2.12	-160	-74.4
11000	3600	86	0.78	2.39	-205	-70.4
12000	4600	125	1.04	2.72	-242	-65.9
13000	5600	172	1.32	3.07	-273	-61.3
14000	6600	229	1.64	3.47	-299	-56.6
15000	7600	298	1.99	3.92	-314	-51.3
20000	11800	676	3.38	5.73	-394	-36.8
25000	15750	1119	4.48	7.10	-429	-27.7
30000	19700	1604	5.35	8.14	-435	-21.3
35000	23650	2117	6.05	8.95	-398	-15.8
40000	27600	2630	6.57	9.53	-346	-11.6
50000	35500	3657	7.31	10.30	-242	-6.2
75000	55250	6225	8.30	11.27	110	1.8
100000	75000	8792	8.79	11.72	593	7.2

Table 2

MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX	TAX AS PERCENT OF	
		AFTER CREDIT	MGI	TAXABLE INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7262	0	0.0	0.0
9000	8099	31	0.34	0.3
10000	8910	89	0.89	1.0
11000	9709	151	1.37	1.5
12000	10504	217	1.81	2.0
13000	11283	288	2.22	2.5
14000	12065	361	2.53	2.9
15000	12845	432	2.83	3.3
20000	16680	816	4.08	4.8
25000	20394	1234	4.94	6.0
30000	23910	1657	5.52	6.9
35000	27297	2091	5.97	7.6
40000	30515	2519	6.30	8.2
50000	36824	3383	6.77	9.1
75000	51481	5501	7.33	10.6
100000	65116	7610	7.61	11.6

**FEDERAL TAXABLE & MARRIAGE PENALTY CREDIT - 1983**

TAX AS PERCENT OF					TAX CHANGE	
MGI	TAXABLE INCOME	TAX AFTER CREDIT	MGI	TXBL INC	AMOUNT	PERCENT
4000	0	0	0.0	0.0	0	0.0
5000	0	0	0.0	0.0	0	0.0
6000	0	0	0.0	0.0	0	0.0
7000	0	0	0.0	0.0	0	0.0
8000	600	0	0.0	0.0	0	0.0
9000	1600	0	0.0	0.0	-31	-100.00
10000	2600	17	0.17	0.65	-72	-80.90
11000	3600	20	0.18	0.56	-131	-86.75
12000	4600	59	0.49	1.23	-153	-72.81
13000	5600	106	0.82	1.89	-182	-63.19
14000	6600	129	0.92	1.95	-232	-64.27
15000	7600	198	1.32	2.61	-234	-54.17
20000	12600	620	3.10	4.92	-196	-24.02
25000	17600	1038	4.35	6.18	-146	-11.83
30000	22600	1652	5.51	7.31	-5	-0.30
35000	27600	2130	6.09	7.72	39	1.87
40000	32600	2682	6.70	8.23	163	6.47
50000	42600	3982	7.96	9.35	599	17.71
75000	67600	7232	9.64	10.70	1731	31.47
100000	92600	10482	10.48	11.32	2872	32.76

## DEDUCTIONS ARE 16 PERCENT OF INCOME

4000	3419	0	0.0	0.0	4000	0	0	0.0	0.0	0	0.0
5000	4274	0	0.0	0.0	5000	0	0	0.0	0.0	0	0.0
6000	5130	0	0.0	0.0	6000	0	0	0.0	0.0	0	0.0
7000	5985	0	0.0	0.0	7000	0	0	0.0	0.0	0	0.0
8000	6787	0	0.0	0.0	8000	600	0	0.0	0.0	0	0.0
9000	7532	0	0.0	0.0	9000	1600	0	0.0	0.0	0	0.0
10000	8269	24	0.24	0.29	10000	2600	17	0.17	0.65	-7	-29.17
11000	8994	74	0.67	0.82	11000	3600	20	0.18	0.56	-54	-72.97
12000	9714	132	1.10	1.36	12000	4600	59	0.49	1.23	-73	-55.30
13000	10419	138	1.45	1.80	13000	5600	106	0.82	1.89	-32	-43.62
14000	11124	244	1.74	2.19	14000	6600	129	0.92	1.95	-115	-47.13
15000	11828	306	2.04	2.59	15000	7600	198	1.32	2.61	-108	-35.29
20000	15414	644	3.22	4.18	20000	11800	534	2.67	4.53	-110	-17.08
25000	18963	1024	4.10	5.40	25000	15750	865	3.46	5.49	-159	-15.53
30000	22388	1427	4.76	6.37	30000	19700	1276	4.25	6.48	-151	-10.58
35000	25637	1831	5.23	7.13	35000	23650	1617	4.62	6.84	-214	-11.69
40000	28928	2239	5.60	7.74	40000	27600	2032	5.03	7.36	-207	-9.25
50000	34961	3054	6.11	8.74	50000	35500	3059	6.12	8.62	5	0.16
75000	48839	5019	6.69	10.28	75000	55250	5627	7.50	10.18	608	12.11
100000	61639	6954	6.95	11.28	100000	75000	8194	8.19	10.93	1240	17.83

TABLE 4

SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI			AFTER CREDIT	MGI			AMOUNT	PERCENT
4000	3594	47	1.17	1.31	4000	700	11	0.27	1.57	-36	-76.60
5000	4398	97	1.94	2.21	5000	1700	31	0.62	1.82	-66	-68.04
6000	5185	156	2.60	3.01	6000	2700	58	0.97	2.15	-98	-62.82
7000	5964	218	3.11	3.66	7000	3700	90	1.29	2.43	-128	-58.72
8000	6743	289	3.61	4.29	8000	4700	129	1.61	2.74	-160	-55.36
9000	7521	365	4.06	4.85	9000	5700	177	1.97	3.11	-188	-51.51
10000	8291	446	4.46	5.38	10000	6700	235	2.35	3.51	-211	-47.31
11000	9052	526	4.78	5.81	11000	7700	306	2.78	3.97	-220	-41.83
12000	9808	606	5.05	6.18	12000	8700	388	3.23	4.46	-218	-35.97
13000	10550	691	5.32	6.55	13000	9700	474	3.65	4.89	-217	-31.40
14000	11290	779	5.56	6.90	14000	10700	569	4.06	5.32	-210	-26.96
15000	12014	865	5.77	7.20	15000	11700	667	4.45	5.70	-198	-22.89
20000	15493	1313	6.56	8.47	20000	16700	1233	6.16	7.38	-80	-6.09
25000	18773	1758	7.03	9.36	25000	21700	1863	7.45	8.59	105	5.97
30000	21881	2208	7.36	10.09	30000	26700	2513	8.38	9.41	305	13.81
35000	25095	2674	7.64	10.66	35000	31700	3163	9.04	9.98	489	18.29
40000	28153	3117	7.79	11.07	40000	36700	3813	9.53	10.39	696	22.33
50000	33880	4000	8.00	11.81	50000	46700	5113	10.23	10.95	1113	27.82
75000	46925	6101	8.13	13.00	75000	71700	8363	11.15	11.66	2262	37.08
100000	59650	8208	8.21	13.76	100000	96700	11613	11.61	12.01	3405	41.48

## DEDUCTIONS ARE 16 PERCENT OF INCOME

4000	3342	33	0.82	0.99	4000	700	11	0.27	1.57	-22	-66.67
5000	4073	76	1.52	1.87	5000	1700	31	0.62	1.82	-45	-59.21
6000	4783	126	2.10	2.63	6000	2700	58	0.97	2.15	-68	-53.97
7000	5486	179	2.56	3.26	7000	3700	90	1.29	2.43	-89	-49.72
8000	6188	239	2.99	3.86	8000	4700	129	1.61	2.74	-110	-46.03
9000	6890	303	3.37	4.40	9000	5700	177	1.97	3.11	-126	-41.58
10000	7583	371	3.71	4.89	10000	6700	235	2.35	3.51	-136	-36.66
11000	8267	446	4.04	5.37	11000	7690	305	2.77	3.97	-139	-31.31
12000	8984	519	4.32	5.78	12000	8480	369	3.07	4.35	-150	-28.90
13000	9688	594	4.57	6.13	13000	9270	437	3.36	4.71	-157	-26.43
14000	10390	672	4.80	6.47	14000	10060	506	3.61	5.03	-166	-24.70
15000	11087	755	5.03	6.81	15000	10850	583	3.89	5.37	-172	-22.78
20000	14454	1175	5.88	8.13	20000	14800	1009	5.04	6.82	-166	-14.13
25000	17649	1599	6.40	9.06	25000	18750	1485	5.94	7.92	-114	-7.13
30000	20737	2043	6.81	9.85	30000	22700	1993	6.64	8.78	-50	-2.45
35000	23720	2474	7.07	10.43	35000	26650	2507	7.16	9.41	33	1.33
40000	26548	2884	7.21	10.86	40000	30600	3020	7.55	9.87	136	4.72
50000	31931	3697	7.39	11.58	50000	38500	4047	8.09	10.51	350	9.47
75000	44030	5622	7.50	12.77	75000	58250	6615	8.82	11.36	993	17.66
100000	55355	7497	7.50	13.54	100000	78000	9182	9.18	11.77	1685	22.48

## SCHEDULE 1. (A) SINGLE TAXPAYERS AND (B) MARRIED TAXPAYERS FILING SEPARATE RETURNS.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--		--OF EXCESS OVER--
\$ 0 - \$ 721,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 7198 - \$ 10076,- \$	392.91 PLUS 10.2 PCT - \$ 7198
\$ 721 - \$ 1442,- \$	11.54 PLUS 2.2 PCT - \$ 721	* \$ 10076 - \$ 12954,- \$ 686.47 PLUS 11.5 PCT - \$ 10076	
\$ 1442 - \$ 2831,- \$	27.40 PLUS 3.5 PCT - \$ 1442	* \$ 12954 - \$ 17992,- \$ 1017.44 PLUS 12.8 PCT - \$ 12954	
\$ 2831 - \$ 4320,- \$	77.77 PLUS 5.8 PCT - \$ 2831	* \$ 17992 - \$ 28786,- \$ 1662.30 PLUS 14.0 PCT - \$ 17992	
\$ 4320 - \$ 5759,- \$	161.23 PLUS 7.3 PCT - \$ 4320	* \$ 28786 - \$ 39580,- \$ 3173.46 PLUS 15.0 PCT - \$ 28786	
\$ 5759 - \$ 7198,- \$	266.23 PLUS 8.8 PCT - \$ 5759	* \$ 39580 - \$*****,- \$ 4792.56 PLUS 16.0 PCT - \$ 39580	

## SCHEDULE 2. (A) MARRIED TAXPAYERS FILING JOINT RETURNS AND (B) SURVIVING SPOUSES WITH DEPENDENT CHILDREN.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--		--OF EXCESS OVER--
\$ 0 - \$ 721,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 7198 - \$ 10076,- \$	392.91 PLUS 10.2 PCT - \$ 7198
\$ 721 - \$ 1442,- \$	11.54 PLUS 2.2 PCT - \$ 721	* \$ 10076 - \$ 12954,- \$ 686.47 PLUS 11.5 PCT - \$ 10076	
\$ 1442 - \$ 2831,- \$	27.40 PLUS 3.5 PCT - \$ 1442	* \$ 12954 - \$ 17992,- \$ 1017.44 PLUS 12.8 PCT - \$ 12954	
\$ 2831 - \$ 4320,- \$	77.77 PLUS 5.8 PCT - \$ 2831	* \$ 17992 - \$ 28786,- \$ 1662.30 PLUS 14.0 PCT - \$ 17992	
\$ 4320 - \$ 5759,- \$	161.23 PLUS 7.3 PCT - \$ 4320	* \$ 28786 - \$ 39580,- \$ 3173.46 PLUS 15.0 PCT - \$ 28786	
\$ 5759 - \$ 7198,- \$	266.23 PLUS 8.8 PCT - \$ 5759	* \$ 39580 - \$*****,- \$ 4792.56 PLUS 16.0 PCT - \$ 39580	

## SCHEDULE 3. TAXPAYERS WHO QUALIFY AS HEADS OF HOUSEHOLDS

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--		--OF EXCESS OVER--
\$ 0 - \$ 721,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 7198 - \$ 10076,- \$	392.91 PLUS 10.2 PCT - \$ 7198
\$ 721 - \$ 1442,- \$	11.54 PLUS 2.2 PCT - \$ 721	* \$ 10076 - \$ 12954,- \$ 686.47 PLUS 11.5 PCT - \$ 10076	
\$ 1442 - \$ 2831,- \$	27.40 PLUS 3.5 PCT - \$ 1442	* \$ 12954 - \$ 17992,- \$ 1017.44 PLUS 12.8 PCT - \$ 12954	
\$ 2831 - \$ 4320,- \$	77.77 PLUS 5.8 PCT - \$ 2831	* \$ 17992 - \$ 28786,- \$ 1662.30 PLUS 14.0 PCT - \$ 17992	
\$ 4320 - \$ 5759,- \$	161.23 PLUS 7.3 PCT - \$ 4320	* \$ 28786 - \$ 39580,- \$ 3173.46 PLUS 15.0 PCT - \$ 28786	
\$ 5759 - \$ 7198,- \$	266.23 PLUS 8.8 PCT - \$ 5759	* \$ 39580 - \$*****,- \$ 4792.56 PLUS 16.0 PCT - \$ 39580	

## SCHEDULE 1. (A) SINGLE TAXPAYERS AND (B) MARRIED TAXPAYERS FILING SEPARATE RETURNS.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--	* *	--OF EXCESS OVER--
\$ 0 - \$ 1000,- \$	0.0 PLUS	1.6 PCT - \$ 0	* \$ 8000 - \$ 10000,- \$ 328.00 PLUS
\$ 1000 - \$ 2000,- \$	16.00 PLUS	2.2 PCT - \$ 1000	* \$ 10000 - \$ 12000,- \$ 500.00 PLUS
\$ 2000 - \$ 3000,- \$	33.00 PLUS	2.8 PCT - \$ 2000	* \$ 12000 - \$ 14000,- \$ 696.00 PLUS
\$ 3000 - \$ 4000,- \$	66.00 PLUS	3.4 PCT - \$ 3000	* \$ 14000 - \$ 16000,- \$ 916.00 PLUS
\$ 4000 - \$ 5000,- \$	100.00 PLUS	4.2 PCT - \$ 4000	* \$ 16000 - \$ 18000,- \$ 1148.00 PLUS
\$ 5000 - \$ 6000,- \$	142.00 PLUS	5.0 PCT - \$ 5000	* \$ 18000 - \$ 20000,- \$ 1390.00 PLUS
\$ 6000 - \$ 7000,- \$	192.00 PLUS	6.2 PCT - \$ 6000	* \$ 20000 - \$ *****,- \$ 1642.00 PLUS
\$ 7000 - \$ 8000,- \$	254.00 PLUS	7.4 PCT - \$ 7000	* \$ 8000 - \$ 10000,- \$ 328.00 PLUS

## SCHEDULE 2. (A) MARRIED TAXPAYERS FILING JOINT RETURNS AND (B) SURVIVING SPOUSES WITH DEPENDENT CHILDREN.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--	* *	--OF EXCESS OVER--
\$ 0 - \$ 1000,- \$	0.0 PLUS	1.6 PCT - \$ 0	* \$ 8000 - \$ 10000,- \$ 328.00 PLUS
\$ 1000 - \$ 2000,- \$	16.00 PLUS	2.2 PCT - \$ 1000	* \$ 10000 - \$ 12000,- \$ 500.00 PLUS
\$ 2000 - \$ 3000,- \$	38.00 PLUS	2.8 PCT - \$ 2000	* \$ 12000 - \$ 14000,- \$ 696.00 PLUS
\$ 3000 - \$ 4000,- \$	66.00 PLUS	3.4 PCT - \$ 3000	* \$ 14000 - \$ 16000,- \$ 916.00 PLUS
\$ 4000 - \$ 5000,- \$	100.00 PLUS	4.2 PCT - \$ 4000	* \$ 16000 - \$ 18000,- \$ 1148.00 PLUS
\$ 5000 - \$ 6000,- \$	142.00 PLUS	5.0 PCT - \$ 5000	* \$ 18000 - \$ 20000,- \$ 1390.00 PLUS
\$ 6000 - \$ 7000,- \$	192.00 PLUS	6.2 PCT - \$ 6000	* \$ 20000 - \$ *****,- \$ 1642.00 PLUS
\$ 7000 - \$ 8000,- \$	254.00 PLUS	7.4 PCT - \$ 7000	* \$ 8000 - \$ 10000,- \$ 328.00 PLUS

## SCHEDULE 3. TAXPAYERS WHO QUALIFY AS HEADS OF HOUSEHOLDS

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--	* *	--OF EXCESS OVER--
\$ 0 - \$ 1000,- \$	0.0 PLUS	1.6 PCT - \$ 0	* \$ 8000 - \$ 10000,- \$ 328.00 PLUS
\$ 1000 - \$ 2000,- \$	16.00 PLUS	2.2 PCT - \$ 1000	* \$ 10000 - \$ 12000,- \$ 500.00 PLUS
\$ 2000 - \$ 3000,- \$	38.00 PLUS	2.8 PCT - \$ 2000	* \$ 12000 - \$ 14000,- \$ 696.00 PLUS
\$ 3000 - \$ 4000,- \$	66.00 PLUS	3.4 PCT - \$ 3000	* \$ 14000 - \$ 16000,- \$ 916.00 PLUS
\$ 4000 - \$ 5000,- \$	100.00 PLUS	4.2 PCT - \$ 4000	* \$ 16000 - \$ 18000,- \$ 1148.00 PLUS
\$ 5000 - \$ 6000,- \$	142.00 PLUS	5.0 PCT - \$ 5000	* \$ 18000 - \$ 20000,- \$ 1390.00 PLUS
\$ 6000 - \$ 7000,- \$	192.00 PLUS	6.2 PCT - \$ 6000	* \$ 20000 - \$ *****,- \$ 1642.00 PLUS
\$ 7000 - \$ 8000,- \$	254.00 PLUS	7.4 PCT - \$ 7000	* \$ 8000 - \$ 10000,- \$ 328.00 PLUS

APPENDIX L - Progressive Rates Applied to Federal Taxable Income Minus  
Federal Tax Liability - Joint Return Equalization Credit Allowed

This proposal results in substantially the same shift in tax burden as the similar proposal that did not provide for a federal tax deduction (see Appendix K ). However, the tax increases to upper bracket taxpayers, especially those with incomes in excess of \$100,000, are significantly less and taxpayers with incomes in the \$5,000 to \$20,000 range do not realize tax reductions as substantial as those under the other proposal.

Once again, burden shifts within specific classes of taxpayers, by income, are not significant.

SP:IA40



Proposal:

Progressive tax rates applied to federal taxable income minus federal tax.

Add: Municipal Bond Interest  
Federal Marriage Penalty

Subtract: U.S. Bond Interest  
Non-resident Earnings

Rate Schedule:

<u>Marriage Penalty Credit</u>		
<u>Spouse Income</u>		<u>Tax Credit</u>
\$ 0 - \$1,000		0
1,000 - 2,000		16
2,000 - 3,000		42
3,000 - 4,000		82
4,000 - 5,000		136
5,000 - 6,000		204
6,000 - 7,000		286
7,000 - 8,000		380
8,000 - 9,000		486
9,000 AND OVER		605

Budget Impact: \$.3 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
July 20, 1982

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FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALTY - 1983 DONE ON 07/19/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

PAGE 82

ALL TAXPAYERS

NUMBER OF RETURNS IN SAMPLE	ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$	0	4854.	25046.	2125005.	216.	15580587.	-458337.	86285.
\$ 0-\$	5000	605.	23643.	3040628.	36204.	14699913.	76699.	176390.
\$ 5000-\$	10000	617.	82443.	8161683.	377612.	-106554827.	619784.	5472282.
\$ 10000-\$	20000	928.	169336.	-3846472.	1685842.	-433280312.	2538054.	75755518.
\$ 20000-\$	30000	953.	190300.	-11318741.	3319787.	-660437855.	4781538.	232811096.
\$ 30000-\$	40000	974.	168230.	-6224750.	4102761.	-801591658.	5828638.	338595776.
\$ 40000-\$	50000	678.	90546.	8561183.	2785339.	-531325967.	4018235.	250276179.
\$ 50000-\$	100000	1181.	77114.	22327633.	3214734.	-588810537.	4906985.	344444682.
\$ 100000-\$*****	2711.	14580.	11199976.	1444957.	-281512531.	2585197.	204421028.	

<b>TOTALS</b>	13501.	846237.	34826195.	16968003.	-3373283188.	24896794.	1452039235.
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RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$	0	21.	232.	13680.	621.	-473406.	-833.	0.
\$ 0-\$	5000	3091.	316123.	2212533.	752574.	-580595776.	840738.	3865571.
\$ 5000-\$	10000	1460.	194478.	-13038743.	1201855.	-600350493.	1408405.	31114776.
\$ 10000-\$	20000	1282.	226512.	-35242671.	2650087.	-646865091.	3275793.	168390380.
\$ 20000-\$	30000	506.	100958.	-7045192.	1896365.	-303009452.	2435937.	155190700.
\$ 30000-\$	40000	207.	36530.	5608933.	951645.	-135512053.	1252935.	85234840.
\$ 40000-\$	50000	98.	13120.	5911543.	430346.	-55826807.	577943.	39704358.
\$ 50000-\$	100000	125.	8317.	6279002.	384818.	-52182947.	542840.	41748600.
\$ 100000-\$*****	59.	440.	811724.	40887.	-5678289.	65890.	5909388.	

<b>TOTALS</b>	6849.	897260.	-34489142.	8309196.	-2380994320.	10399593.	529158612.
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RETURNS FOR BOTH TYPES DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$	0	4875.	25278.	2138685.	837.	15107181.	-459219.	86285.
\$ 0-\$	5000	3696.	344766.	5253161.	788778.	-565895863.	917437.	4041961.
\$ 5000-\$	10000	2077.	276921.	-4877059.	1579467.	-707405326.	2028189.	36587053.
\$ 10000-\$	20000	2210.	395848.	-39089143.	4335928.	-1030145403.	5813847.	244145893.
\$ 20000-\$	30000	1459.	291257.	-18363933.	5216152.	-963497307.	7217474.	382001796.
\$ 30000-\$	40000	1181.	204810.	-615768.	5054406.	-937103711.	7081574.	421830616.
\$ 40000-\$	50000	776.	103566.	14772726.	3216234.	-587152774.	4596173.	289980537.
\$ 50000-\$	100000	1306.	85931.	29106685.	3599552.	-640993484.	5449825.	386193282.
\$ 100000-\$*****	2770.	15020.	12011700.	1485344.	-287190821.	2651087.	210330416.	

<b>TOTALS</b>	20350.	1743497.	337054.	25277199.	-5754277508.	35296392.	1981197848.
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**ALL TAXPAYERS**

ORIGINAL AGI CLASS	PRESENTLY TAXABLE RETURNS MADE NONTAXABLE		PRESENTLY NONTAXABLE RETURNS MADE TAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY				RETURNS WHICH CHANGED THEIR TYPE OF DEDUCTION		
	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	NUMBER OF RETURNS	AMOUNT OF TAX CHANGE	
<b>RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS</b>											
\$*****-\$ 0	0	11.	-2672.	1316.	2128508.	22.	-3503.	1316.	2128508.	24211.	2033502.
\$ 0-\$ 5000	5000	664.	-96817.	11261.	3161165.	2391.	-139975.	12201.	3180604.	22327.	2718004.
\$ 5000-\$ 10000	10000	3463.	-134703.	22962.	6749097.	28511.	-1925285.	35552.	10086969.	56997.	5052218.
\$ 10000-\$ 20000	20000	7942.	-1113485.	6205.	3999290.	123683.	-15467583.	33970.	11621112.	63025.	-2976488.
\$ 20000-\$ 30000	30000	1198.	-213613.	998.	8877722.	149763.	-29339977.	38340.	18021236.	10579.	-668492.
\$ 30000-\$ 40000	40000	0.	0.	0.	0.	103527.	-19903012.	64369.	13678261.	0.	0.
\$ 40000-\$ 50000	50000	0.	0.	0.	0.	31203.	-6159827.	59209.	15021009.	0.	0.
\$ 50000-\$ 100000	100000	0.	0.	215.	601252.	16573.	-4444464.	60379.	27272143.	0.	0.
\$ 100000-\$*****	23.	-692643.	22.	1874050.	2749.	-8504966.	11773.	19704942.	13.	-46542.	
<b>TOTALS</b>		<b>13302.</b>	<b>-2253933.</b>	<b>42979.</b>	<b>27391084.</b>	<b>458423.</b>	<b>-85888592.</b>	<b>317110.</b>	<b>120714788.</b>	<b>177153.</b>	<b>6112204.</b>
<b>RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION</b>											
\$*****-\$ 0	0	0.	0.	10.	13680.	0.	0.	10.	13680.	0.	0.
\$ 0-\$ 5000	5000	32450.	-411925.	26748.	4289960.	96723.	-2877019.	30201.	5089552.	1.	0.
\$ 5000-\$ 10000	10000	42334.	-2365431.	4923.	1717318.	162324.	-17528006.	11848.	4489263.	0.	0.
\$ 10000-\$ 20000	20000	10143.	-1797291.	133.	433438.	219104.	-41223289.	7408.	5980618.	999.	-134834.
\$ 20000-\$ 30000	30000	0.	0.	0.	0.	70402.	-12176460.	30157.	5131268.	8520.	-991545.
\$ 30000-\$ 40000	40000	134.	-381534.	0.	0.	8398.	-2623680.	28183.	8232663.	16391.	2353317.
\$ 40000-\$ 50000	50000	0.	0.	0.	0.	1071.	-165657.	12049.	6077200.	7496.	2622519.
\$ 50000-\$ 100000	100000	0.	0.	0.	0.	346.	-703911.	8470.	6982913.	8139.	5473937.
\$ 100000-\$*****	0.	0.	0.	0.	0.	57.	-30421.	373.	842145.	406.	654275.
<b>TOTALS</b>		<b>85061.</b>	<b>-4956180.</b>	<b>31815.</b>	<b>6454396.</b>	<b>558424.</b>	<b>-77328444.</b>	<b>128700.</b>	<b>42839303.</b>	<b>41953.</b>	<b>9977669.</b>
<b>RETURNS FOR BOTH TYPES DEDUCTION</b>											
\$*****-\$ 0	0	11.	-2672.	1327.	2142188.	22.	-3503.	1327.	2142188.	24211.	2033502.
\$ 0-\$ 5000	5000	33115.	-508742.	38010.	7451125.	99114.	-3016994.	42403.	8270156.	22328.	2718004.
\$ 5000-\$ 10000	10000	45798.	-2500134.	27835.	8466415.	190835.	-19453291.	47400.	14576232.	56997.	5052218.
\$ 10000-\$ 20000	20000	18085.	-2910776.	6338.	4432728.	342787.	-56690873.	41378.	17601730.	64024.	-3111321.
\$ 20000-\$ 30000	30000	1198.	-213613.	998.	8877722.	220165.	-41516437.	68497.	23152504.	19100.	-1660037.
\$ 30000-\$ 40000	40000	134.	-381534.	0.	0.	111925.	-22526692.	92552.	21910924.	16391.	2353317.
\$ 40000-\$ 50000	50000	0.	0.	0.	0.	32275.	-6325484.	71258.	21098210.	7496.	2622519.
\$ 50000-\$ 100000	100000	0.	0.	215.	601252.	16919.	-5148376.	68849.	34255060.	8139.	5473937.
\$ 100000-\$*****	23.	-692643.	22.	1874050.	2806.	-8535388.	12146.	20547087.	419.	607733.	
<b>TOTALS</b>		<b>98363.</b>	<b>-7210113.</b>	<b>74794.</b>	<b>33845480.</b>	<b>1016847.</b>	<b>-163217036.</b>	<b>445809.</b>	<b>163554090.</b>	<b>219106.</b>	<b>16089873.</b>

TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT	ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.1	2.3	0.1	0.8	0.0	2.9	0.0	1.4	0.1	2.0	
\$ 0-\$ 5000	0.0	1.9	0.2	0.4	0.0	1.8	0.1	1.7	0.1	1.5	
\$ 5000-\$ 10000	0.3	2.2	0.2	1.1	2.5	2.0	1.3	2.4	0.8	2.0	
\$ 10000-\$ 20000	3.0	2.5	2.4	2.6	4.5	3.8	4.5	4.1	3.4	3.2	
\$ 20000-\$ 30000	5.8	5.8	5.3	5.0	6.8	6.1	6.9	6.4	5.7	5.5	
\$ 30000-\$ 40000	8.0	7.2	6.6	6.8	9.0	8.1	7.9	7.4	7.0	6.9	
\$ 40000-\$ 50000	8.8	8.3	7.4	7.8	9.0	8.5	8.1	7.8	7.6	7.9	
\$ 50000-\$ 100000	8.9	9.0	8.4	9.1	9.6	10.2	9.0	9.0	8.5	9.1	
\$ 100000-\$*****	9.3	9.9	9.8	10.4	10.9	9.3	9.3	10.0	9.7	10.3	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		6.7	6.6	6.9	7.2	6.9	6.4	5.8	5.7	6.7	6.9

ORIGINAL INCOME CLASS	MARRIED JOINT	STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.0	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0	1.9	
\$ 0-\$ 5000	0.0	0.4	0.0	0.9	0.6	0.4	0.5	0.6	0.3	0.6	
\$ 5000-\$ 10000	0.5	0.5	0.3	0.7	3.6	3.6	3.0	1.6	2.3	1.3	
\$ 10000-\$ 20000	4.1	3.1	4.0	2.6	7.1	5.5	6.6	5.4	6.0	4.7	
\$ 20000-\$ 30000	7.5	6.4	6.6	6.1	8.9	8.9	8.4	8.4	7.6	7.3	
\$ 30000-\$ 40000	5.0	4.3	7.5	8.2	10.1	10.9	9.2	9.9	7.6	8.1	
\$ 40000-\$ 50000	10.9	11.3	8.0	9.3	0.0	0.0	9.9	10.6	8.2	9.4	
\$ 50000-\$ 100000	11.2	11.6	9.0	10.6	11.7	12.7	10.0	11.1	9.3	10.7	
\$ 100000-\$*****	10.2	11.9	10.9	12.5	0.0	0.0	10.9	12.1	10.8	12.3	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		3.7	3.2	6.6	7.0	6.4	5.9	5.6	4.9	5.6	5.3

ORIGINAL INCOME CLASS	MARRIED JOINT	ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.1	2.3	0.1	0.9	0.0	2.9	0.0	1.4	0.1	2.0	
\$ 0-\$ 5000	0.0	0.7	0.1	0.7	0.5	0.8	0.5	0.7	0.3	0.7	
\$ 5000-\$ 10000	0.5	1.1	0.2	1.0	3.4	3.3	2.6	1.8	1.8	1.5	
\$ 10000-\$ 20000	3.5	2.8	2.8	2.6	6.2	4.9	6.0	5.0	4.8	4.0	
\$ 20000-\$ 30000	6.2	5.9	5.6	5.2	8.0	7.7	7.7	7.4	6.4	6.1	
\$ 30000-\$ 40000	7.6	6.8	6.8	7.0	9.3	8.7	8.4	8.3	7.1	7.1	
\$ 40000-\$ 50000	9.0	8.5	7.5	8.0	9.0	8.5	8.4	8.3	7.7	8.1	
\$ 50000-\$ 100000	9.0	9.1	8.5	9.2	9.9	10.5	9.2	9.5	8.6	9.2	
\$ 100000-\$*****	9.4	9.9	9.9	10.4	10.9	9.3	9.5	10.2	9.8	10.3	
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	
		5.9	5.7	6.9	7.2	6.7	6.1	5.7	5.2	6.4	6.4

RETURNS FOR ALL AGI CLASSES

RETURNS FOR BOTH TYPES DEDUCTION

ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI. (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
0 - 2	411.	40190.	1137639.	28.	2.( 2.)	1569265.	103983.
2 - 4	500.	41071.	3501421.	85.	2.( 5.)	1753741.	115248.
4 - 6	571.	46282.	6619984.	143.	3.( 7.)	2011006.	132351.
6 - 10	1128.	71864.	18095463.	252.	4.( 11.)	3417822.	227193.
10 - 25	1678.	96919.	45217923.	467.	6.( 17.)	4782544.	305515.
25 - ***	718.	74689.	55136180.	738.	4.( 21.)	1785312.	79102.
<b>TAXABLE INCREASE</b>	<b>5006.</b>	<b>371015.</b>	<b>129708610.</b>	<b>350.</b>	<b>21.( 21.)</b>	<b>15320189.</b>	<b>963392.</b>
<b>NO CHANGE</b>	<b>60.</b>	<b>3255.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 21.)</b>	<b>66470.</b>	<b>3908.</b>
<b>TAX DECREASE</b>							
0 - 5	876.	109124.	-5934668.	-54.	6.( 28.)	3830142.	245600.
5 - 10	804.	123718.	-16395957.	-133.	7.( 35.)	3579952.	220783.
10 - 15	726.	125071.	-21817014.	-174.	7.( 42.)	3005765.	176784.
15 - 20	530.	92019.	-19319051.	-210.	5.( 47.)	2043524.	111748.
20 - 25	392.	67510.	-15650543.	-232.	4.( 51.)	1332357.	79713.
25 - 30	343.	58223.	-15218214.	-227.	3.( 54.)	993521.	47929.
30 - 40	550.	82153.	-19004546.	-231.	5.( 59.)	1211493.	54934.
40 - 50	457.	60103.	-14153143.	-235.	3.( 63.)	763826.	31897.
50 - 99	1495.	200345.	-30131495.	-150.	11.( 74.)	1598233.	45805.
99 - ***	740.	98576.	-7592405.	-77.	6.( 80.)	721879.	7594.
<b>TAXABLE DECREASE</b>	<b>6913.</b>	<b>1016847.</b>	<b>-163217036.</b>	<b>-161.</b>	<b>58.( 58.)</b>	<b>19081202.</b>	<b>1013897.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-33508426.</b>	<b>-24.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE</b>							
<b>NO CHANGE</b>	<b>7564.</b>	<b>277585.</b>	<b>0.</b>	<b>0.</b>	<b>16.( 96.)</b>	<b>422397.</b>	<b>0.</b>
<b>TAX INCREASE</b>	<b>807.</b>	<b>74794.</b>	<b>33845480.</b>	<b>453.</b>	<b>4.(100.)</b>	<b>406134.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>337054.</b>	<b>0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

671-1

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	RETURNS IN SAMPLE	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	444.	68683.	1648130.	24.	4.( 4.)	1787017.	94190.
\$ 50 - \$ 100	345.	52083.	3873542.	74.	3.( 7.)	1712808.	97957.
\$ 100 - \$ 250	764.	98493.	16454730.	167.	6.( 13.)	3751182.	231986.
\$ 250 - \$ 500	792.	76274.	27132057.	353.	4.( 17.)	3475990.	226906.
\$ 500 - \$ 1000	837.	49142.	33955361.	691.	3.( 20.)	2561127.	170011.
\$ 1000 - \$*****	1824.	25740.	46638789.	1812.	1.( 21.)	2032066.	142341.
<b>TAXABLE INCREASE</b>	<b>5006.</b>	<b>371015.</b>	<b>129708610.</b>	<b>350.</b>	<b>21.( 21.)</b>	<b>15320189.</b>	<b>963392.</b>
<b>NO CHANGE</b>	<b>60.</b>	<b>3255.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 21.)</b>	<b>66470.</b>	<b>3908.</b>
<b>TAX DECREASE</b>							
\$ 0 - \$ 50	1400.	197387.	-4961074.	-25.	11.( 33.)	2675494.	117457.
\$ 50 - \$ 100	1123.	172494.	-12833790.	-74.	10.( 43.)	2922909.	142742.
\$ 100 - \$ 250	3027.	493359.	-80430242.	-161.	29.( 71.)	9078577.	479624.
\$ 250 - \$ 500	789.	132556.	-44216241.	-334.	8.( 79.)	3525202.	208534.
\$ 500 - \$ 1000	131.	12657.	-8123645.	-642.	1.( 80.)	466593.	30390.
\$ 1000 - \$*****	443.	3395.	-12652044.	-3727.	0.( 80.)	412524.	35150.
<b>TAXABLE DECREASE</b>	<b>6913.</b>	<b>1016847.</b>	<b>-163217036.</b>	<b>-161.</b>	<b>58.( 58.)</b>	<b>19081202.</b>	<b>1013897.</b>
<b>TAXABLE SUBTOTAL</b>	<b>11979.</b>	<b>1391118.</b>	<b>-33508426.</b>	<b>-24.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981198.</b>
<b>PRESENTLY NON-TAXABLE TAX INCREASE</b>							
\$ 0 - \$ 50	319.	33848.	667544.	20.	2.( 82.)	189383.	0.
\$ 50 - \$ 100	106.	8739.	631499.	72.	1.( 82.)	36732.	0.
\$ 100 - \$ 250	138.	13058.	2103964.	162.	1.( 83.)	54937.	0.
\$ 250 - \$ 500	85.	8018.	2342086.	355.	0.( 83.)	41122.	0.
\$ 500 - \$ 1000	60.	4944.	3432502.	704.	0.( 84.)	22964.	0.
\$ 1000 - \$*****	99.	6187.	24105685.	3896.	0.( 84.)	60497.	0.
<b>NON-TAXABLE INCR</b>	<b>807.</b>	<b>74794.</b>	<b>33845480.</b>	<b>453.</b>	<b>4.( 4.)</b>	<b>406134.</b>	<b>0.</b>
<b>NO CHANGE</b>	<b>7564.</b>	<b>277585.</b>	<b>0.</b>	<b>0.</b>	<b>16.(100.)</b>	<b>422397.</b>	<b>0.</b>
<b>TOTALS</b>	<b>20350.</b>	<b>1743497.</b>	<b>337054.</b>	<b>0.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981198.</b>

TABLE 1

 MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9688	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2284	7.61	9.53
35000	27694	2824	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

## FEDERAL TAXABLE - FED TAX &amp; PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	AMOUNT	TAX CHANGE PERCENT
		AFTER CREDIT	MGI			
4000	0	0	0.0	0.0	0	0.0
5000	0	0	0.0	0.0	0	0.0
6000	0	0	0.0	0.0	0	0.0
7000	0	0	0.0	0.0	0	0.0
8000	6773	66	0.82	0.97	534	0.11
9000	7516	137	1.52	1.82	9000	0.30
10000	8249	215	2.15	2.61	1424	0.54
11000	8972	291	2.65	3.24	2304	0.83
12000	9687	367	3.06	3.79	3174	1.15
13000	10389	445	3.42	4.28	4036	1.51
14000	11092	528	3.77	4.76	4886	1.89
15000	11794	612	4.08	5.19	5736	2.27
20000	15361	1070	5.35	6.97	6586	3.68
25000	18288	1548	6.19	8.20	20000	7.36
30000	22282	2039	6.80	9.15	10090	11.77
35000	25558	2515	7.19	9.84	25000	13.305
40000	28744	2976	7.44	10.35	30000	16.389
50000	34694	3899	7.80	11.24	40000	22.236
75000	48331	6115	8.15	12.64	50000	27.531
100000	60967	8199	8.20	13.45	75000	39.776
				100000	50890	8640
						1605
						17.61

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	AMOUNT	TAX CHANGE PERCENT
		AFTER CREDIT	MGI			
4000	3420	0	0.0	0.0	0	0.0
5000	4275	0	0.0	0.0	0	0.0
6000	5130	0	0.0	0.0	0	0.0
7000	5935	0	0.0	0.0	0	0.0
8000	6773	66	0.82	0.97	8000	0.11
9000	7516	137	1.52	1.82	9000	0.30
10000	8249	215	2.15	2.61	10000	0.54
11000	8972	291	2.65	3.24	11000	0.83
12000	9687	367	3.06	3.79	12000	1.15
13000	10389	445	3.42	4.28	13000	1.51
14000	11092	528	3.77	4.76	14000	1.89
15000	11794	612	4.08	5.19	15000	2.27
20000	15361	1070	5.35	6.97	20000	3.68
25000	18288	1548	6.19	8.20	25000	7.36
30000	22282	2039	6.80	9.15	30000	11.77
35000	25558	2515	7.19	9.84	40000	13.305
40000	28744	2976	7.44	10.35	50000	16.389
50000	34694	3899	7.80	11.24	60000	22.236
75000	48331	6115	8.15	12.64	80000	27.531
100000	60967	8199	8.20	13.45	100000	39.776
						441
						5.38

## MARRIED SEPARATE 70-30 2 DEPENDENTS

DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		TAX AFTER CREDIT	MGI	
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	288	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23910	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

## FEDERAL TAXABLE -FED TAX &amp; PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		TAX AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	0	0	0.0	0.0	0	0.0
5000	0	0	0.0	0.0	0	0.0
6000	0	0	0.0	0.0	0	0.0
7000	0	0	0.0	0.0	0	0.0
8000	0	0	0.0	0.0	0	0.0
9000	0	0	0.0	0.0	0	0.0
10000	0	0	0.0	0.0	-31	-100.00
11000	0	0	0.0	0.0	-77	-86.52
12000	0	0	0.0	0.0	-142	-94.04
13000	0	0	0.0	0.0	-160	-73.73
14000	0	0	0.0	0.0	-174	-60.42
15000	0	0	0.0	0.0	-233	-64.54
20000	0	0	0.0	0.0	-227	-52.55
25000	0	0	0.0	0.0	-214	-17.34
30000	0	0	0.0	0.0	-105	-6.34
35000	0	0	0.0	0.0	23	1.10
40000	0	0	0.0	0.0	259	10.28
50000	0	0	0.0	0.0	715	21.14
75000	0	0	0.0	0.0	1655	30.09
100000	0	0	0.0	0.0	2502	32.88

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		TAX AFTER CREDIT	MGI	
4000	3419	0	0.0	0.0
5000	4274	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5985	0	0.0	0.0
8000	6787	0	0.0	0.0
9000	7532	0	0.0	0.0
10000	8269	24	0.24	0.29
11000	8994	74	0.67	0.82
12000	9714	132	1.10	1.36
13000	10419	188	1.45	1.80
14000	11124	244	1.74	2.19
15000	11828	306	2.04	2.59
20000	15414	644	3.22	4.18
25000	18963	1024	4.10	5.40
30000	22388	1427	4.76	6.37
35000	25697	1831	5.23	7.13
40000	28928	2239	5.60	7.74
50000	34951	3054	6.11	8.74
75000	48339	5019	6.69	10.28
100000	61639	6954	6.95	11.28

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	
		TAX AFTER CREDIT	MGI		AMOUNT
4000	0	0	0.0	0.0	0
5000	0	0	0.0	0.0	0
6000	0	0	0.0	0.0	0
7000	0	0	0.0	0.0	0
8000	0	0	0.0	0.0	0
9000	0	0	0.0	0.0	0
10000	0	0	0.0	0.0	-12
11000	0	0	0.0	0.0	-65
12000	0	0	0.0	0.0	-75
13000	0	0	0.0	0.0	-74
14000	0	0	0.0	0.0	-116
15000	0	0	0.0	0.0	-101
20000	0	0	0.0	0.0	-112
25000	0	0	0.0	0.0	-112
30000	0	0	0.0	0.0	-227
35000	0	0	0.0	0.0	-253
40000	0	0	0.0	0.0	-258
50000	0	0	0.0	0.0	-125
75000	0	0	0.0	0.0	101
100000	0	0	0.0	0.0	673
					1081
					15.55

TABLE 4

SINGLE FILER

0 DEPENDENTS

DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF	
			MGI	TXBL IHC
4000	3594	47	1.17	1.31
5000	4398	97	1.94	2.21
6000	5185	156	2.60	3.01
7000	5964	218	3.11	3.66
8000	6743	289	3.61	4.29
9000	7521	365	4.06	4.85
10000	8291	446	4.46	5.33
11000	9052	526	4.73	5.81
12000	9803	605	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.55	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1750	7.03	9.36
30000	21881	2208	7.36	10.09
35000	25095	2574	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33380	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

## FEDERAL TAXABLE - FED TAX &amp; PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE AMOUNT	TAX CHANGE PERCENT
			MGI	TXBL IHC		
4000	623	10	0.25	1.61	-37	-78.72
5000	1501	29	0.58	1.93	-68	-70.10
6000	2359	56	0.93	2.37	-100	-64.10
7000	3209	93	1.33	2.90	-125	-57.34
8000	4059	140	1.75	3.45	-149	-51.56
9000	4909	198	2.20	4.03	-167	-45.75
10000	5749	265	2.65	4.61	-181	-40.58
11000	6579	340	3.09	5.17	-186	-35.36
12000	7405	423	3.52	5.71	-183	-30.20
13000	8215	512	3.94	6.23	-179	-25.90
14000	9023	608	4.34	6.74	-171	-21.95
15000	9813	702	4.68	7.15	-163	-18.84
20000	13611	1222	6.11	8.98	-91	-6.93
25000	17191	1796	7.18	10.45	38	2.16
30000	20583	2405	8.02	11.68	197	8.92
35000	25783	3013	8.61	12.67	339	12.68
40000	40000	26787	3601	9.00	484	15.53
50000	50000	32412	4751	9.50	751	18.77
75000	75000	45227	7442	9.92	1341	21.98
100000	100000	57727	10144	10.14	1936	23.59

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE AMOUNT	TAX CHANGE PERCENT
			MGI	TXBL IHC		
4000	623	10	0.25	1.61	-23	-69.70
5000	1501	29	0.58	1.93	-47	-61.84
6000	2359	56	0.93	2.37	-70	-55.56
7000	3209	93	1.33	2.90	-86	-43.04
8000	4059	140	1.75	3.45	-99	-41.42
9000	4909	198	2.20	4.03	-105	-34.65
10000	5749	265	2.65	4.61	-106	-23.57
11000	6571	340	3.09	5.17	-104	-23.42
12000	7226	404	3.37	5.59	-115	-22.16
13000	7857	472	3.63	6.00	-122	-20.54
14000	8507	546	3.90	6.42	-126	-18.75
15000	9141	622	4.15	6.80	-133	-17.62
20000	12199	1017	5.08	8.34	-158	-13.45
25000	15087	1450	5.80	9.61	-149	-9.32
30000	17871	1912	6.37	10.70	-131	-6.41
35000	20551	2399	6.85	11.67	-75	-3.03
40000	23079	2879	7.20	12.47	-5	-0.17
50000	27867	3817	7.63	13.70	120	3.25
75000	38502	6029	8.04	15.66	407	7.24
100000	48377	8103	8.10	16.75	606	8.03

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## SCHEDULE 1. (A) SINGLE TAXPAYERS AND (B) MARRIED TAXPAYERS FILING SEPARATE RETURNS.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER--- --OF EXCESS OVER--	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER--- --OF EXCESS OVER--
\$ 0 - \$ 1000,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 10000 - \$ 12000,- \$ 724.00 PLUS 13.2 PCT - \$ 10000	*
\$ 1000 - \$ 2000,- \$	16.00 PLUS 2.6 PCT - \$ 1000	* \$ 12000 - \$ 14000,- \$ 988.00 PLUS 14.5 PCT - \$ 12000	*
\$ 2000 - \$ 3000,- \$	42.00 PLUS 4.0 PCT - \$ 2000	* \$ 14000 - \$ 16000,- \$ 1278.00 PLUS 15.8 PCT - \$ 14000	*
\$ 3000 - \$ 4000,- \$	82.00 PLUS 5.4 PCT - \$ 3000	* \$ 16000 - \$ 18000,- \$ 1594.00 PLUS 17.0 PCT - \$ 16000	*
\$ 4000 - \$ 5000,- \$	136.00 PLUS 6.8 PCT - \$ 4000	* \$ 18000 - \$ 20000,- \$ 1934.00 PLUS 18.0 PCT - \$ 18000	*
\$ 5000 - \$ 6000,- \$	204.00 PLUS 8.2 PCT - \$ 5000	* \$ 20000 - \$ 25000,- \$ 2294.00 PLUS 19.0 PCT - \$ 20000	*
\$ 6000 - \$ 7000,- \$	286.00 PLUS 9.4 PCT - \$ 6000	* \$ 25000 - \$ 30000,- \$ 3244.00 PLUS 20.0 PCT - \$ 25000	*
\$ 7000 - \$ 8000,- \$	380.00 PLUS 10.6 PCT - \$ 7000	* \$ 30000 - \$ 50000,- \$ 4244.00 PLUS 21.0 PCT - \$ 30000	*
\$ 8000 - \$ 10000,- \$	486.00 PLUS 11.9 PCT - \$ 8000	* \$ 50000 - \$*****,- \$ 8444.00 PLUS 22.0 PCT - \$ 50000	*

## SCHEDULE 2. (A) MARRIED TAXPAYERS FILING JOINT RETURNS AND (B) SURVIVING SPOUSES WITH DEPENDENT CHILDREN.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER--- --OF EXCESS OVER--	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER--- --OF EXCESS OVER--
\$ 0 - \$ 1000,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 10000 - \$ 12000,- \$ 724.00 PLUS 13.2 PCT - \$ 10000	*
\$ 1000 - \$ 2000,- \$	16.00 PLUS 2.6 PCT - \$ 1000	* \$ 12000 - \$ 14000,- \$ 988.00 PLUS 14.5 PCT - \$ 12000	*
\$ 2000 - \$ 3000,- \$	42.00 PLUS 4.0 PCT - \$ 2000	* \$ 14000 - \$ 16000,- \$ 1278.00 PLUS 15.8 PCT - \$ 14000	*
\$ 3000 - \$ 4000,- \$	82.00 PLUS 5.4 PCT - \$ 3000	* \$ 16000 - \$ 18000,- \$ 1594.00 PLUS 17.0 PCT - \$ 16000	*
\$ 4000 - \$ 5000,- \$	136.00 PLUS 6.8 PCT - \$ 4000	* \$ 18000 - \$ 20000,- \$ 1934.00 PLUS 18.0 PCT - \$ 18000	*
\$ 5000 - \$ 6000,- \$	204.00 PLUS 8.2 PCT - \$ 5000	* \$ 20000 - \$ 25000,- \$ 2294.00 PLUS 19.0 PCT - \$ 20000	*
\$ 6000 - \$ 7000,- \$	286.00 PLUS 9.4 PCT - \$ 6000	* \$ 25000 - \$ 30000,- \$ 3244.00 PLUS 20.0 PCT - \$ 25000	*
\$ 7000 - \$ 8000,- \$	380.00 PLUS 10.6 PCT - \$ 7000	* \$ 30000 - \$ 50000,- \$ 4244.00 PLUS 21.0 PCT - \$ 30000	*
\$ 8000 - \$ 10000,- \$	486.00 PLUS 11.9 PCT - \$ 8000	* \$ 50000 - \$*****,- \$ 8444.00 PLUS 22.0 PCT - \$ 50000	*

## SCHEDULE 3. TAXPAYERS WHO QUALIFY AS HEADS OF HOUSEHOLDS

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER--- --OF EXCESS OVER--	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER--- --OF EXCESS OVER--
\$ 0 - \$ 1000,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 10000 - \$ 12000,- \$ 724.00 PLUS 13.2 PCT - \$ 10000	*
\$ 1000 - \$ 2000,- \$	16.00 PLUS 2.6 PCT - \$ 1000	* \$ 12000 - \$ 14000,- \$ 988.00 PLUS 14.5 PCT - \$ 12000	*
\$ 2000 - \$ 3000,- \$	42.00 PLUS 4.0 PCT - \$ 2000	* \$ 14000 - \$ 16000,- \$ 1278.00 PLUS 15.8 PCT - \$ 14000	*
\$ 3000 - \$ 4000,- \$	82.00 PLUS 5.4 PCT - \$ 3000	* \$ 16000 - \$ 18000,- \$ 1594.00 PLUS 17.0 PCT - \$ 16000	*
\$ 4000 - \$ 5000,- \$	136.00 PLUS 6.8 PCT - \$ 4000	* \$ 18000 - \$ 20000,- \$ 1934.00 PLUS 18.0 PCT - \$ 18000	*
\$ 5000 - \$ 6000,- \$	204.00 PLUS 8.2 PCT - \$ 5000	* \$ 20000 - \$ 25000,- \$ 2294.00 PLUS 19.0 PCT - \$ 20000	*
\$ 6000 - \$ 7000,- \$	286.00 PLUS 9.4 PCT - \$ 6000	* \$ 25000 - \$ 30000,- \$ 3244.00 PLUS 20.0 PCT - \$ 25000	*
\$ 7000 - \$ 8000,- \$	380.00 PLUS 10.6 PCT - \$ 7000	* \$ 30000 - \$ 50000,- \$ 4244.00 PLUS 21.0 PCT - \$ 30000	*
\$ 8000 - \$ 10000,- \$	486.00 PLUS 11.9 PCT - \$ 8000	* \$ 50000 - \$*****,- \$ 8444.00 PLUS 22.0 PCT - \$ 50000	*

## SCHEDULE 1. (A) SINGLE TAXPAYERS AND (B) MARRIED TAXPAYERS FILING SEPARATE RETURNS.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--		--OF EXCESS OVER--
\$ 0 - \$ 721,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 7198 - \$ 10076,- \$	392.91 PLUS 10.2 PCT - \$ 7198
\$ 721 - \$ 1442,- \$	11.54 PLUS 2.2 PCT - \$ 721	* \$ 10076 - \$ 12954,- \$	686.47 PLUS 11.5 PCT - \$ 10076
\$ 1442 - \$ 2881,- \$	27.40 PLUS 3.5 PCT - \$ 1442	* \$ 12954 - \$ 17992,- \$	1017.44 PLUS 12.8 PCT - \$ 12954
\$ 2881 - \$ 4320,- \$	77.77 PLUS 5.8 PCT - \$ 2881	* \$ 17992 - \$ 28786,- \$	1662.30 PLUS 14.0 PCT - \$ 17992
\$ 4320 - \$ 5759,- \$	161.23 PLUS 7.3 PCT - \$ 4320	* \$ 28786 - \$ 39580,- \$	3173.46 PLUS 15.0 PCT - \$ 28786
\$ 5759 - \$ 7198,- \$	266.28 PLUS 8.8 PCT - \$ 5759	* \$ 39580 - \$*****,- \$	4792.56 PLUS 16.0 PCT - \$ 39580

## SCHEDULE 2. (A) MARRIED TAXPAYERS FILING JOINT RETURNS AND (B) SURVIVING SPOUSES WITH DEPENDENT CHILDREN.

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--		--OF EXCESS OVER--
\$ 0 - \$ 721,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 7198 - \$ 10076,- \$	392.91 PLUS 10.2 PCT - \$ 7198
\$ 721 - \$ 1442,- \$	11.54 PLUS 2.2 PCT - \$ 721	* \$ 10076 - \$ 12954,- \$	686.47 PLUS 11.5 PCT - \$ 10076
\$ 1442 - \$ 2881,- \$	27.40 PLUS 3.5 PCT - \$ 1442	* \$ 12954 - \$ 17992,- \$	1017.44 PLUS 12.8 PCT - \$ 12954
\$ 2881 - \$ 4320,- \$	77.77 PLUS 5.8 PCT - \$ 2881	* \$ 17992 - \$ 28786,- \$	1662.30 PLUS 14.0 PCT - \$ 17992
\$ 4320 - \$ 5759,- \$	161.23 PLUS 7.3 PCT - \$ 4320	* \$ 28786 - \$ 39580,- \$	3173.46 PLUS 15.0 PCT - \$ 28786
\$ 5759 - \$ 7198,- \$	266.28 PLUS 8.8 PCT - \$ 5759	* \$ 39580 - \$*****,- \$	4792.56 PLUS 16.0 PCT - \$ 39580

## SCHEDULE 3. TAXPAYERS WHO QUALIFY AS HEADS OF HOUSEHOLDS

* IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---	* * IF THE AMOUNT OF * TAXABLE INCOME IS * OVER- BUT NOT OVER-	THEN AS TAX BEFORE CREDIT ENTER---
	--OF EXCESS OVER--		--OF EXCESS OVER--
\$ 0 - \$ 721,- \$	0.0 PLUS 1.6 PCT - \$ 0	* \$ 7198 - \$ 10076,- \$	392.91 PLUS 10.2 PCT - \$ 7198
\$ 721 - \$ 1442,- \$	11.54 PLUS 2.2 PCT - \$ 721	* \$ 10076 - \$ 12954,- \$	686.47 PLUS 11.5 PCT - \$ 10076
\$ 1442 - \$ 2881,- \$	27.40 PLUS 3.5 PCT - \$ 1442	* \$ 12954 - \$ 17992,- \$	1017.44 PLUS 12.8 PCT - \$ 12954
\$ 2881 - \$ 4320,- \$	77.77 PLUS 5.8 PCT - \$ 2881	* \$ 17992 - \$ 28786,- \$	1662.30 PLUS 14.0 PCT - \$ 17992
\$ 4320 - \$ 5759,- \$	161.23 PLUS 7.3 PCT - \$ 4320	* \$ 28786 - \$ 39580,- \$	3173.46 PLUS 15.0 PCT - \$ 28786
\$ 5759 - \$ 7198,- \$	266.28 PLUS 8.8 PCT - \$ 5759	* \$ 39580 - \$*****,- \$	4792.56 PLUS 16.0 PCT - \$ 39580

APPENDIX M - Burden Shift Tables For Recommended Tax Structure.



Proposal:

Progressive Tax Rates applied to federal taxable income minus federal tax.

Add: Municipal Bond Interest  
Federal Marriage Penalty  
Federal Deduction for State Income Tax

Subtract: U.S. Bond Interest  
Non-resident Earnings  
State Tax Refund

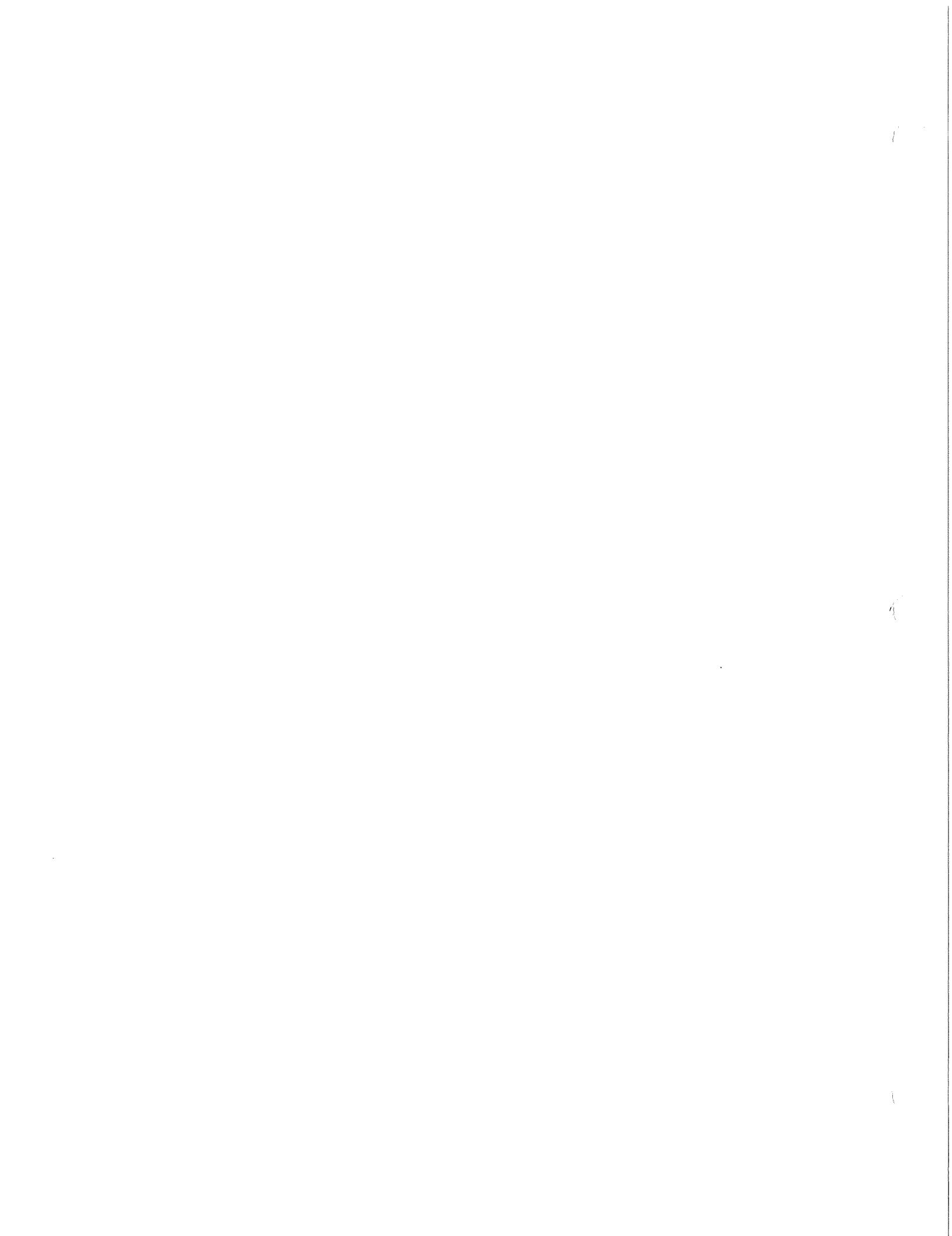
Tax Rate Schedule:

<u>Taxable Income</u>	<u>Tax Rate</u>
\$ 0 - \$ 1,000	1.0%
1,000 - 2,000	2.2
2,000 3,000	3.5
3,000 4,000	5.4
4,000 5,000	7.3
5,000 6,000	8.8
6,000 7,000	10.2
7,000 8,000	11.5
8,000 9,000	12.8
9,000 10,000	13.6
10,000 15,000	14.4
15,000 25,000	15.0
25,000 40,000	15.5
40,000 AND OVER	16.0

Budget Impact: -\$ .2 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
August 12, 1982



**MARRIAGE PENALTY CREDIT TABLE**

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**COMBINED TAXABLE INCOME**

FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALTY - 1983 DONE ON 08/12/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

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ALL TAXPAYERS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	25046.	1745169.	216.	15565460.	-458337.	86285.
\$ 0-\$ 5000	22633.	2821060.	36204.	13114098.	76699.	176390.
\$ 5000-\$ 10000	82443.	7923443.	377612.	-114648917.	619784.	5472282.
\$ 10000-\$ 20000	169335.	1695214.	1685842.	-454500172.	2538054.	75755518.
\$ 20000-\$ 30000	190300.	7273180.	3320164.	-536547756.	4781538.	232857624.
\$ 30000-\$ 40000	158230.	6155641.	4105134.	-607823451.	5828638.	338883605.
\$ 40000-\$ 50000	90546.	8621244.	2786529.	-350580660.	4018235.	250361946.
\$ 50000-\$ 100000	77114.	9289606.	3214984.	-322235757.	4906985.	344482224.
\$ 100000-\$*****	14530.	-9039393.	1444966.	-115336436.	2585197.	204422469.
<b>TOTALS</b>	<b>846227.</b>	<b>37086164.</b>	<b>16971652.</b>	<b>-2522993591.</b>	<b>24896794.</b>	<b>1452498344.</b>

RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	232.	14265.	621.	-473334.	-883.	0.
\$ 0-\$ 5000	315133.	1899087.	752594.	-580742161.	840738.	3865571.
\$ 5000-\$ 10000	194478.	-13916599.	1201906.	-601906963.	1408405.	31118903.
\$ 10000-\$ 20000	226512.	-28773219.	2650178.	-646702571.	3275793.	168401394.
\$ 20000-\$ 30000	100958.	-3761934.	1896502.	-298366385.	2435937.	155210269.
\$ 30000-\$ 40000	36520.	1390751.	952196.	-123159281.	1252935.	83307833.
\$ 40000-\$ 50000	13120.	2513723.	430619.	-41636774.	577943.	39740516.
\$ 50000-\$ 100000	8817.	3150599.	385021.	-28386982.	542840.	41776281.
\$ 100000-\$*****	440.	193904.	40887.	-1316912.	65890.	5909388.
<b>TOTALS</b>	<b>897270.</b>	<b>-37289423.</b>	<b>8310524.</b>	<b>-2322691363.</b>	<b>10399598.</b>	<b>529330155.</b>

RETURNS FOR BOTH TYPES DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	25278.	1759435.	837.	15092126.	-459219.	86285.
\$ 0-\$ 5000	344766.	4720148.	788798.	-567628063.	917437.	4041961.
\$ 5000-\$ 10000	276921.	-5993157.	1579518.	-716555880.	2028189.	36591185.
\$ 10000-\$ 20000	395848.	-27077004.	4336020.	-1101202743.	5313847.	244156912.
\$ 20000-\$ 30000	291257.	3511245.	5216667.	-884914141.	7217474.	388067894.
\$ 30000-\$ 40000	204310.	7546392.	5057331.	-730982732.	7081574.	422191438.
\$ 40000-\$ 50000	103666.	11134967.	3217148.	-392217434.	4596178.	290102463.
\$ 50000-\$ 100000	85931.	13040205.	3600004.	-350622739.	5449825.	386258505.
\$ 100000-\$*****	15020.	-8845483.	1485353.	-116653348.	2651087.	210331857.
<b>TOTALS</b>	<b>1743497.</b>	<b>-203259.</b>	<b>25282176.</b>	<b>-4845684953.</b>	<b>35296392.</b>	<b>1981828499.</b>

FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALTY - 1983 DONE ON 08/12/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

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MARRIED TAXPAYERS FILING JOINT RETURNS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS (THOUSANDS)
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ORIGINAL AGI CLASS

\$*****-\$ 0	15468.	1367437.	0.	11050112.	-328158.	77670.
\$ 0-\$ 5000	5365.	1066129.	3155.	8516750.	13750.	2666.
\$ 5000-\$ 10000	16318.	2491574.	65616.	-29067141.	123173.	545335.
\$ 10000-\$ 20000	31230.	-3121748.	294977.	-118901201.	469720.	12166252.
\$ 20000-\$ 30000	37540.	-701140.	636052.	-122757705.	924290.	48246452.
\$ 30000-\$ 40000	33107.	-7727740.	726153.	-160212739.	1125781.	74438029.
\$ 40000-\$ 50000	9633.	-2751911.	290373.	-50908853.	424620.	30642540.
\$ 50000-\$ 100000	11029.	-3828209.	447961.	-56747645.	706916.	53367121.
\$ 100000-\$*****	2294.	-2201795.	217013.	-18096319.	404040.	31461413.
<b>TOTALS</b>	<b>161989.</b>	<b>-15407403.</b>	<b>2741300.</b>	<b>-537124741.</b>	<b>3864330.</b>	<b>250947477.</b>

ORIGINAL AGI CLASS

\$*****-\$ 0	0.	0.	0.	0.	0.	0.
\$ 0-\$ 5000	35306.	1016875.	80306.	-56965630.	90656.	6507.
\$ 5000-\$ 10000	23910.	-203516.	149924.	-110865702.	171517.	1496469.
\$ 10000-\$ 20000	22553.	-3940577.	269489.	-103908159.	325622.	14021009.
\$ 20000-\$ 30000	14975.	-3373186.	292695.	-68999638.	365765.	24500793.
\$ 30000-\$ 40000	2402.	-1098037.	64785.	-15517545.	84549.	6613753.
\$ 40000-\$ 50000	535.	-143315.	19297.	-2690555.	25234.	2221080.
\$ 50000-\$ 100000	335.	-94030.	17707.	-1522704.	24839.	2318582.
\$ 100000-\$*****	37.	-37035.	4582.	-239315.	7784.	709026.
<b>TOTALS</b>	<b>100057.</b>	<b>-7872821.</b>	<b>898784.</b>	<b>-360709248.</b>	<b>1095765.</b>	<b>51887219.</b>

ORIGINAL AGI CLASS

\$*****-\$ 0	15468.	1367437.	0.	11050112.	-328158.	77670.
\$ 0-\$ 5000	40671.	2033005.	83461.	-48448880.	104405.	9173.
\$ 5000-\$ 10000	49227.	2283058.	215540.	-139932843.	294690.	2041803.
\$ 10000-\$ 20000	53789.	-7052324.	564466.	-222809360.	795342.	26187261.
\$ 20000-\$ 30000	52515.	-4074326.	928747.	-191757343.	1290055.	72747245.
\$ 30000-\$ 40000	35509.	-8325777.	850938.	-175730283.	1210129.	81051782.
\$ 40000-\$ 50000	19172.	-2595227.	309669.	-53599409.	450054.	32863620.
\$ 50000-\$ 100000	11363.	-3922240.	465668.	-58270350.	731755.	55685703.
\$ 100000-\$*****	2530.	-2233330.	221596.	-18335633.	411824.	32170440.
<b>TOTALS</b>	<b>262045.</b>	<b>-23280224.</b>	<b>3640084.</b>	<b>-897833989.</b>	<b>4960095.</b>	<b>302834696.</b>

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FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALTY - 1983 DONE ON 08/12/82  
 TABLE 3. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

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MARRIED TAXPAYERS FILING SEPARATELY ON THE COMBINED RETURN

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
RETURNS WITH ITEMIZED DEDUCTION					
ORIGINAL AGI CLASS					
\$*****-\$ 0	818.	61347.	216.	538123.	-20390. 4722.
\$ 0-\$ 5000	3005.	146604.	4895.	1255436.	6351. 91097.
\$ 5000-\$ 10000	20116.	2507762.	97163.	-38264486.	159542. 296940.
\$ 10000-\$ 20000	66086.	7935559.	685292.	-200332701.	1013551. 21797643.
\$ 20000-\$ 30000	103035.	8701125.	1948004.	-367364837.	2761690. 121971074.
\$ 30000-\$ 40000	116333.	14216136.	2943808.	-405958851.	4130355. 227002478.
\$ 40000-\$ 50000	76891.	11766205.	2387384.	-286934695.	3417854. 208003289.
\$ 50000-\$ 100000	61745.	14264922.	2594052.	-250751191.	3911217. 269938752.
\$ 100000-\$*****	11266.	-5845618.	1120062.	-90662221.	1974439. 156808262.
TOTALS	466295.	53804043.	11780877.	-1638475424.	17354609. 1005914257.

RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS					
\$*****-\$ 0	232.	14265.	621.	-473334.	-883. 0.
\$ 0-\$ 5000	8347.	583829.	22458.	-9819345.	25211. 0.
\$ 5000-\$ 10000	15450.	974728.	99662.	-69281774.	113929. 392907.
\$ 10000-\$ 20000	27436.	-2768850.	347819.	-130971929.	416656. 14366260.
\$ 20000-\$ 30000	32946.	-2236515.	653474.	-136700542.	815667. 44727461.
\$ 30000-\$ 40000	24322.	1799062.	644451.	-87890733.	834248. 51523305.
\$ 40000-\$ 50000	11916.	2611640.	390174.	-37419013.	523051. 35120689.
\$ 50000-\$ 100000	7206.	3033728.	312794.	-25322100.	436064. 32602197.
\$ 100000-\$*****	272.	237983.	25214.	-935159.	39525. 3515233.
TOTALS	128127.	4249871.	2496667.	-498813930.	3203467. 182248052.

RETURNS FOR BOTH TYPES DEDUCTION

ORIGINAL AGI CLASS					
\$*****-\$ 0	1050.	75612.	837.	64789.	-21272. 4722.
\$ 0-\$ 5000	11352.	730433.	27353.	-8563909.	31562. 91097.
\$ 5000-\$ 10000	35566.	3482490.	195826.	-107546261.	273471. 689846.
\$ 10000-\$ 20000	93522.	5216709.	1033111.	-331304631.	1430207. 36163903.
\$ 20000-\$ 30000	140980.	6464609.	2601479.	-504065378.	3577357. 166698535.
\$ 30000-\$ 40000	142654.	16015199.	3588259.	-493849583.	4964602. 278525783.
\$ 40000-\$ 50000	88807.	14377846.	2777558.	-324353709.	3940904. 243123978.
\$ 50000-\$ 100000	68951.	17298650.	2906847.	-276073291.	4347230. 302540949.
\$ 100000-\$*****	11538.	-5607634.	1145275.	-91597380.	2013964. 160323495.
TOTALS	594421.	58053913.	14277544.	-2137289353.	20558076. 1188162309.

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FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALY, - 1983 DONE ON 08/12/82  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

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MARRIED TAXPAYERS FILING SEPARATE RETURNS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
RETURNS WITH ITEMIZED DEDUCTION					
ORIGINAL AGI CLASS					
\$*****-\$ 0	155.	32402.	0.	412982.	-2764.
\$ 0-\$ 5000	860.	66795.	1025.	663580.	1823.
\$ 5000-\$ 10000	1065.	-56112.	5613.	-1946432.	8699.
\$ 10000-\$ 20000	2401.	-252626.	24676.	-7500276.	35287.
\$ 20000-\$ 30000	1597.	-80316.	24774.	-3743191.	36608.
\$ 30000-\$ 40000	533.	-138984.	13751.	-2823327.	18731.
\$ 40000-\$ 50000	268.	-142489.	7939.	-1284813.	11374.
\$ 50000-\$ 100000	255.	-7411.	10383.	-815090.	16928.
\$ 100000-\$*****	86.	-201560.	9307.	-1296984.	16626.
TOTALS	7222.	-780300.	97969.	-18333551.	143312.
					8496214.
ORIGINAL AGI CLASS					
\$*****-\$ 0	0.	0.	0.	0.	0.
\$ 0-\$ 5000	4309.	-34723.	11004.	-8729960.	12072.
\$ 5000-\$ 10000	4123.	8005.	27757.	-6859969.	31916.
\$ 10000-\$ 20000	4873.	-758239.	57874.	-13262646.	68734.
\$ 20000-\$ 30000	1996.	-8337.	37164.	-4585473.	46175.
\$ 30000-\$ 40000	200.	10175.	4895.	-459268.	6205.
\$ 40000-\$ 50000	0.	0.	0.	0.	502162.
\$ 50000-\$ 100000	41.	-6619.	2055.	-154563.	2840.
\$ 100000-\$*****	0.	0.	0.	0.	0.
TOTALS	15546.	-789739.	140749.	-34051878.	167942.
					9292594.
ORIGINAL AGI CLASS					
\$*****-\$ 0	155.	32402.	0.	412982.	-2764.
\$ 0-\$ 5000	5169.	32072.	12029.	-8066381.	13395.
\$ 5000-\$ 10000	5194.	-48107.	33369.	-8806401.	40615.
\$ 10000-\$ 20000	7274.	-1010865.	82550.	-20762922.	104021.
\$ 20000-\$ 30000	3593.	-88652.	61938.	-8328663.	82734.
\$ 30000-\$ 40000	732.	-128809.	18646.	-3282595.	24936.
\$ 40000-\$ 50000	268.	-142489.	7939.	-1284813.	11374.
\$ 50000-\$ 100000	296.	-14030.	12939.	-969653.	19769.
\$ 100000-\$*****	86.	-201560.	9307.	-1296984.	16626.
TOTALS	22768.	-1570038.	238718.	-52385429.	311254.
					17788308.

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FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALTY - 1983 DONE ON 08/12/82  
 TABLE 3. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

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SINGLE TAXPAYERS

ESTIMATED ACGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
---------------------------------------	-------------------------	---	-----------------------------	--------------------------------	-------------------------------

ORIGINAL AGI CLASS

\$*****-\$ 0	8604.	283983.	0.	3564244.	-107025.	3710.
\$ 0-\$ 5000	19403.	1541533.	27129.	2678333.	54775.	82097.
\$ 5000-\$ 10000	44943.	2930219.	209221.	-45370858.	328371.	4453140.
\$ 10000-\$ 20000	69618.	-2914972.	680896.	-127765994.	1019496.	40466402.
\$ 20000-\$ 30000	43122.	-646489.	711334.	-92682023.	1053949.	60612767.
\$ 30000-\$ 40000	13257.	-193772.	361421.	-38628534.	553772.	36073627.
\$ 40000-\$ 50000	5749.	-250561.	100833.	-11452299.	164188.	10879932.
\$ 50000-\$ 100000	4036.	-539696.	162087.	-13921831.	271924.	19834552.
\$ 100000-\$*****	934.	-790420.	93584.	-5280912.	190092.	14734170.
<b>TOTALS</b>	<b>210722.</b>	<b>-530176.</b>	<b>2351505.</b>	<b>-329059875.</b>	<b>3534542.</b>	<b>187140396.</b>

ORIGINAL AGI CLASS

\$*****-\$ 0	0.	0.	0.	0.	0.	0.
\$ 0-\$ 5000	263172.	333106.	638827.	-505227226.	712800.	3776731.
\$ 5000-\$ 10000	150990.	-14695817.	924563.	-414899517.	1091043.	28136079.
\$ 10000-\$ 20000	171645.	-21305553.	1974996.	-398559836.	2464780.	136034221.
\$ 20000-\$ 30000	51041.	1856104.	913169.	-88080732.	1203329.	82613673.
\$ 30000-\$ 40000	9657.	679551.	238066.	-19291736.	328135.	24668613.
\$ 40000-\$ 50000	670.	45398.	21149.	-1527205.	29658.	2398746.
\$ 50000-\$ 100000	1235.	217521.	52664.	-1387615.	79097.	6589098.
\$ 100000-\$*****	131.	-7044.	11091.	-142439.	18581.	1685129.
<b>TOTALS</b>	<b>653540.</b>	<b>-32876734.</b>	<b>4774325.</b>	<b>-1429116307.</b>	<b>5932424.</b>	<b>285902290.</b>

ORIGINAL AGI CLASS

\$*****-\$ 0	8604.	283983.	0.	3564244.	-107025.	3710.
\$ 0-\$ 5000	287574.	1374638.	665956.	-502548893.	767575.	3858828.
\$ 5000-\$ 10000	195933.	-11715598.	1133783.	-460270375.	1419414.	32589219.
\$ 10000-\$ 20000	261263.	-24220525.	2655893.	-526325830.	3484277.	176500623.
\$ 20000-\$ 30000	94169.	1209614.	1624504.	-180762756.	2267278.	143226440.
\$ 30000-\$ 40000	25914.	485779.	599487.	-58120271.	881907.	60742240.
\$ 40000-\$ 50000	4419.	-205163.	121982.	-12979504.	193846.	13278678.
\$ 50000-\$ 100000	5320.	-322175.	214551.	-15309446.	351021.	26423649.
\$ 100000-\$*****	1065.	-797464.	109675.	-5423351.	208673.	16419298.
<b>TOTALS</b>	<b>864262.</b>	<b>-33406910.</b>	<b>7125830.</b>	<b>-1758176181.</b>	<b>9466966.</b>	<b>473042685.</b>

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TAX RATE COMPUTED ON  
 FEDERAL ADJUSTED GROSS INCOME  
 UNDER PLAN X

ORIGINAL INCOME CLASS	MARRIED JOINT	ITEMIZED DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.1	1.8	0.1	0.8	0.0	2.9	0.0	1.2	0.1	1.6	
\$ 0-\$ 5000	0.0	1.7	0.2	0.6	0.0	1.5	0.1	1.6	0.1	1.4	
\$ 5000-\$ 10000	0.3	1.9	0.2	1.5	2.5	1.7	1.3	2.2	0.8	2.0	
\$ 10000-\$ 20000	3.0	2.2	2.4	3.2	4.5	3.7	4.5	4.2	3.4	3.4	
\$ 20000-\$ 30000	5.8	5.7	5.3	5.6	6.8	6.6	6.9	6.8	5.7	5.9	
\$ 30000-\$ 40000	8.0	7.2	6.7	7.1	9.0	8.1	7.9	7.8	7.0	7.2	
\$ 40000-\$ 50000	8.8	8.0	7.4	7.8	9.0	7.5	8.1	7.9	7.6	7.9	
\$ 50000-\$ 100000	8.9	8.3	8.4	8.3	9.6	9.6	9.0	8.7	8.5	8.7	
\$ 100000-\$*****	9.3	8.7	9.8	9.5	10.9	9.4	9.3	8.8	9.7	9.3	
	-----	6.7	6.3	6.9	7.3	6.9	6.3	5.8	5.8	6.7	6.9

ORIGINAL INCOME CLASS	MARRIED JOINT	STANDARD DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	2.0	
\$ 0-\$ 5000	0.0	0.4	0.0	1.0	0.6	0.4	0.5	0.5	0.3	0.5	
\$ 5000-\$ 10000	0.5	0.5	0.3	1.1	3.6	3.6	3.0	1.4	2.3	1.2	
\$ 10000-\$ 20000	4.1	3.0	4.0	3.2	7.1	5.7	6.6	5.6	6.0	5.0	
\$ 20000-\$ 30000	7.5	6.4	6.6	6.3	8.9	8.9	8.4	8.6	7.6	7.5	
\$ 30000-\$ 40000	5.0	4.2	7.5	7.7	10.1	10.3	9.2	9.5	7.6	7.7	
\$ 40000-\$ 50000	10.9	10.2	8.0	8.6	0.0	0.0	9.9	10.1	8.2	8.7	
\$ 50000-\$ 100000	11.2	10.8	9.0	9.9	11.7	11.4	10.0	10.4	9.3	10.0	
\$ 100000-\$*****	10.2	9.6	10.9	11.7	0.0	0.0	10.9	10.9	10.8	11.2	
	-----	3.7	3.1	6.6	6.8	6.4	5.9	5.6	5.0	5.6	5.2

ORIGINAL INCOME CLASS	MARRIED JOINT	ALL DEDUCTIONS				SINGLE FILERS		ALL FILERS			
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW		
\$*****-\$ 0	0.1	1.8	0.1	0.9	0.0	2.9	0.0	1.2	0.1	1.6	
\$ 0-\$ 5000	0.0	0.6	0.1	0.8	0.5	0.7	0.5	0.7	0.3	0.7	
\$ 5000-\$ 10000	0.5	1.0	0.2	1.4	3.4	3.3	2.6	1.6	1.8	1.5	
\$ 10000-\$ 20000	3.5	2.6	2.8	3.2	6.2	5.0	6.0	5.2	4.8	4.3	
\$ 20000-\$ 30000	6.2	5.9	5.6	5.8	8.0	7.9	7.7	7.8	6.4	6.4	
\$ 30000-\$ 40000	7.6	6.8	6.8	7.2	9.3	8.6	8.4	8.4	7.1	7.3	
\$ 40000-\$ 50000	9.0	8.2	7.5	7.9	9.0	7.5	8.4	8.2	7.7	8.0	
\$ 50000-\$ 100000	9.0	8.4	8.5	8.9	9.9	9.8	9.2	9.1	8.6	8.9	
\$ 100000-\$*****	9.4	8.7	9.9	9.5	10.9	9.4	9.5	9.0	9.8	9.3	
	-----	5.9	5.4	6.9	7.2	6.7	6.1	5.7	5.3	6.4	6.4

FEDERAL TAXABLE MINUS FED TAX WITH MARRIAGE PENALTY - 1983 DONE ON 08/12/82  
 TABLE 1. EFFECTS OF PROPOSED TAX LAW CHANGE BY PERCENT CHANGE IN TAX LIABILITY

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PERCENT CHANGE IN TAX LIABILITY	RETURNS FOR ALL AGI CLASSES					
	RETURNS FOR BOTH TYPES DEDUCTION					
	ALL FILERS					
PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)	
PRESENTLY TAXABLE TAX INCREASE						
0 - 2	55161.	1386760.	25.	3.( 3.)	2127429.	138892.
2 - 4	66577.	4799193.	72.	4.( 7.)	2429210.	160506.
4 - 6	48342.	5906597.	122.	3.( 10.)	1867459.	119343.
6 - 10	47518.	9621838.	202.	3.( 12.)	2034509.	125736.
10 - 25	72944.	27931105.	333.	4.( 17.)	2862257.	169934.
25 - ***	117093.	71407399.	610.	7.( 23.)	2827784.	113570.
TAXABLE INCREASE	437634.	121052891.	297.	23.( 23.)	14148650.	827981.
NO CHANGE	3971.	0.	0.	0.( 24.)	65743.	4263.
TAX DECREASE						D-165
0 - 5	160456.	-10873740.	-68.	9.( 33.)	6296701.	425201.
5 - 10	136547.	-20255154.	-148.	8.( 41.)	4301919.	278589.
10 - 15	83059.	-16698286.	-190.	5.( 46.)	2304129.	136955.
15 - 20	64929.	-13949255.	-215.	4.( 49.)	1454350.	80282.
20 - 25	56763.	-12149373.	-222.	3.( 53.)	1068609.	54384.
25 - 30	51734.	-12012381.	-232.	3.( 56.)	874695.	43914.
30 - 40	70092.	-16916044.	-241.	4.( 60.)	1085750.	49153.
40 - 50	55544.	-13356420.	-240.	3.( 63.)	709767.	30171.
50 - 99	207041.	-30337490.	-147.	12.( 75.)	1574454.	45193.
99 - ***	99363.	-5725326.	-63.	5.( 80.)	583097.	5727.
TAXABLE DECREASE	979513.	-152273469.	-155.	56.( 56.)	20253469.	1149585.
TAXABLE SUBTOTAL	1391118.	-31220578.	-22.	80.( 80.)	34467862.	1981828.
PRESENTLY NON-TAXABLE						
- NO CHANGE	265152.	0.	0.	15.( 95.)	297696.	0.
- TAX INCREASE	87227.	31017319.	356.	5.(100.)	530834.	0.
TOTALS	1743497.	-203259.	-0.	100.(100.)	35296392.	1981828.

TABLE 1

MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	33	0.47	0.51
8000	7269	111	1.39	1.53
9000	8084	197	2.19	2.44
10000	8891	283	2.83	3.18
11000	9638	367	3.34	3.79
12000	10478	456	3.80	4.35
13000	11257	548	4.22	4.87
14000	12035	641	4.58	5.33
15000	12814	733	4.89	5.72
20000	16633	1237	6.18	7.44
25000	20314	1754	7.02	8.63
30000	23972	2234	7.61	9.53
35000	27694	2824	8.07	10.20
40000	31216	3359	8.40	10.76
50000	37823	4385	8.77	11.59
75000	52645	6821	9.09	12.96
100000	66474	9112	9.11	13.71

## FEDERAL TAXABLE -FED TAX &amp; PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	0	0	0.0	0.0	0 0.0
5000	0	0	0.0	0.0	0 0.0
6000	0	0	0.0	0.0	0 0.0
7000	0	0	0.0	0.0	0 0.0
8000	534	5	0.06	0.94	-33 -100.00
9000	1424	19	0.21	1.33	-106 -95.50
10000	2304	43	0.43	1.87	-178 -90.36
11000	3174	76	0.69	2.39	-240 -84.81
12000	4036	124	1.03	3.07	-291 -79.29
13000	4886	186	1.43	3.81	-332 -72.81
14000	5736	259	1.85	4.52	-362 -66.06
15000	6586	342	2.28	5.19	-382 -59.59
20000	10754	872	4.36	8.11	-391 -53.34
25000	14772	1450	5.80	9.82	-365 -29.51
30000	18580	2020	6.73	10.87	-264 -17.33
35000	22236	2568	7.34	11.55	-256 -11.56
40000	25696	3091	7.73	12.03	-268 -9.07
50000	32136	4097	8.19	12.73	-288 -7.98
75000	46746	6387	8.52	13.66	-434 -6.57
100000	60330	8561	8.56	14.19	-551 -6.36

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3420	0	0.0	0.0
5000	4275	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5985	0	0.0	0.0
8000	6773	66	0.82	0.97
9000	7516	137	1.52	1.82
10000	8249	215	2.15	2.61
11000	8972	291	2.65	3.24
12000	9687	367	3.06	3.79
13000	10389	445	3.42	4.28
14000	11092	528	3.77	4.76
15000	11794	612	4.08	5.19
20000	15361	1070	5.35	6.97
25000	18888	1548	6.19	8.20
30000	22282	2039	6.80	9.15
35000	25558	2515	7.19	9.84
40000	28744	2976	7.44	10.35
50000	34694	3899	7.80	11.24
75000	48381	6115	8.15	12.64
100000	60967	8199	8.20	13.45
		100000	50890	7050

TABLE 1  
 MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 20 PERCENT OF AGI

**TAX STRUCTURE AFTER 1981 SESSION - 1983**

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI INC
4000	3257	0	0.0
5000	4071	0	0.0
6000	4886	0	0.0
7000	5700	0	0.0
8000	6443	36	0.45
9000	7150	100	1.11
10000	7842	172	1.72
11000	8524	244	2.22
12000	9198	315	2.63
13000	9860	385	2.96
14000	10537	462	3.30
15000	11236	546	3.64
20000	14685	980	4.90
25000	18064	1428	5.71
30000	21342	1903	6.34
35000	24504	2361	6.75
40000	27533	2807	7.02
50000	33371	3693	7.39
75000	46549	5812	7.75
100000	58687	7822	7.82

**FEDERAL TAXABLE -FED TAX & PENALTY CREDIT - 1983**

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI INC		
4000	3257	0	0.0	0	0.0
5000	4071	0	0.0	0	0.0
6000	4886	0	0.0	0	0.0
7000	5700	0	0.0	0	0.0
8000	6443	534	0.56	-31	-86.11
9000	7150	9000	1.40	-81	-81.00
10000	7842	1424	1.72	-129	-75.00
11000	8524	2304	2.22	-168	-68.85
12000	9198	3174	2.86	-191	-60.63
13000	9860	4036	3.42	-199	-51.69
14000	10537	4836	3.90	-211	-45.67
15000	11236	5651	4.38	-235	-43.04
20000	14685	6288	4.86	-295	-30.10
25000	18064	9426	6.67	D-167	
30000	21342	12495	7.91	-306	-21.43
35000	24504	15465	8.92	-350	-18.39
40000	27533	18321	10.18	-380	-16.09
50000	33371	21096	10.18	-410	-14.61
75000	46549	26281	11.07	-511	-13.84
100000	58687	37976	12.49	-818	-14.07
		100000	13.33	-1130	-14.45
		48650	13.76		

**DEDUCTIONS ARE 25 PERCENT OF INCOME**

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI INC
4000	3053	0	0.0
5000	3817	0	0.0
6000	4530	0	0.0
7000	5344	0	0.0
8000	6340	0	0.0
9000	6692	57	0.63
10000	7333	119	1.19
11000	7964	185	1.68
12000	8618	254	2.12
13000	9274	323	2.48
14000	9931	393	2.81
15000	10538	463	3.12
20000	13240	868	4.34
25000	17034	1291	5.16
30000	20166	1733	5.78
35000	23164	2167	6.19
40000	26077	2529	6.47
50000	31676	3131	6.86
75000	44258	5132	7.24
100000	55837	7350	7.35

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI INC
4000	3053	0	0.0
5000	3817	0	0.0
6000	4530	0	0.0
7000	5344	0	0.0
8000	6340	0	0.0
9000	6692	534	0.85
10000	7333	9000	1.42
11000	7964	1424	1.72
12000	8618	2304	2.22
13000	9274	3174	2.86
14000	9931	4036	3.42
15000	10538	4836	3.90
20000	13240	5651	4.38
25000	17034	6288	4.86
30000	20166	9426	6.67
35000	23164	12495	7.91
40000	26077	15465	8.92
50000	31676	18321	10.18
75000	44258	21096	10.18
100000	55837	26281	11.07

TABLE 2

MARRIED SEPARATE 70-30 2 DEPENDENTS

DEDUCTIONS ARE 0 PERCENT OF AGI

## **TAX STRUCTURE AFTER 1981 SESSION - 1983**

		TAX	TAX AS PERCENT OF	
MGII	TAXABLE INCOME	AFTER CREDIT	MGII	TXBL INC
4000	3664	0	0.0	0.0
5000	4580	0	0.0	0.0
6000	5497	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7282	0	0.0	0.0
9000	8099	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9709	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11283	288	2.22	2.55
14000	12065	361	2.58	2.99
15000	12845	432	2.88	3.36
20000	16680	816	4.08	4.89
25000	20394	1234	4.94	6.05
30000	23910	1657	5.52	6.93
35000	27297	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36884	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

**FEDERAL TAXABLE -FED TAX & PENALTY CREDIT - 1983**

MGI	TAXABLE INCOME	TAX AFTER CREDIT	TAX AS PERCENT OF		TAX CHANGE	
			MGI	TXBL INC	AMOUNT	PERCENT
4000	0	0	0.0	0.0	0	0.0
5000	0	0	0.0	0.0	0	0.0
6000	0	0	0.0	0.0	0	0.0
7000	0	0	0.0	0.0	0	0.0
8000	548	5	0.06	0.91	5	*****
9000	1440	20	0.22	1.39	-11	-35.48
10000	2324	43	0.43	1.85	-46	-51.69
11000	3196	78	0.71	2.44	-73	-48.34
12000	4064	82	0.63	2.02	-135	-62.21
13000	4916	144	1.11	2.93	-144	-50.00
14000	5768	199	1.42	3.45	-162	-44.83
15000	6620	216	1.44	3.26	-216	-50.00
20000	10306	504	2.52	4.66	-312	-38.24
25000	14859	892	3.57	6.00	-342	-27.71
30000	18698	1367	4.56	7.31	-290	-17.50
35000	22394	1873	5.35	8.36	-218	-10.43
40000	25907	2387	5.97	9.21	-132	-5.24
50000	32459	3353	6.71	10.33	-30	-0.89
75000	47242	5741	7.65	12.15	240	4.36
100000	61050	8531	8.53	13.97	921	12.10

DEDUCTIONS ARE 16 PERCENT OF INCOME

4000	3419	0	0.0	0.0	4000	0	0	0.0	0.0	0	0.0
5000	4274	0	0.0	0.0	5000	0	0	0.0	0.0	0	0.0
6000	5130	0	0.0	0.0	6000	0	0	0.0	0.0	0	0.0
7000	5285	0	0.0	0.0	7000	0	0	0.0	0.0	0	0.0
8000	6787	0	0.0	0.0	8000	548	5	0.06	0.91	5	xxxxxx
9000	7532	0	0.0	0.0	9000	1440	20	0.22	1.39	20	xxxxxx
10000	8269	24	0.24	0.29	10000	2324	43	0.43	1.85	19	79.17
11000	8994	74	0.67	0.82	11000	3196	78	0.71	2.44	4	5.41
12000	9714	132	1.10	1.36	12000	4064	82	0.68	2.02	-50	-37.88
13000	10419	188	1.45	1.80	13000	4916	144	1.11	2.93	-44	-23.40
14000	11124	244	1.74	2.19	14000	5768	199	1.42	3.45	-45	-18.44
15000	11828	306	2.04	2.59	15000	6620	216	1.44	3.26	-90	-29.41
20000	15414	644	3.22	4.18	20000	10142	408	2.04	4.02	-236	-36.65
25000	18933	1024	4.10	5.40	25000	13378	720	2.88	5.33	-304	-29.69
30000	22383	1427	4.76	6.37	30000	16493	1072	3.57	6.50	-355	-24.88
35000	25697	1831	5.23	7.13	35000	19494	1464	4.18	7.51	-367	-20.04
40000	28928	2239	5.60	7.74	40000	22417	1877	4.69	8.37	-362	-16.17
50000	34961	3054	6.11	8.74	50000	27844	2665	5.33	9.57	-389	-12.74
75000	48839	5019	6.69	10.28	75000	40227	4618	6.16	11.48	-401	-7.99
100000	61639	6954	6.95	11.28	100000	51550	7011	7.01	13.60	57	0.82

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3256	0	0.0	0.0
5000	4070	0	0.0	0.0
6000	4885	0	0.0	0.0
7000	5699	0	0.0	0.0
8000	6461	0	0.0	0.0
9000	7165	0	0.0	0.0
10000	7862	0	0.0	0.0
11000	8546	41	0.37	0.48
12000	9226	89	0.74	0.96
13000	9890	140	1.08	1.42
14000	10569	193	1.33	1.83
15000	11271	219	1.66	2.21
20000	14737	571	2.85	3.87
25000	18138	927	3.70	5.09
30000	21448	1299	4.33	6.06
35000	24643	1690	4.83	6.86
40000	27743	2076	5.19	7.48
50000	33638	2633	5.72	8.50
75000	47007	4736	6.31	10.08
100000	59358	6595	6.59	11.11

FEDERAL TAXABLE -FED TAX & PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	0	0	0.0	0.0	0 0.0
5000	0	0	0.0	0.0	0 0.0
6000	0	0	0.0	0.0	0 0.0
7000	0	0	0.0	0.0	0 0.0
8000	548	5	0.06	0.91	5 *****
9000	1440	20	0.22	1.39	20 *****
10000	2324	43	0.43	1.85	43 *****
11000	3196	78	0.71	2.44	37 90.24
12000	4064	82	0.68	2.02	-7 -7.87
13000	4916	144	1.11	2.93	4 2.86
14000	5623	191	1.36	3.36	-2 -1.04
15000	6323	186	1.24	2.94	-63 -25.30
20000	9478	380	1.90	4.01	-191 -33.45
25000	12568	660	2.64	5.25	-264 -28.57
30000	30000	15569	968	3.23	-331 -25.48
35000	35000	18458	1331	3.80	-359 -21.24
40000	40000	21253	1708	4.27	-368 -17.73
50000	50000	26544	2474	4.95	-384 -13.44
75000	75000	38427	4338	5.78	-398 -8.40
100000	100000	49310	6653	6.65	58 0.88

DEDUCTIONS ARE 25 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3053	0	0.0	0.0
5000	3816	0	0.0	0.0
6000	4580	0	0.0	0.0
7000	5313	0	0.0	0.0
8000	6054	0	0.0	0.0
9000	6707	0	0.0	0.0
10000	7353	0	0.0	0.0
11000	7937	0	0.0	0.0
12000	8646	42	0.37	0.51
13000	9303	90	0.69	0.97
14000	9963	137	0.98	1.38
15000	10623	189	1.26	1.78
20000	13892	481	2.40	3.46
25000	17106	799	3.20	4.67
30000	20261	1154	3.85	5.70
35000	23287	1506	4.30	6.47
40000	26236	1874	4.63	7.14
50000	31905	2605	5.21	8.16
75000	44717	4403	5.87	9.85
100000	56503	6145	6.14	10.87

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	0	0	0.0	0.0
5000	0	0	0.0	0.0
6000	0	0	0.0	0.0
7000	0	0	0.0	0.0
8000	548	5	0.06	0.91
9000	1440	20	0.22	1.39
10000	2324	43	0.43	1.85
11000	3196	78	0.71	2.44
12000	3894	115	0.96	2.95
13000	4490	113	0.87	2.52
14000	5088	139	0.99	2.73
15000	5686	191	1.27	3.36
20000	8648	344	1.72	3.98
25000	11555	585	2.34	5.06
30000	14404	839	2.80	5.82
35000	17127	1166	3.33	6.81
40000	19773	1522	3.80	7.70
50000	24842	2228	4.46	8.97
75000	36177	3989	5.32	11.03
100000	46510	6205	6.20	13.34

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TABLE 4  
 SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		
		AFTER CREDIT	MGI	TXBL INC
4000	3594	47	1.17	1.31
5000	4398	97	1.94	2.21
6000	5185	156	2.60	3.01
7000	5964	213	3.11	3.66
8000	6743	289	3.61	4.29
9000	7521	365	4.06	4.85
10000	8291	446	4.46	5.38
11000	9052	526	4.73	5.81
12000	9808	606	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.56	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1758	7.03	9.36
30000	21881	2208	7.36	10.09
35000	25095	2674	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33830	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

FEDERAL TAXABLE -FED TAX & PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	623	6	0.15	0.96	-41
5000	1501	21	0.42	1.40	-76
6000	2359	45	0.75	1.91	-111
7000	3209	78	1.11	2.43	-140
8000	4059	125	1.56	3.08	-164
9000	4909	187	2.03	3.81	-178
10000	5749	260	2.60	4.52	-186
11000	6579	341	3.10	5.18	-185
12000	7405	431	3.59	5.82	-175
13000	8215	527	4.05	6.42	-164
14000	9023	630	4.50	6.98	-149
15000	9813	738	4.92	7.52	-127
20000	13611	1283	6.41	9.43	-30
25000	17191	1812	7.25	10.54	54
30000	20583	2320	7.73	11.27	112
35000	23783	2800	8.00	11.77	126
40000	26787	3260	8.15	12.17	143
50000	32412	4132	8.26	12.75	132
75000	45227	6144	8.19	13.58	43
100000	57727	8144	8.14	14.11	-64

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF			TAX CHANGE
		AFTER CREDIT	MGI	TXBL INC	
4000	623	6	0.15	0.96	-27
5000	1501	21	0.42	1.40	-55
6000	2359	45	0.75	1.91	-81
7000	3209	78	1.11	2.43	-101
8000	4059	125	1.56	3.08	-114
9000	4909	187	2.08	3.81	-116
10000	5749	260	2.60	4.52	-111
11000	6571	340	3.09	5.17	-104
12000	7226	410	3.42	5.67	-109
13000	7867	484	3.72	6.15	-110
14000	8507	564	4.03	6.63	-108
15000	9141	646	4.31	7.07	-109
20000	12199	1080	5.40	8.85	-95
25000	15087	1496	5.98	9.92	-103
30000	17871	1914	6.38	10.71	-129
35000	20551	2316	6.62	11.27	-158
40000	23079	2695	6.74	11.68	-189
50000	27867	3427	6.85	12.30	-270
75000	38502	5076	6.77	13.18	-546
100000	48377	6648	6.65	13.74	-849

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TABLE 4  
SINGLE FILER                    0 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3179	22	0.55	0.69
5000	3869	64	1.23	1.65
6000	4539	107	1.78	2.36
7000	5200	157	2.24	3.02
8000	5862	209	2.61	3.57
9000	6524	270	3.00	4.14
10000	7210	332	3.32	4.60
11000	7894	404	3.67	5.12
12000	8579	477	3.97	5.56
13000	9258	548	4.22	5.92
14000	9928	613	4.41	6.22
15000	10597	696	4.64	6.57
20000	13835	1093	5.46	7.90
25000	16916	1502	6.01	8.88
30000	19906	1921	6.40	9.65
35000	22757	2334	6.67	10.25
40000	25505	2733	6.83	10.72
50000	30709	3507	7.01	11.42
75000	42503	5368	7.16	12.63
100000	53319	7160	7.16	13.43

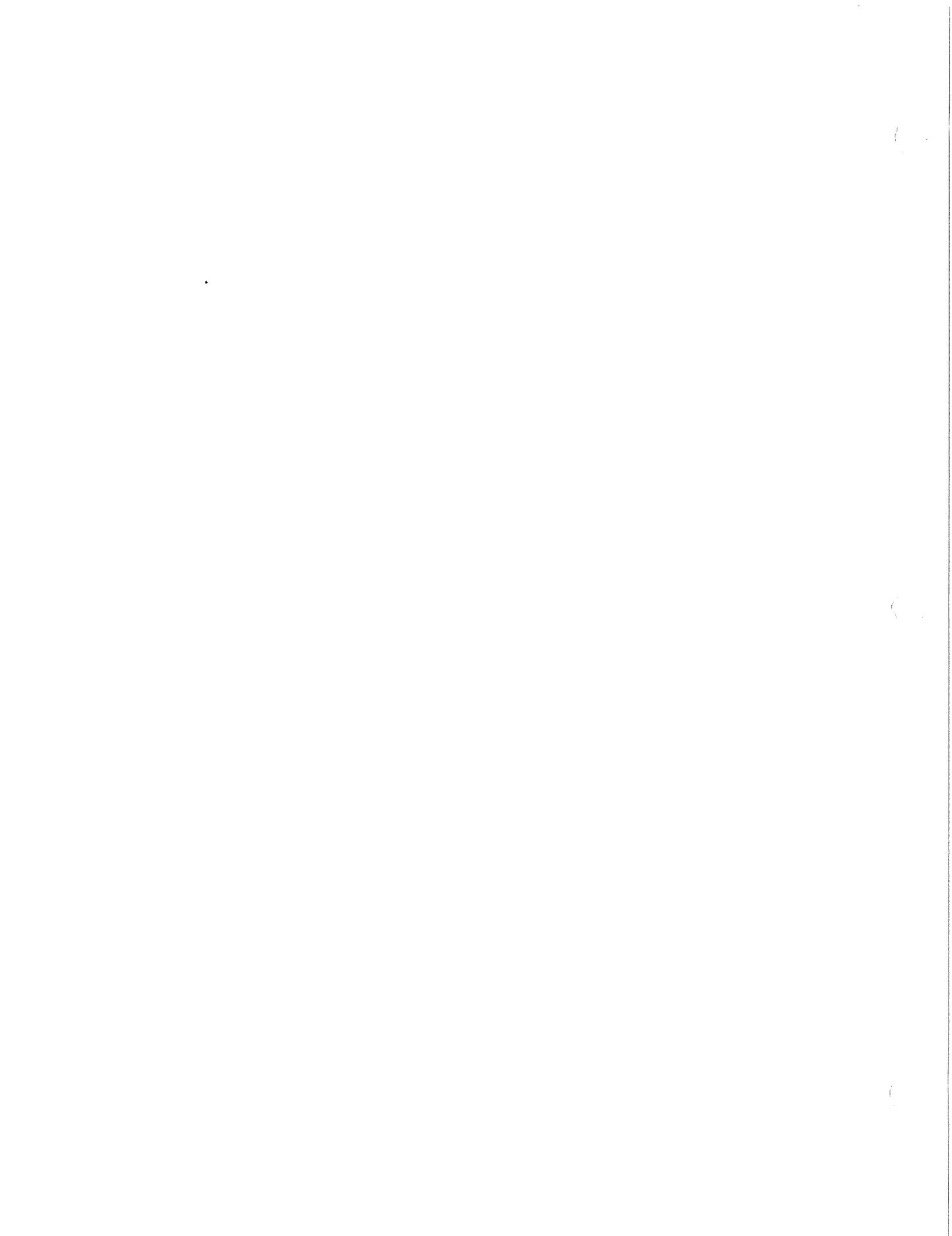
FEDERAL TAXABLE -FED TAX & PENALTY CREDIT - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	623	6	0.15	0.96	-16	-72.73
5000	1501	21	0.42	1.40	-43	-67.19
6000	2359	45	0.75	1.91	-62	-57.94
7000	3209	78	1.11	2.43	-79	-50.32
8000	4059	125	1.56	3.03	-84	-40.19
9000	4909	187	2.03	3.81	-83	-30.74
10000	5583	245	2.45	4.39	-87	-26.20
11000	6205	303	2.75	4.88	-101	-25.00
12000	6828	366	3.05	5.36	-111	-23.27
13000	7445	435	3.35	5.84	-113	-20.62
14000	8053	506	3.61	6.28	-112	-18.12
15000	8660	583	3.89	6.73	-113	-16.24
20000	11591	992	4.96	8.56	-101	-9.24
25000	14367	1392	5.57	9.69	-110	-7.32
30000	17055	1791	5.97	10.50	-130	-6.77
35000	19605	2174	6.21	11.09	-160	-6.86
40000	22055	2541	6.35	11.52	-192	-7.03
50000	26667	3241	6.48	12.15	-266	-7.58
75000	37002	4843	6.46	13.09	-525	-9.78
100000	46377	6328	6.33	13.64	-832	-11.62

DEDUCTIONS ARE 25 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	623	6	0.15	0.96	-4	-40.00
5000	1501	21	0.42	1.40	-27	-56.25
6000	2359	45	0.75	1.91	-40	-47.06
7000	3209	78	1.11	2.43	-52	-40.00
8000	3974	120	1.50	3.02	-58	-32.58
9000	4569	163	1.81	3.57	-70	-30.04
10000	5164	208	2.08	4.03	-84	-28.77
11000	5749	260	2.36	4.52	-96	-26.97
12000	6330	316	2.63	4.99	-107	-25.30
13000	6911	375	2.88	5.43	-116	-23.63
14000	7486	440	3.14	5.68	-118	-21.15
15000	8053	506	3.37	6.28	-119	-19.04
20000	10831	883	4.41	8.15	-108	-10.90
25000	13467	1262	5.05	9.37	-118	-8.55
30000	15987	1631	5.44	10.20	-133	-7.54
35000	18415	1995	5.70	10.83	-165	-7.64
40000	20775	2349	5.87	11.31	-196	-7.70
50000	25167	3009	6.02	11.96	-261	-7.98
75000	35052	4541	6.05	12.96	-499	-9.90
100000	43877	5928	5.93	13.51	-810	-12.02

INTERIM REPORT  
LAW CHANGE SUBCOMMITTEE  
GOVERNOR'S TASK FORCE ON INCOME TAX SIMPLIFICATION



Governor's Task Force  
Income Tax Simplification

Report From the Law Change Subcommittee

The task of this subcommittee is to review the existing tax laws and suggest possible changes to those laws which would simplify the tax computation for Minnesota taxpayers.

The subcommittee consisted of five members: Norman C. Indall, Chairman; Donald F. Groth; Jerome C. Patterson; Victoria Sandberg; and Donald Tollefson.

The first consideration was to establish the parameters within which the subcommittee would operate. Although consideration of different "piggybacking" concepts were considered, the thought was to allow the "in depth" study of these to be considered in the appropriate subcommittee. Likewise, those administrative changes which do not require a law change would be left to Forms and Instructions Subcommittee.

A brief study was made of the Minnesota tax laws, procedures, and forms concentrating on the changes which have made the present system so complex. This was felt to be a necessity to determine the acceptance of possible changes. The forms which would be included in a study of individual income tax simplification would include the individual income tax, small business corporation, partnership, and fiduciary returns. In addition, certain schedules would also be affected by possible changes. These include: itemized deduction, federal income tax deduction, minimum tax, lump sum distribution tax, income taxes paid to another state, gas tax credit, exempt agricultural electricity credit, pollution control credit, farm loss limitation, and residential energy credit. Our report deals with these different forms and schedules only in their impact to the individual taxpayer. Our suggestions will, to some extent, offer simplifications to the other forms.

The possible courses of action were discussed. The first was to look at the present return and decide what law changes should be enacted to simplify the form. This would include certain items which may be a complication but have sufficient reasons to support their retention. The second was to look at other forms of taxes which would produce a simpler system but not grossly distort the present tax burdens. See Schedule 1 in index for listing of alternatives studied.

The tax burdens by type of tax and amount of income were studied. See Schedules 1 through 6 in the index. The types of tax that an individual pays may be broken down into three basic taxes: tax on income, tax on property, and tax on purchases (sales and similar excise taxes). After considering the property tax refund as a reduction in property taxes, it becomes fully apparent that Minnesota utilizes the individual income tax to produce the largest portion of the state revenue, and it is the largest portion of an individual's tax burden.

The study of the contributions by the income levels of the taxpayer is also interesting as it shows that the large number of taxpayers in the middle income levels pay the major portion of the taxes. If one considers the property tax refund credit as a negative income tax calculation, the people in the lower tax brackets really produce a negative revenue. The refunds from property tax as a group exceed the total taxes paid.

The general criteria for judging taxes were set forth. These include 1. collecting revenue, 2. ability to pay, 3. equity, 4. promote social policies, 5, paid by those receiving benefits, 6. stability of the system, and 7. simplicity. No one criteria can be used as a true test of any tax or of the entire system. All of the criteria have to be considered together and each individual will give each of the criteria a different weight.

Other methods of tax were considered utilizing the above criteria to judge whether such taxes were acceptable. Piggyback systems utilizing a flat percent of federal income or tax were left to the group doing a more detailed study. The problems of the tax burden shifts were considered a major problem and one that the subcommittee dealing with such a system would have studied in detail.

The flat rate tax was discarded in general as being regressive and would shift the tax burden too heavily on the low income taxpayers. Gross earning and gross income taxes were discussed. The problem of determining the income to utilize and need to define the term explicitly were discussed in full. The utilization of federal income in the determination presents sufficient problems if a constitutional amendment was not passed which would allow an automatic update to incorporate federal changes. The same problem was one of the main reasons to veto the piggyback consideration in this subcommittee.

A tax on net worth, which is a tax on value of intangible assets, was discarded as being impossible to administer fairly. It produces an undue burden on those taxpayers who are honest and would allow those who evade the tax many avenues which would be impossible to administer or insure proper compliance. Value added tax places an undue burden on businesses operating within the state and is not an effective revenue producer for a major state tax system. This concept would assess a tax for each productive level that any article goes through to arrive at the final product sold to the ultimate consumer.

The concept of utilizing a definition of income entirely divorced from the federal definition was not considered to be a simplification but, rather, would add complications for the taxpayers. An idea of assessing tax on expended income was also discarded as being inequitable, regressive, complicated, difficult to administer. This concept would add all income and loans and subtract monies invested in savings, stocks, bonds, or other investments. The difference would be considered expended income subject to the tax.

A more complete study of the present tax system shows it to be sound in its general structures but fails or becomes overly complex by the excessive use of modifications to income and credits against the tax.

One of the considerations was to eliminate from the form that type of information or item which did not relate to the main objective of producing revenue. The first consideration was the State Election Campaign Fund checkoff. Three choices were discussed. First, keeping present system allowing party designation, was thought overly cumbersome. The second was adopting a system like the federal which calls for a yes or no answer to the checkoff but no party designation. The third alternative, which was adopted, eliminated the checkoff from the form. An alternative program could be established by the legislature providing a fund available to all candidates who elect to use that system of financing for their campaign. Party designations if desired could be made with ballots at the time of voting.

The retention of the Nongame Wildlife Checkoff was discussed and the subcommittee elected to maintain the checkoff. This is an election the taxpayers have to contribute toward this wildlife fund. It is not state monies which are being used but, rather, the taxpayer's own money that he or she has elected to contribute. With this checkoff already established, it was decided there were not sufficient reasons to eliminate this contribution designation. However, the subcommittee feels strongly that this concept should not be expanded to establish similar funds for any other purpose.

It is strongly recommended that a sufficient amount be appropriated to create a general publication explaining Minnesota tax in more detail than the instruction booklet. A publication similar to Federal Publication 17, "Your Federal Income Tax," should be established. A better means of communication with the practitioners should also be established so that information on law changes and administrative policies is available to those needing the information. The Department should consider a more detailed instruction booklet such as existed for years prior to 1975. Establishing instructions which are easily understood should be maintained but not by sacrificing necessary information.

The next consideration was the filing requirements. Many felt the number of persons required to file a Minnesota return where no federal return was required was a major problem which should be eliminated. The setting of a filing requirement to correspond to the federal would be an administrative headache unless it tied in to an amount which could not produce a tax on a Minnesota return. The present filing requirements are based on the income level where no tax would result if no deductions were allowed except the standard deduction. If the federal amounts were adopted with the tax rates, deductions, and credits remaining constant, there would be individuals who by statute would not be required to file but whose return would reflect a tax liability. Since the filing requirement is based on gross income before any deduction, the Department could not determine the taxpayers who would not meet the filing requirements. The adoption of the federal zero bracket amounts (minimum standard deduction) would cost \$82 million. Adopting an \$1,800 minimum standard deduction would also eliminate the problem. Here again the cost would be high, \$36 million.

The number of taxpayers who would fall into this category cannot be determined because both the federal and state filing requirements are based on gross income. This figure is not stored information in either of the federal or state date processing systems. Based on 1982 estimated state filing requirements, the numbers would be less than 62,000 taxpayers. Perhaps one-half of that amount may be a fairly accurate estimate.

The easiest method of solving the problem for most individuals which would keep the cost to an acceptable figure lies in adopting a minimum standard deduction of \$1,000. This cost is \$9.5 million. The minimum standard would not be available to a spouse of a taxpayer who itemized deductions. The other computations for the standard deduction remain the same but if it would produce an amount less than \$1,000, the minimum standard deduction would apply. This would reduce the maximum number of taxpayers required to file a Minnesota return but not required to file a federal to 10,582, and now with the single taxpayers eliminated from this group entirely the best estimate would be less than 5,000 taxpayers involved. This is about one-fourth of one percent of the taxpayers filing a Minnesota return. Other considerations are described on Schedule 8 of the index and Schedule 9 of the index to show the determination of those affected.

The next determination under the present tax structure is the matter of modifications to income. These reflect special considerations for specific types of income which may result from political considerations as well as achieving social goals or encouraging specific actions by taxpayers. The subcommittee feels that other methods are available to encourage or promote the specific social policies and that these should be divorced from the income tax return. Federal tax policies, even in the determination of federal adjusted gross income, have social policy considerations included in the computations. Although we do not fully concur that the federal return is the best means to achieve the goals set by such social legislation, the overriding good of establishing a simpler tax system dictates the acceptance of these computations. The tax utilization to foster certain social programs at the state level when added to the federal makes the system overly complex. Therefore, the recommendation is that all of the modifications be eliminated except for the federal two wage earner deduction, which would be required to be added to income, and U.S. bond interest, state tax refunds, and difference in basis of assets sold would be allowable subtractions. See Schedule 10 in index for estimated individuals impacted by the elimination of existing modifications and the corresponding impact on state revenue caused by the eliminations.

The modifications for out of state income for nonresidents would be kept but it is recommended that a separate schedule be established for nonresidents and part year residents which would simplify the instructions for residents.

For rest residents this leaves only three modifications to deal with the two wage earner adjustment, U.S. bond interest, and state refunds. The carryover of previously disallowed farm losses, differences in basis, disallowed out of state loss carrybacks, mining income subject to mining tax are items which by statute could cause modifications, but the taxpayers involved with these modifications are aware of them. This would allow all of the details needed for modifying the federal adjusted gross to be shown in the instruction booklet and would eliminate Schedule 1-11 modifications to income.

The next step was to consider changes to the federal income tax deduction. The following proposals were made to existing law:

1. Allow the remaining pre-1981 payments (one-sixth per year limitation) to be written off in full on the 1983 return.
2. Allow married couples to split the federal tax deduction between spouses as they wish.
3. Require allocation of federal income tax only for nonresidents, allowed to them in the ratio that income subject to tax to Minnesota bears to total income less any income exempt from tax under Minnesota law. This is the same ratio presently applied to nonbusiness itemized deductions and personal and dependent credits for nonresidents.

The change in the federal income tax deduction brought much of the discussion on the complexity of the Minnesota return to the forefront. It is felt that this is an important area to consider changes which would simplify the computation. We feel that the remaining allowance of the carryover of the payments from 1981 and 1982 for pre-1981 taxes should be made as soon as possible. This is not a loss in revenue but merely shifts the revenue between years. The estimate loss in revenue in 1983 by allowing the remainder of this carryover in full is \$43.2

million. However, this would increase revenues in each of the years 1984, 1985 and 1986 by \$14.4 million. Over this period the revenue lost one year is made up in the following years. This points out the erroneous idea that the change in going from a cash method to an accrual method of deducting federal income taxes actually produced any additional revenue for the state. The one-sixth limitation on the pre-1981 payments made in 1981 was a subterfuge to make it appear that added revenue was produced when it was actually borrowing money interest-free from the affected taxpayers.

The allowance of married couples to split the federal tax deduction is applying the same idea as exists now for itemized deductions on the combined form. It is a simplification for a large number of taxpayers with an estimated revenue cost of \$10 million. The elimination of the allocation of federal income taxes because the taxpayer has exempt income is also one which simplifies the return without a large cost. The estimated cost is \$8 million. This is based on current exempt income items. Many of these have been recommended to be eliminated previously in this report. The justification to support not requiring an allocation on exempt income is that exempting an item from tax either in full or in part should not be partially taken back by eliminating deductions not having a direct connection to the exempt income. For example, under present law the pension exclusion is \$11,000, but the required disallowance of federal taxes allocated to this income decreases the actual exclusion allowed. The allocation would still be required for nonresidents and part year residents on the basis that part of their income is not subject to Minnesota tax. It is not that such income is by statute exempted from tax but that the income is not assignable to Minnesota at all. This brings the federal income tax allocation in line with the allocation of other non-business deductions.

The definition of the federal income tax liability should be set forth in the statutes and it should be phrased in the manner to provide for adding back the targeted jobs credit and the foreign tax credit. Changing these to the determination of the federal tax deduction brings them to a consideration at a more appropriate place on the return and simplifies the areas of modifications to income and itemized deductions.

The allowance of a minimum standard deduction has already been mentioned. Other suggested changes to nonbusiness deductions include the elimination of all of the differences in itemized deductions between state and federal except that for state income taxes. See Schedule 11 for details of certain deductions changed and their effect on state revenues. In some instances the state provisions do seem simpler and more equitable. However, the federal is not going to be changed to adopt the state provisions. This leaves the state adoption of the federal provisions as the only method for simplification. Those items covering a specific social policy such as the tuition deduction could be provided for in other ways.

The surtax, if it is renewed, should be changed so that it is assessed on tax before any credit. This would allow it to be reflected in the table and would eliminate the need for the extra computation on the tax return. This would produce about \$49 million more in state revenues for 1983.

The minimum tax presently produces an estimated \$3.5 million in revenue. Some thought should be given to whether it is worthwhile maintaining. With other changes previously recommended and the adoption of the federal net capital gain deduction, the complications on the Minnesota return are decreased in future years. However, the computation with the required reductions enacted by the legislature is still complex. For the sake of simplification, this additional

tax computation should be eliminated. The special 10 year averaging method for lump sum distributions should be maintained. This computation offers special tax computation for individuals receiving lump sum distribution from qualified pension plans. It is based on a similar computation to federal and once the federal form is completed, the state computation is not complicated. The special tax for severance pay should be eliminated. The reason for which it was established is no longer applicable. The effect on state revenue is negligible.

We suggested eliminating many of the modifications and deductions. Other deductions we have proposed be changed to coincide with the federal provisions. The credits against the tax is also an area lending itself to this same policy of eliminating or adjusting the credits to adhere more closely to the federal computations. It is not our intention to pass judgment on the programs for which the credits were established. There are many good arguments readily available to support these programs and to show the credits are worthwhile. However, the simplification of the tax form is also an important goal. It is suggested that programs to support such policies be adopted separate from the tax return. These suggested changes are only proposed for noncorporate taxpayers. The arguments to support the discontinuance of such credits for corporations may be equally sound but that is beyond the purpose established for this subcommittee.

The energy credit, research credit, and the pollution control credit should be eliminated. The research credit encourages expenditures in research but the federal credit serves as the primary encouragement and the elimination of the state credit will not deter such expenditures. This same argument applies to most of the energy credit. The other energy credit expenditures and the pollution control credit could be replaced by direct incentives to encourage proper action. The homemaker credit should be eliminated as it has no correlation to the production of income subject to tax. The exempt agricultural electricity credit should be eliminated. This credit should revert to not assessing the sales tax on electricity used in the direct production of a farm commodity.

Finally in considering credits entirely eliminated from income tax considerations, we strongly recommend the elimination of the property tax refund credit. This credit no longer can be claimed on the income tax return but it is income-related and is administered by the Income Tax Division. The monies expended for this credit could be utilized directly on the property tax statements to reduce the real estate taxes paid on all residential property. This means the ability to pay concept is removed from property tax consideration. However, a correlation to the ability to pay does remain because an individual will not normally purchase a house or rent an apartment beyond his means.

A further argument against the property tax refund credit is the fact that it has become geared to renters. This is true because the percentages of household income applied against the property tax was not indexed. This means that as the taxpayers' incomes increased they were forced to offset a higher percentage of the increased income against the real estate tax. This, coupled with the increase in the state paid homestead credit, made the credit available to an increasingly smaller percentage of homeowners. A separate rent credit was considered with the money used for the present program applied to an increase in the state paid homestead credit and a rent credit granted by the state. This subcommittee feels that the best action would be the elimination of all direct state credits to the individuals. This would be replaced by appropriations to the counties or taxing districts in the form of credits or direct aid for real estate taxes charged on residential property. This applies to properties owned and rented.

In the other areas of credits we elected to keep the special credits on disabilities. These credits are not costly and the subcommittee feels that special problems that these individuals do have are such that their special needs should be recognized in some manner. We have also elected to keep the political contribution credit and to make it correspond to the federal credit. This would eliminate the itemized deduction for certain political contributions. This credit has no direct correlation to income but it encourages the people to be politically active. We feel this is a more important encouragement in political activity than the passive checkoff system.

We suggest changes to the remaining credits other than withholding and estimated tax payments. These suggestions include changing the credit for taxes paid to another state to be applicable to Minnesota residents only. This simplifies the procedure whereby certain states are treated differently depending on their state law. The total tax paid by the taxpayer would not change. The only change would be to which state the taxpayer would pay his taxes. The child and dependent care credit does have a connection with the production of income. We feel that an adjustment to income is a better method to reflect this expense. However, the federal system calls for a nonrefundable credit. For simplicity, we propose the credit be changed from a refundable credit to a nonrefundable credit and that the state adopt the full federal computation. The special decrease in the state credit for incomes in excess of \$15,000 should be eliminated. Because Minnesota's tax rate is less than the federal rate, the credit should be allowed only at 40 percent of the federal credit. Along this same line, the gas tax credit does apply to the production of income for farmers and commercial fishermen. We propose that the gas tax credit be available only to those groups and that the designation of boat and nonboat use be eliminated. See Schedule 10 in the index for revenue estimates.

With the adoption of the above changes, we feel that the designation of a separate nonresident schedule would be worthwhile. This could incorporate all of the special instructions for nonresidents and part year residents on this schedule which would shorten the regular instructions for full year Minnesota residents. See Schedules 12 and 13 of the index for an example. This simplifies the form and the instructions for residents. The primary advantage in a separate nonresident/part year resident schedule or form is not a simplification for them but a simplification for the full year resident instructions. Thus this does not merely simplify the form for 56,000 people but, rather, all taxpayers are assisted by eliminating the unnecessary material from the residents instruction booklet.

An alternative suggestion worth considering for taxing part year residents and nonresidents is to disallow all special modifications for subtracting out of state income or losses. This would be replaced by apportioning the full tax computed on all income by a ratio reflecting the Minnesota income over total income. Both California and Iowa have adopted this method of computing a nonresident's tax liability. A means to accomplish this is a credit against the full tax for nonresidents and part year residents. This reverses the ratio reflected in the previous sentence but produces the tax on that basis. See Schedule 14 of the index for an example of this credit.

Schedule 15 of the index reflects a suggested version of the Minnesota individual income tax return. Schedules 16 through 19 reflect the schedules still needed but in the simpler manner for the M-ICR and the CTC schedules. Those forms and schedules fully eliminated are reflected on Schedule 20 in the index. The final schedule in the index (#21) shows the estimated net impact on state revenue of all our estimates.

Summary Statement

The proposals made in this report maintain the general structure of our present individual income tax system. We feel that eliminating most of the modifications and credits, simplifying the federal income tax deduction, making the nonbusiness deductions conform more with the federal deductions, and bringing the state filing requirements more in line with federal are the basic requirements to achieve a simpler system which has wide acceptance. The graduated rate of the present system and the allowance of separate tax computation for husband and wife with only one tax rate do not appear to be the cause for taxpayers' frustrations.

Thus we put forth this proposal, and we request that those individuals concerned directly in the changing of our tax laws and those indirectly concerned by completing the tax forms each year study it thoroughly. It may have some shifting in the tax burdens, but we feel that the changes are not too onerous and the simplifications achieved are worthwhile.

SCHEDULE 1

## Individual Income Tax Options

1. Base tax on gross receipts.
2. Base tax on gross income after ordinary and necessary business expenses.
  - a. No itemized or nonbusiness deductions.
  - b. Limited nonbusiness deductions similar to catastrophic losses.
  - c. Application of flat rate or progressive rates.
3. Retain present system.
  - a. Retain modifications.
  - b. Retain only required modifications.
  - c. Retain federal tax deduction under present law.
  - d. Simplify federal tax deduction.
  - e. Eliminate federal tax deduction and adjust tax rates.
  - f. Retain present nonbusiness deductions.
  - g. Adopt federal itemized deduction.
  - h. Liberalize standard deduction.
4. Base tax on federal taxable income.
  - a. Allow federal tax deduction.
  - b. Eliminate federal tax deduction.
  - c. Modifications to income and deductions.
  - d. Add back exemption maintaining personal and dependent credits.
5. Direct piggybacking--percent of federal tax.
  - a. Federal collection.
  - b. State collection.
6. Gross expenditure tax--gross receipts minus savings and investments equals amount expended.
7. Value added--modified form of sales tax.
8. Divorcing computation from federal--separate system.

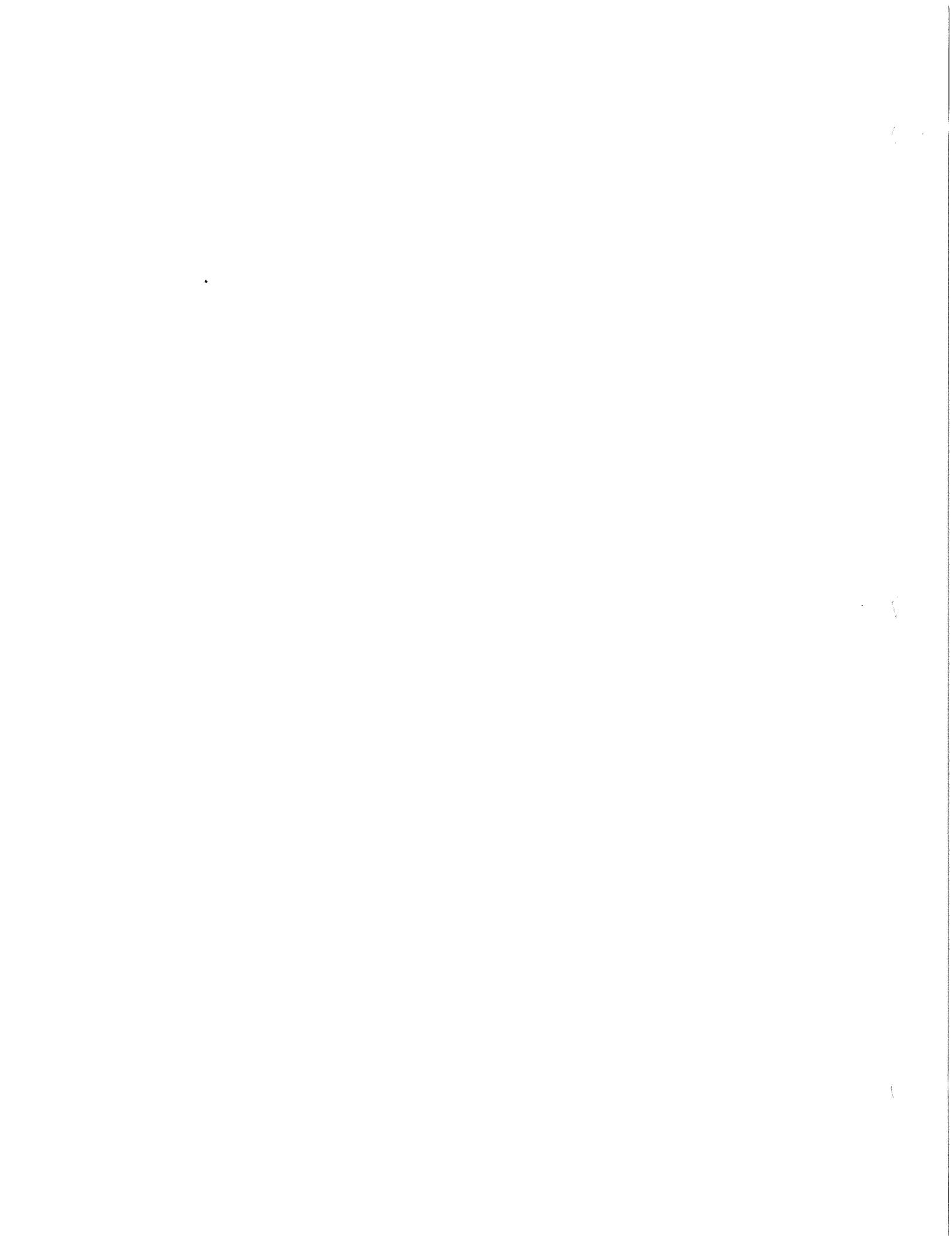
9. Other considerations.

- a. Income splitting.
- b. Flat rate tax on expanded income base.
- c. Correspond Minnesota filing requirements to federal.
- d. Nonresident/part year resident considerations.

E-11  
SCHEDULE 2

1982 Revenue Estimates  
Tax Collection by Type of Tax  
General Fund Only  
in millions of dollars

Individual Income Tax	\$1,572	48.9%
Corporation Income Tax	282	8.8%
Other Income Tax	34	1.1%
	_____	_____
Total Income Tax	\$1,888	58.8%
Property Tax	-0-	0.0%
Sales Tax	885	27.5%
Other	442	13.7%
	_____	_____
Total	\$3,215	100.0%



~~72~~  
SCHEDULE 3

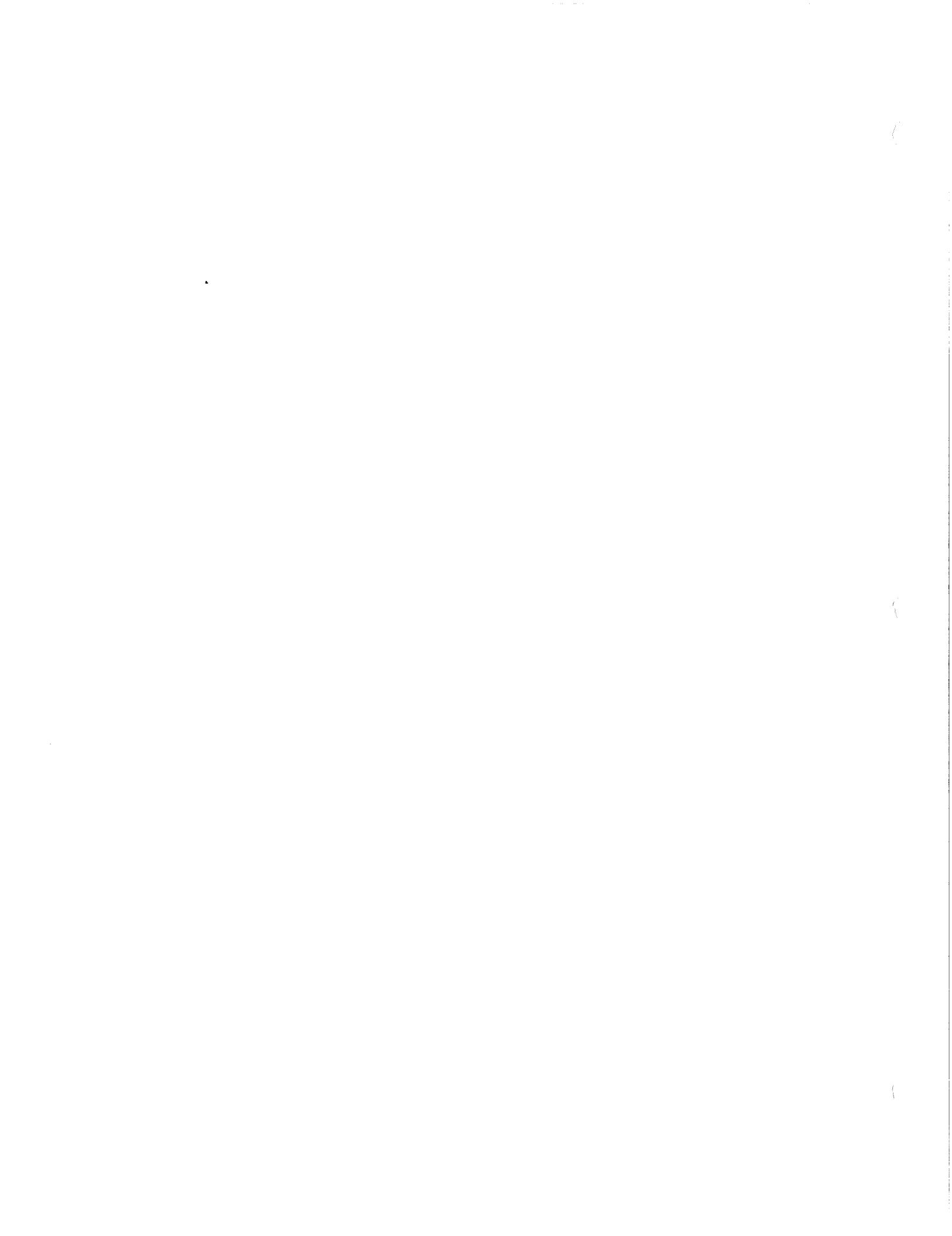
Individual's Tax Burden

Type of Tax

Individual Income Tax	\$309 <sup>1</sup>	36.2%
Property Tax	\$311 <sup>1</sup>	36.4%
Sales Tax	\$150 <sup>1</sup>	17.6%
Other (estimate)	\$ 83 <sup>2</sup>	9.8%
<hr/>	<hr/>	<hr/>
Total	\$853	100.0%

1 Information from Minnesota Taxpayer Association research material, 1979 per capita basis.

2 The estimate reflects direct taxes paid by the individual. It uses the basis for the selected taxes as a base and adopts a ratio on total collections. These taxes include gas tax, motor vehicle license, and excise tax on motor vehicle transfers.



E-13  
SCHEDULE 4

**Property Taxes  
Payable in 1981**

<b>1.</b>	<b>Total Taxes Levied</b>	<b>\$1,904,137,599</b>
	County Assessment	28.9%
	City Assessment	18.0%
	School District Assessment	44.6%
	Other	<u>8.5%</u>
		<u>100%</u>

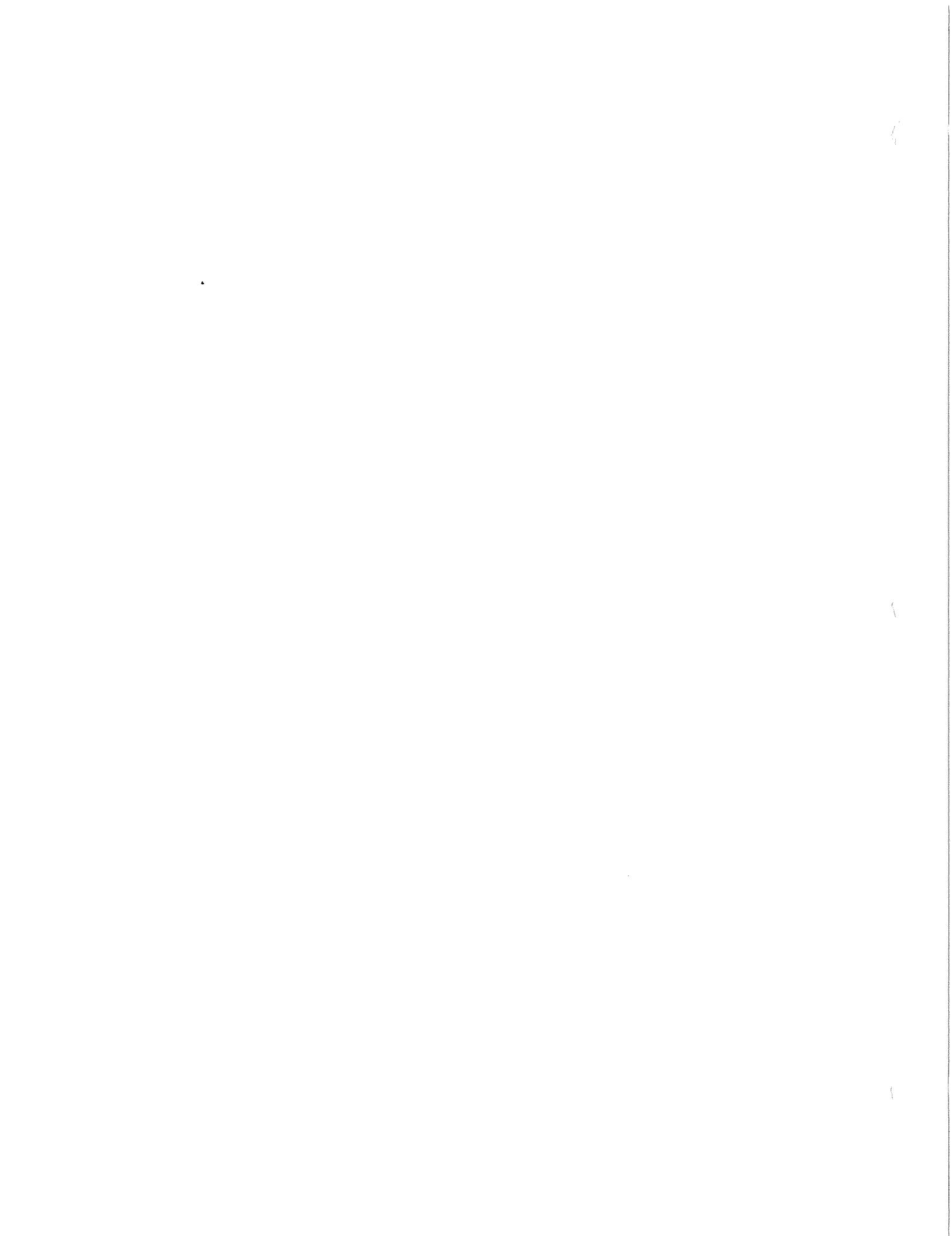
<b>Reductions and Direct State Credits</b>	<b><u>\$ 531,616,497</u></b>
<b>Net Property Taxes Paid</b>	<b><u>\$1,372,521,102</u></b>

83% of Credits - State Paid Homestead Credit  
 13% Agricultural Property Credit  
 3% Taconite Homestead Credit  
 1% Miscellaneous

<b>2.</b>	<b>M-1PR Credit Total For 1981</b>	<b>\$ 171,820,434</b>
	Claimed on M-1	<u>85,799,976</u>
	Separate Refund	<u>\$ 86,020,458</u>
	Per Capita Portion of Separate Refund	<u>\$23.00</u>

If this was used in the table for tax burdens as a reduction in property taxes the burdens would shift as follows:

	<b>Per Original Table</b>	<b>Separate Refund %</b>	<b>Entire M-1PR</b>
Ind. Income Tax	\$309-36.2%	\$309-37.2%	\$332-40.0%
Property	\$311-36.4%	\$288-34.7%	\$265-31.9%
Sales Tax	\$150-17.6%	\$150-18.1%	\$150-18.1%
Other	\$ 83- 9.8%	\$ 83-10.0%	\$ 83-10.0%
Total	<u>\$853- 100%</u>	<u>\$830- 100%</u>	<u>\$830- 100%</u>



## SCHEDULE 5

## Number of Filers and Percent of Tax By Income

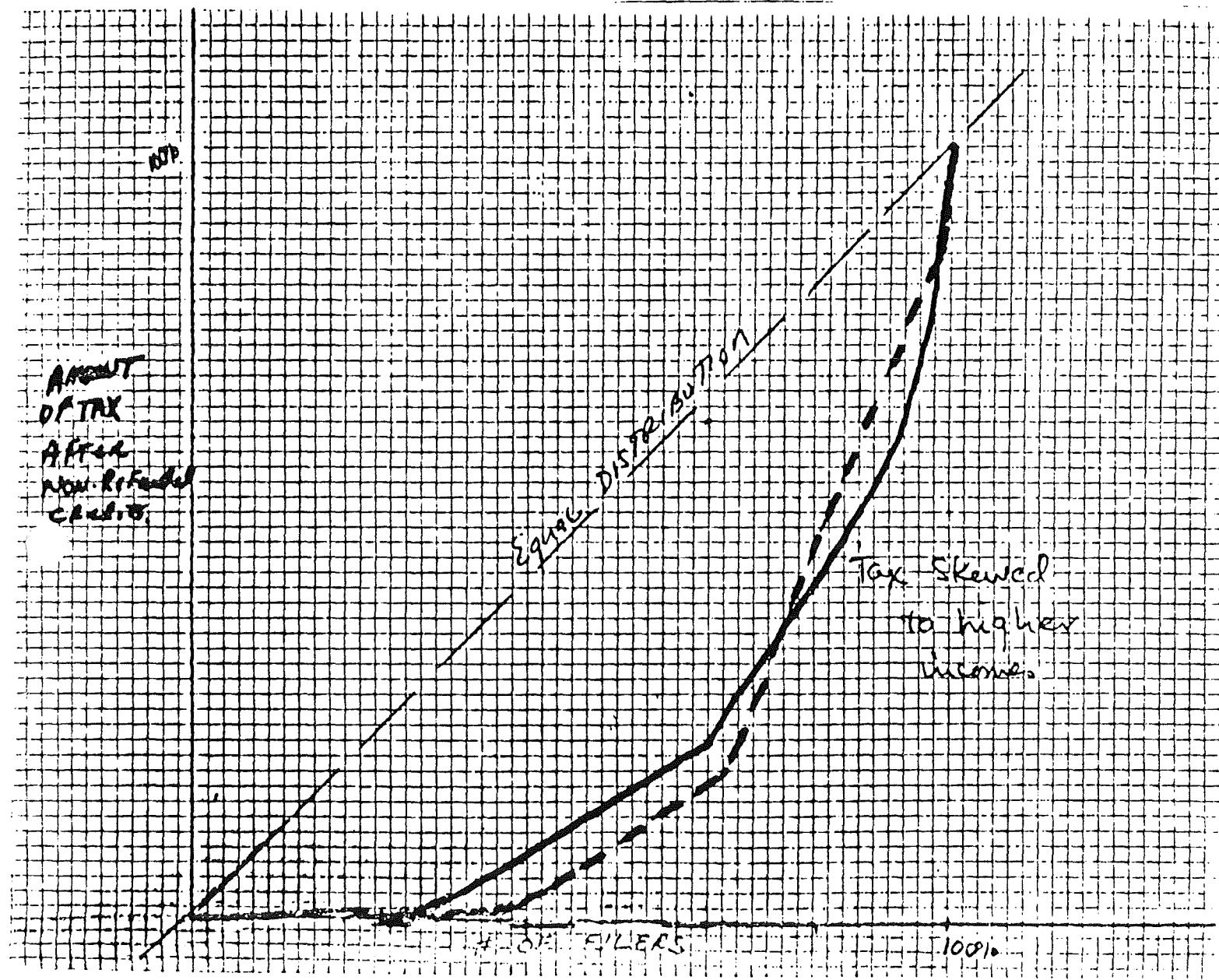
FAGI - 1980

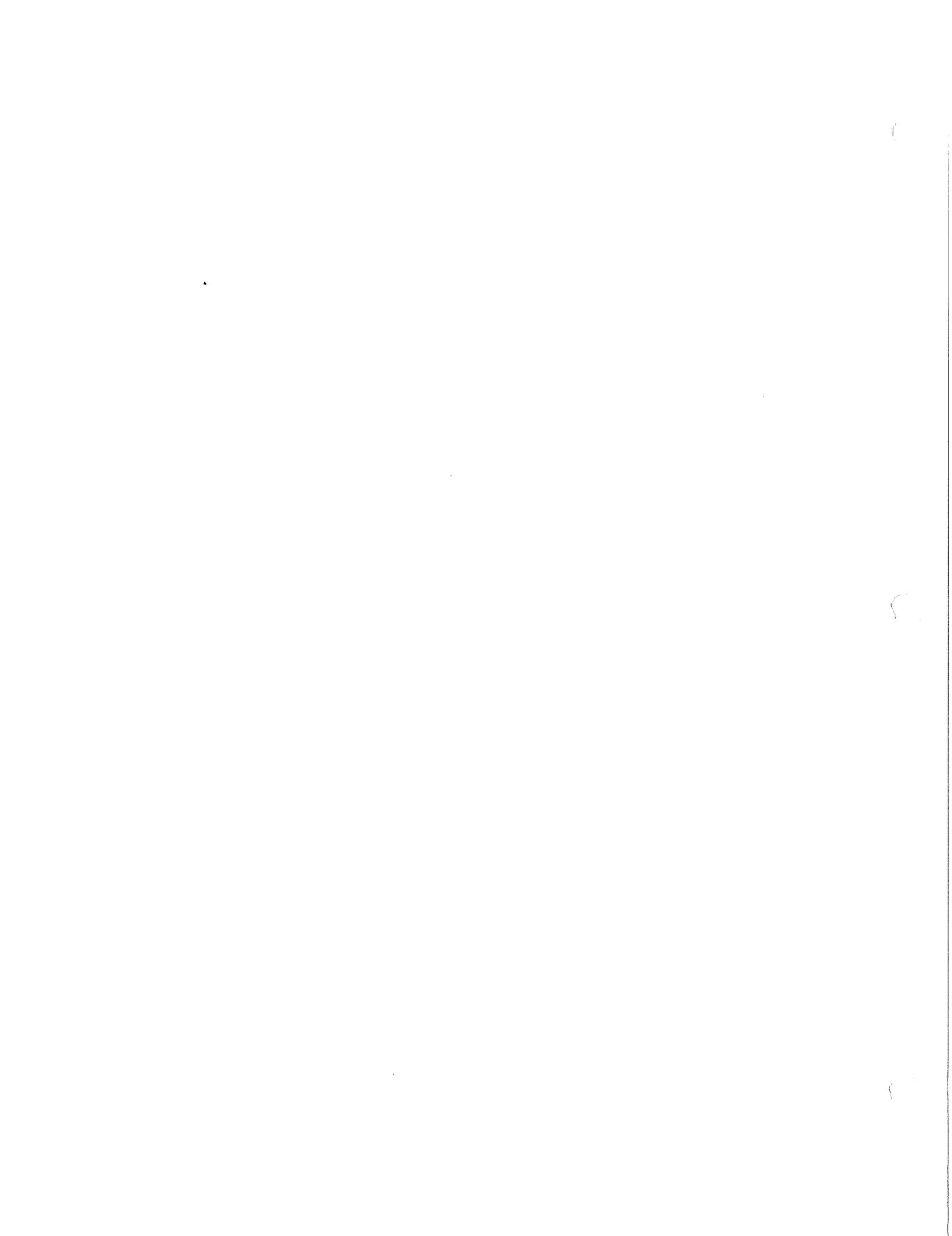
Income	# of Filers	% of Total	Cumulat. %	\$ of Tax In Thousands	% of Total	Cumulat. %
Less Than 0	19,145	.8%	.8%	\$ 630	-	-
0-\$5,000	676,917	28.7%	29.5%	\$ 20,602	1.5%	1.5%
\$5,000-\$10,000	517,811	22.0%	51.5%	\$ 107,399	7.6%	9.1%
\$10,000-\$15,000	396,649	16.8%	68.3%	\$ 199,451	14.1%	23.2%
\$15,000-\$30,000	593,099	25.1%	93.4%	\$ 599,759	42.4%	65.6%
\$30,000-\$50,000	113,038	4.8%	98.2%	\$ 243,257	17.2%	82.8%
\$50,000-\$100,000	32,215	1.4%	99.6%	\$ 139,407	9.9%	92.7%
\$100,000 & Over	8,915	.4%	100%	\$ 102,676	7.3%	100%
<b>TOTAL</b>	<b>2,357,789</b>	<b>100%</b>	<b>-</b>	<b>\$1,413,181</b>	<b>100%</b>	<b>-</b>

## Minnesota Taxable Income 1979

Income	# of Filers	% of Total	Cumulat. %	\$ of Tax In Thousands	% of Total	Cumulat. %
Less Than 0	504,336	21.3%	21.3%	-	-	-
0-\$5,000	543,974	23.0%	44.3%	\$ 40,189	3.0%	3.0%
\$5,000-\$10,000	665,884	28.1%	72.4%	\$ 272,915	20.6%	23.6%
\$10,000-\$15,000	396,983	16.8%	89.2%	\$ 366,626	27.7%	51.3%
\$15,000-\$30,000	221,389	9.4%	98.6%	\$ 404,328	30.6%	81.9%
\$30,000-\$50,000	25,109	1.0%	99.6%	\$ 114,046	8.6%	90.5%
\$50,000-\$100,000	7,823	.3%	99.9%	\$ 71,442	5.5%	96.0%
\$100,000 & Over	1,721	.1%	100%	\$ 52,697	4.0%	100%
<b>TOTAL</b>	<b>2,367,219</b>	<b>100%</b>	<b>-</b>	<b>\$1,322,241</b>	<b>100%</b>	<b>-</b>



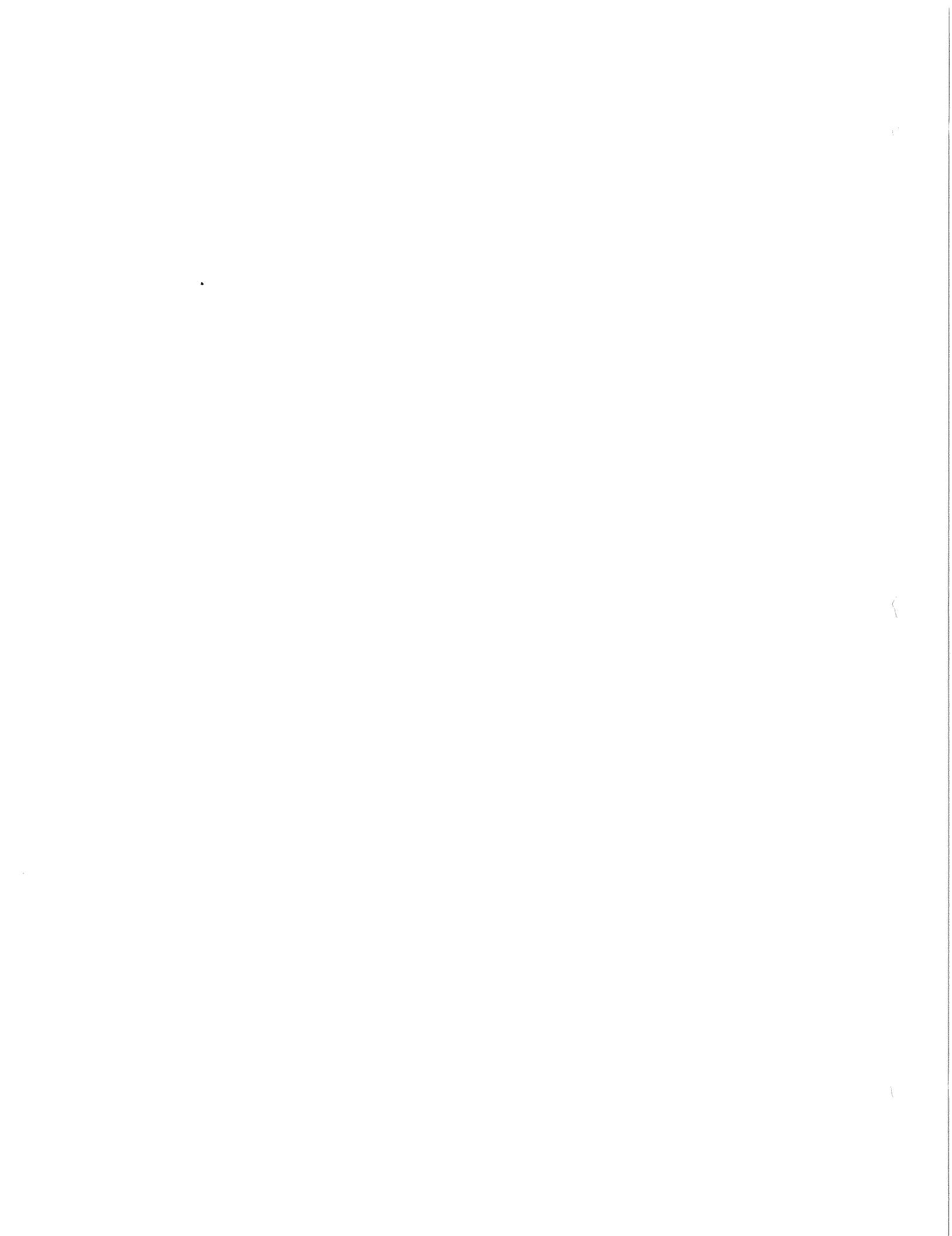




**Distributed Taxable Income of Taxable Returns  
by Income Bracket**

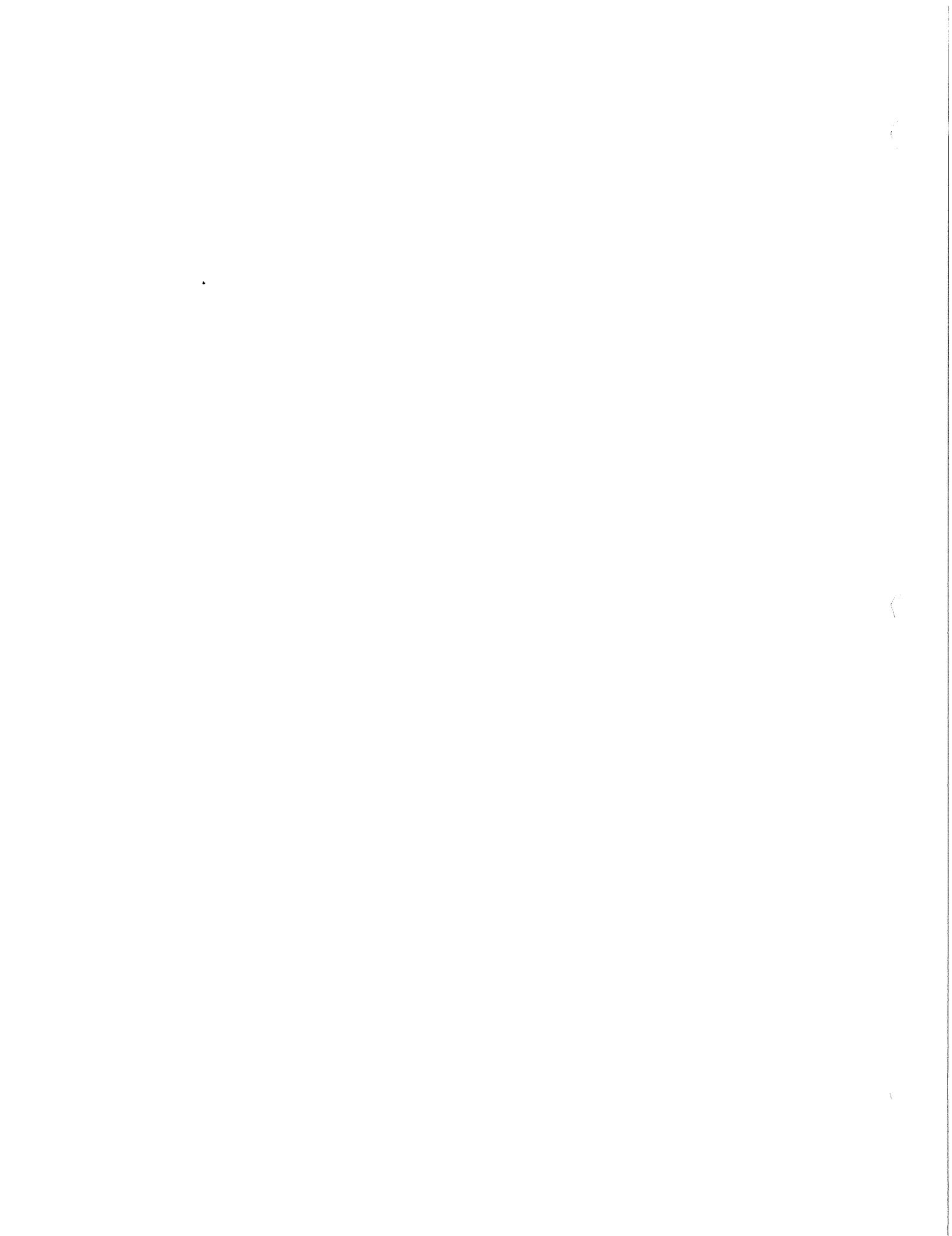
**1980 Income**

Brackets	Taxable Income	%	Tax Rate		
0-\$599	\$ 1,345,563,767	6.8%	1.6%	\$ 21,529,020	1.3%
\$600-\$1198	\$ 1,285,442,850	6.5%	2.2%	\$ 28,279,743	1.7%
\$1199-\$2394	\$ 2,365,001,520	12.0%	3.5%	\$ 82,775,053	5.0%
\$2395-\$3590	\$ 2,080,600,198	10.6%	5.8%	\$ 120,674,811	7.3%
\$3591-\$4786	\$ 1,826,416,562	9.3%	7.3%	\$ 133,328,409	8.0%
\$4787-\$5982	\$ 1,613,175,105	8.2%	8.8%	\$ 141,954,434	8.6%
\$5983-\$8374	\$ 2,651,279,099	13.5%	10.2%	\$ 270,430,559	16.3%
\$8375-\$10766	\$ 1,920,480,532	9.8%	11.5%	\$ 220,855,261	13.3%
\$10767-\$14952	\$ 1,982,873,244	10.1%	12.8%	\$ 253,807,775	15.3%
\$14953-\$23921	\$ 1,452,213,663	7.4%	14.0%	\$ 203,309,871	12.3%
\$23922-\$32890	\$ 439,832,559	2.2%	15.0%	\$ 65,974,883	4.0%
\$32891 & Over	\$ 711,207,071	3.6%	16.0%	\$ 113,793,131	6.9%
	<b>\$19,674,086,170</b>	<b>100%</b>		<b>\$1,656,712,950</b>	<b>100%</b>



Methods to Achieve Identical  
State and Federal Filing Requirements

1. a. Adopting a minimum standard deduction with existing computation unchanged. That is 10 percent of Minnesota adjusted gross income not to exceed \$2,2XX or \$1,000, whichever is greater. The cost of this is estimated to be \$9.5 million.  
  
b. The minimum standard deduction to guarantee that the state's filing requirement would be no lower than the federal would be \$1,800 minimum standard. The cost of adopting this would be approximately \$38 million.  
  
c. The adoption of the federal zero bracket amounts is estimated to cost \$82 million.
2. Adoption of federal filing requirements would have a minimal effect on revenue, about \$1 million. The problem is handling this administratively to insure those not meeting the filing requirements by statute would not be assessed a tax. The normal computation would produce a tax for a few individuals which by state statute then would be forgiven.
3. Change credits to exemptions produces too much of a tax shift from taxpayers in the higher brackets to those in the lower brackets. Problem on splitting exemptions between husband and wife makes any estimates difficult. The credit for 1981 was \$66. The allowance of an exemption would produce a reduction in tax for those persons whose top tax bracket was over \$66. This would be the case for those individuals whose incomes after subtracting the exemptions would be more than \$3,900 using 1981 rate schedule. With this applying to all credits (both personal and dependent) the revenue loss would be extensive. There would be no way this amount could be picked up by any reasonable adjustments to the rates which would not greatly shift the tax burden from the higher income brackets to the lower bracket.
4. The elimination of the low income alternative tax would make additional monies available to use in establishing a higher minimum standard deduction. However, the revenue impact of eliminating this alternative tax computation is estimated to be only \$10 million. Using this to increase the minimum standard would increase this figure to \$1,200. Because the net effect on specific taxpayers in the lower income levels would be to drastically increase the tax, this alternative was discarded.



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SCHEDULE 9

**Federal and State Filing Requirement Discrepancies**

**1980 Filing Requirements:**

<u>Taxpayer Status</u>	<u>Requirements</u>		<u>Number Required to File State Not Federal</u> <sup>1</sup>
	<u>State</u>	<u>Federal</u>	
Single under 65	\$2,500	\$3,300	59,632
Single over 65	\$3,700	\$4,300	5,922
Married both under 65	\$3,700	\$5,400	15,753
Married one over 65	\$4,700	\$6,400	35,720
Married both over 65	\$5,500	\$7,400	<u>13,195</u>
Total			130,222

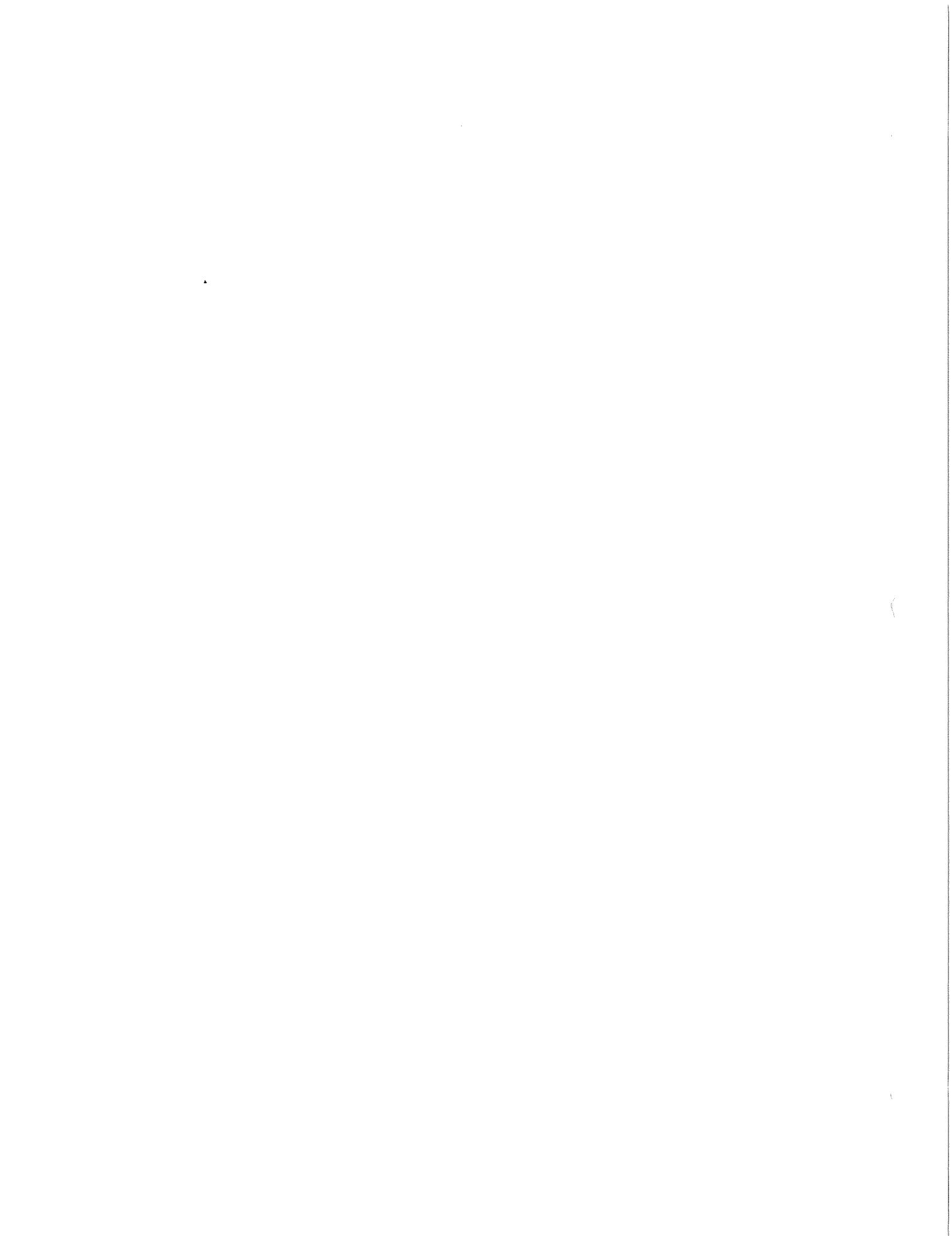
**1982 Estimated Filing Requirements:**

<u>Taxpayer Status</u>	<u>Requirements</u>		<u>Number State Exceeds Federal</u> <sup>1</sup>
	<u>State</u>	<u>Federal</u>	
Single under 65	\$2,800	\$3,300	38,922
Single over 65	\$4,200	\$4,300	1,826
Married both under 65	\$4,200	\$5,400	11,662
Married one over 65	\$5,100	\$6,400	3,859
Married both over 65	\$6,000	\$7,400	<u>5,939</u>
Total			62,208

**1983 Assuming Inflation Indexing Similar to 1982 and Allowing a \$1,000 Minimum Standard.**

<u>Taxpayer Status</u>	<u>Requirements</u>		<u>Number State Exceeds Federal</u>
	<u>State</u>	<u>Federal</u>	
Single under 65	\$3,600	\$3,300	-0-
Single over 65	\$4,800	\$4,300	-0-
Married both under 65	\$4,800	\$5,400	5,832
Married one over 65	\$5,800	\$6,400	1,782
Married both over 65	\$6,700	\$7,400	<u>2,968</u>
Total			10,582

<sup>1</sup> These computations are based on F.A.G.I. Actual requirements are based on gross income. This means the numbers shown may be exaggerated.



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SCHEDULE 10

**Proposed Modification Eliminations**

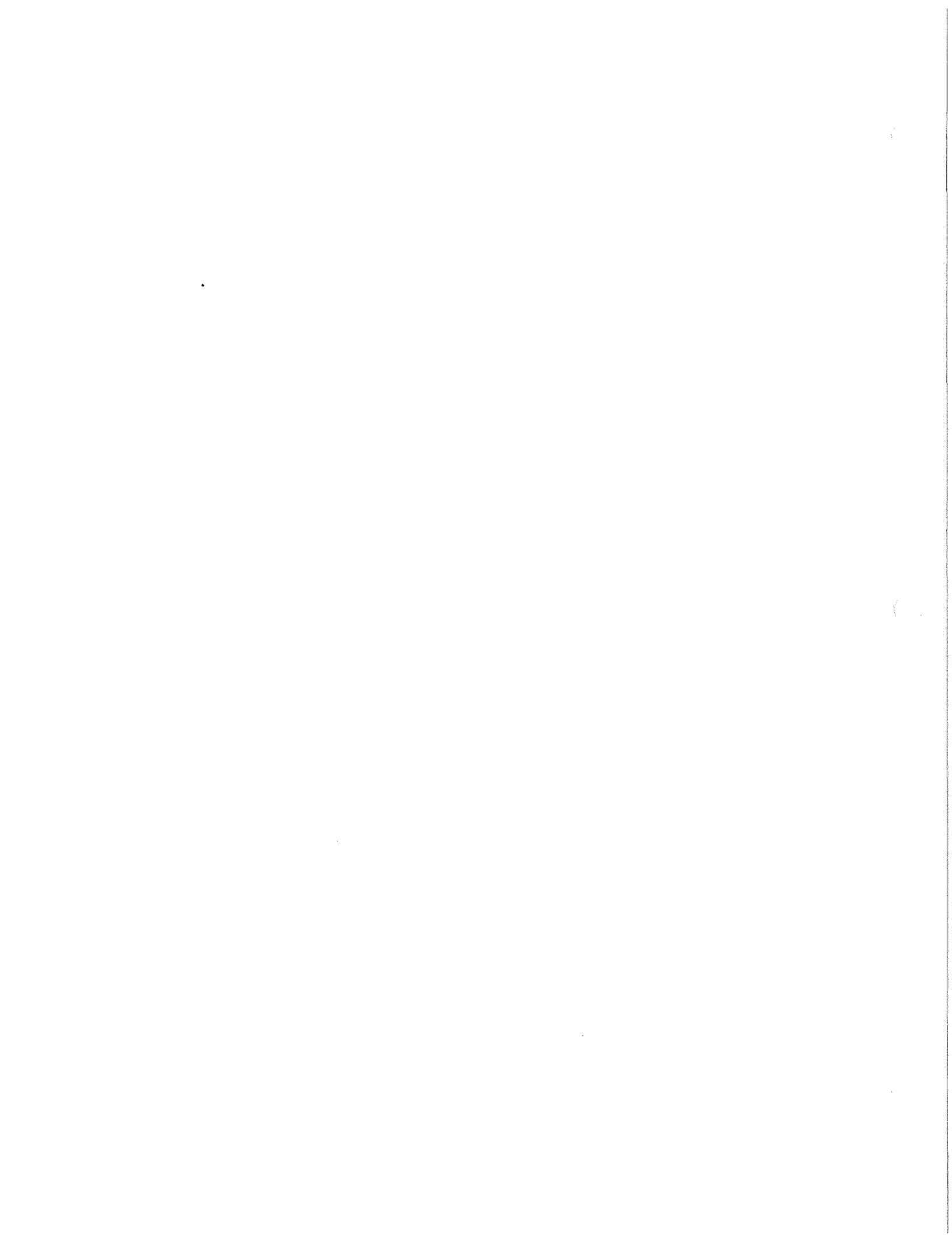
<u>Modification</u>	<u>Taxpayers Involved</u>	<u>Revenue Impact</u>
Cut of state loss limitation	4,060	- \$ 5.3 million
Farm loss limitation	7,280	- \$ 5.4 million
Non-Minnesota municipal interest	3,555	- \$ 1.3 million
Non-Minnesota federal exempt interest dividends	Minimal	-
Non-Minnesota scholarship fund bond interest	Minimal	-
Investment credit recapture (Revenue impact reflected in investment credit)	?	-
Loss on transfer of property with divorce	None	None
Business casualty loss different year (same loss claimed in different year)	Minimal	None
Substandard housing disallowance	Minimal	-
State income tax deducted in FAFI	None	None
Basis difference on asset sold	Minimal	-
City Manager electing out of PERA	Minimal	None
"Subchapter S" income not taxed prior	Minimal	-
Depreciation--full ACFS allowance	?	- \$24 million
Individual Retirement and Keogh Plan Full federal allowance	?	- \$17 million
Pension exclusion	81,340	+ \$40 million
Military exclusion	24,150	+ \$10 million
Federal investment credit	133,570	+ \$20 million
Gains on property transfers with divorce	Minimal	-
Severance pay	Minimal	-
Unemployment compensation	19,120	+ \$ 3.4 million

<u>Modification</u>	<u>Taxpayers Involved</u>	<u>Revenue Impact</u>
Federal targeted jobs credit	Part of Income Tax Deduction	
Individual Housing Account	Minimal	-
Minnesota exempt interest dividend	Minimal	-
Interest of family farm security loans and contract for deed on low interest farm sales	Minimal	-
Salary or wages received as resident earned prior to residency	?	?
Total	-	+ \$20.4 million

E-21  
SCHEDULE 11

Itemized Deduction Changes

<u>Adjustment</u>	<u>Revenue Impact</u>
Eliminate gas tax deduction	+ \$16.7 million
Correspond adoption expense with federal	-
Eliminate campaign deduction	+ \$ 1.5 million
Correspond car license fees with federal	- \$ 1.5 million
Eliminate import duty deduction	-
Eliminate tuition and transportation deduction	+ \$ 4 million
Correspond contribution deduction with federal	- \$ 4 million
Casualty loss deductible in same year as federal	-
Establish a minimum standard deduction of \$1,000	- \$ 9.5 million
Total	+ \$ 9.2 million



Schedule  
M-1NR  
Part 1

## Nonresident and Part-year Resident Minnesota Gross Income Determination

# MOCK-UP

**Income:**

1 Wages, salaries, tips, etc. . . . .	1
2 Interest income other than U.S. government securities exempted from state tax . . . . .	2
3 Interest income from U.S. government securities . . . . .	3
4 Dividend income less exclusion . . . . .	4
5 State and local tax refunds. . . . .	5
6 Alimony received. . . . .	6
7 Business income (loss). . . . .	7
8 Capital gain (loss). . . . .	8
9 40% of capital gain distributions not reported on line 8 above . . . . .	9
10 Supplemental gains (losses). . . . .	10
11 Total taxable pensions and annuities . .	11
12 Rents, royalties, partnerships, estates, trusts, small business corporations, etc.	12
13 Farm income (loss) . . . . .	13
14 Unemployment compensation . . . . .	14
15 Other income . . . . .	15
16 Total income (add lines 1 through 15) . .	16
<b>Federal adjustments:</b>	
17 Moving expense. . . . .	17
18 Employee business expenses . . . . .	18
19 Total payment to IRA/Keogh plan . . . .	19
20 Interest penalty on early withdrawal of savings . . . . .	20
21 Alimony payments . . . . .	21
22 Two earner married couple deduction. . .	22
23 Disability income exclusion. . . . .	23
24 Total adjustments (add lines 17 through 23) .	24
25 Federal adjusted gross income (subtract line 24 from line 16) . . . . .	25
<b>Minnesota modifications:</b>	
26 Minnesota income used as an offset for non-Minnesota losses on federal return (If capital gain, fill in 40%). . . . .	26
27 Add lines 25 and 26) . . . . .	27
<b>Subtractions:</b>	
28 Difference in basis of assets sold or exchanged (fill in 40% of capital gain). . . . .	28
Losses deductible in Minnesota but not reflected because they offset out-of-state income on federal return . . . . .	29
30 Total subtractions (add lines 28 and 29). . . . .	30
31 Minnesota gross income (subtract line 30 from line 27). Fill in the result on line 9 of Form M-1	31

Schedule  
M-1NR  
Part 2Nonresident and Part-year Resident  
Federal Income Tax Deduction Determination

32	Amount from line xx of federal Form 1040 or line xx less line xx of Form 1040A . . . . .	32	
33	Total of the amounts on lines xx, xx, xxa, xxb, xx and xx of federal Form 1040 . . . . .	33	
34	Total 1983 federal income tax liability (add the amounts on lines 32 and 33) . . . . .	34	
35	Federal adjusted gross income (from column A, line 25 on the front of this form) . . . . .	35	
36	State and local tax refunds (from column A, line 5 on the front of this form) . . . . .	36	
37	Interest income from U.S. government securities (from column A, line 3 on the front of this form) . . . . .	37	
38	Add lines 36 and 37. . . . .	38	
39	Subtract line 38 from line 35. . . . .	39	
40	Minnesota gross income (add columns C and D, line 31 on the front of this form) . . . . .	40	
41	Divide the amount on line 40 by the amount on line 39 (the result is the percentage of federal income tax allowed) . . . . .	41	%
42	Federal income tax allowed (multiply the amount on line 34 by the percentage on line 41) . .	42	.
43	1983 self-employment tax (from line xx of federal Form 1040) . . . . .	43	.
44	Multiply line 43 by 0.25 (25%) . . . . .	44	.
45	Self-employment income assignable to Minnesota . . . . .	45	.
46	Total self-employment income . . . . .	46	.
47	Divide the amount on line 45 by the amount on line 46 (the result is the percentage of line 44 allowed) . . . . .	47	%
48	Self-employment tax allowed (multiply the amount on line 44 by the percentage on line 47) . .	48	.
	If you made any of the tax payments shown on lines 49, 50 and 51, list only the portion of tax that applied to income which is subject to Minnesota tax.		
49	Taxes paid in 1983 for years before 1981. . . . .	49	.
50	Taxes paid in 1982 for years before 1981 \$ _____ x 80% . . . . .	50	.
51	Taxes paid in 1981 for years before 1981 \$ _____ x 67% . . . . .	51	.
	Note: If amounts for lines 49, 50 or 51 were for self-employment tax, fill in 24% of the amount instead of the full amount.		
52	Total federal tax allowed as a deduction (add lines 42, 48, 49, 50 and 51). . . . .	52	.
	This amount may be listed in either column A or B, line 10 of Form M-1 or may be split between the columns any way you wish.		

Instructions for Schedule M-1NR

MOCK-UP

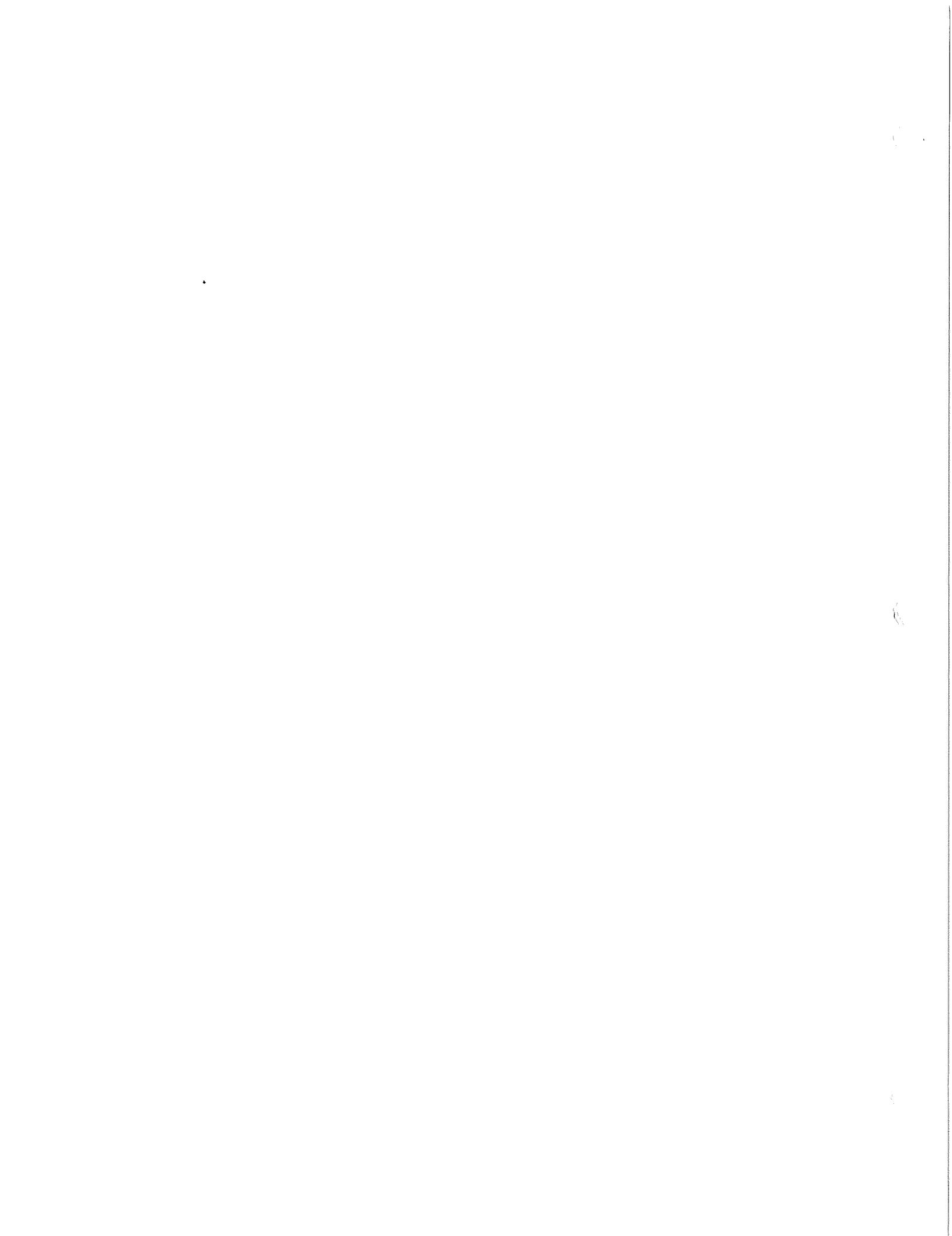
NONRESIDENT TAX CREDIT

This computation would provide that nonresidents, part year residents, and residents would compute the tax in the same manner and that no subtraction would be allowed for income from sources outside of Minnesota.

The tax would be assessed on income from all sources and then the tax would be allocated to Minnesota on the basis of income assignable to total income. A method to arrive at this is to allow a credit against the tax for nonassignable income.

Credit would be computed as follows:

1. List income from sources outside of Minnesota.      \$ \_\_\_\_\_  
NCTE: Part year residents list income not assignable to Minnesota for the time they were nonresidents.
2. List combined total of Minnesota gross income.      \$ \_\_\_\_\_  
Combine amounts in columns A and B of line 6, Form M-1.
3. Percent of income not assignable, divide line 1 by line 2.      %
4. Combined tax, line 12 of Form M-1      \$ \_\_\_\_\_
5. Personal and dependent credits, line 26 of Form M-1.      \$ \_\_\_\_\_
6. Net tax, subtract line 5 above from line 4.      \$ \_\_\_\_\_
7. Nonresident credit, multiply tax on line 6 by ratio on line 3.      \$ \_\_\_\_\_



## MINNESOTA Income Tax Return 1983

Before you begin, read "Use of Information" in the Instructions.

Your full first name and initial	Last name(s)	Your social security number	Check box and fill in name of Minnesota city or township where you lived in 1983.	<input type="checkbox"/> City	<input type="checkbox"/> Township
Spouse's full first name and initial		Spouse's social security number	County	Occupation number	You Spouse
Present home address (number and street, apartment number, or rural route)			Fill in your former name, address or marital status if changed since you sent in your 1982 return		
City, town or post office	State	Zip code	Date of change:		

1 Check first box and any  You  65 or over  
 other that applies  Spouse  65 or over

Number of boxes checked for you \_\_\_\_\_  
 Number of boxes checked for your spouse \_\_\_\_\_

Credit for You, Your Spouse and Dependents  
 2 Write names and ages of your dependents below:  
 Dependents \_\_\_\_\_ Number of dependents \_\_\_\_\_

3 Total number of credits (add lines 1 and 2). . . . . 3

	A Wife Only	B Husband, Joint Return or Single Person
4 <input type="checkbox"/> Check this box if you are married and your spouse is filing a separate return Nonresidents and Part-year Residents - Skip lines 5 through 8	.	.
5 Federal adjusted gross income (from line 40 on the back of this form) . . . . . 5	.	.
6 Two earner married couple adjustment (from line xx of federal Form 1040) 6	.	.
7 Total (add lines 5 and 6) . . . . . 7	.	.
8 Subtractions (read page x of the instructions) . . . . . 8	.	.
9 Minnesota gross income (subtract line 8 from line 7) Nonresidents and Part-year Residents - Fill in amount from line 31 of Schedule M-INR . . . . . 9	.	.
10 Federal income tax deduction (from line 46 on the back of this form) Nonresidents and Part-year Residents - Fill in amount from line 52 of Schedule M-INR . . . . . 10	.	.
11 Minnesota adjusted gross income (subtract line 10 from line 9) . . . . . 11	.	.
Total deductions (choose one method only and check the box) <input type="checkbox"/> Standard deduction (to determine, read page x of the instructions) . . . . . 12	.	.
<input type="checkbox"/> Itemized deductions (from line xx of your Schedule A)	.	.
13 Minnesota taxable income (subtract line 12 from line 11) . . . . . 13	.	.
14 Tax from table on pages xx and xx of the instructions . . . . . 14	.	.
15 Total (add the amounts in columns A and B, line 14) . . . . . 15	.	.
16 Credit for you, your spouse and dependents (total number of credits on line 3 above _____ x \$68) . . . . . 16	.	.
17 Other credits before tax (from line 56 on the back of this form) . . . . . 17	.	.
18 Total credits before tax (add lines 16 and 17) . . . . . 18	.	.
19 1983 income tax (subtract line 18 from line 17) Fill in this amount or the low income alternative tax from line xx of the worksheet on page xx of the instructions, whichever is smaller. If line 18 is greater than line 17, fill in "None" If you use the low income alternative tax, fill in your household income from line x of the worksheet here . . . . .	. . . . . 19	.
20 If you wish to donate \$1 or more to the Minnesota Nongame Wildlife Fund, fill in the amount here. This will reduce your refund or increase the amount you must pay . . . . . 20	.	.
21 Total (add lines 19 and 20) . . . . . 21	.	.
22 Minnesota income tax withheld in 1983 . . . . . 22	.	.
23 Total payments on 1983 estimated tax . . . . . 23	.	.
24 Gasoline and special fuel tax credit (from line xx of Schedule GTC) 24	.	.
25 Total credits after tax (add lines 22, 23 and 24) . . . . . 25	.	.
26 If line 25 is greater than line 21, subtract 21 from 25 and fill in Amount of Refund . . . . . 26	.	.
27 If you pay estimated tax, fill in the amount of your refund from line 22 that you want credited to your 1983 Estimated Tax if any . . . . . 27	.	.
28 If line 21 is greater than line 25, subtract 25 from 21 and Pay This Amount . . . . . (Make your check or money order out to Commissioner of Revenue. Put your social security number on your check.)	. . . . . 28	.

Check  if Schedule M-4291 is attached (read page x of the instructions), \_\_\_\_\_

TAXPAYER — I declare under the penalties of perjury and criminal liability for willfully making a false return that this return is true, correct, and complete to the best of my knowledge and belief; I hereby consent to judgment to the State of Minnesota for the amount of the tax shown due herein to the extent not timely paid. PREPARER — This return is true, correct and complete to the best of my knowledge and belief.

Please print or type  
here

Sign \_\_\_\_\_ Your signature

Spouse's signature (if joint or combined return)

Date

Telephone number

(

(

(

Schedule M-1CR

## Credit For Taxes Paid To Another State Or Province

1983

Last Name	Social Security Number
-----------	------------------------

Resident

MOCK-UP

- |  |   |
|--|---|
| 1 Income (from wages and other sources) taxed by both Minnesota and another state or province . . . . .  | 1 |
| (name of other state or province)  |   |
| 2 Minnesota gross income (line 6 of Form M-1) . . . . .  | 2 |
| 3 Divide line 1 by line 2 . . . . .  | 3 |
| 4 Minnesota tax (line 12 of Form M-1). If married filing combined or separate returns, read filing status instructions below . . . . .                         | 4 |
| 5 Personal and dependent credits (line 26 of Form M-1) . . . . .   | 5 |
| 6 Subtract line 5 from line 4 . . . . .  | 6 |
| 7 Multiply line 6 by the percentage on line 3 . . . . .  | 7 |
| 8 Tax owed to the other state or province (before withholding or estimated tax payments). . . . .  | 8 |
| 9 Credit for taxes paid to another state or province (fill in the amount from line 7 or 8, whichever is smaller. Also fill in on line 28 of Form M-1). . . . . | 9 |

%

## Instructions

**Who is eligible for this credit** — If you paid tax both in Minnesota, and another state or Canadian province, you may be eligible for this credit. You are entitled to this credit only if both states tax the same income. No credit is allowed for income tax paid to any city, the federal government, or foreign countries (except Canadian province tax) — If you are a Minnesota resident who pays tax in Minnesota and another state or province, you are eligible.

**Filing status** — If you are married and filing a combined return or separate returns, each spouse must fill out a separate Schedule

M-1CR using Minnesota tax from line 11 of Form M-1 on line 4 above. If you are filing separate Minnesota income tax returns, fill in your credit on line 28 of your M-1 return, and your spouse's credit on line 28 of your spouse's M-1 return. If you are filing a combined return, add your credit to your spouse's credit and fill in the total on line 28 of Form M-1.

**Attachments** — Attach this schedule to your Form M-1. You must also attach a copy of the return from the other state or province when you file your Form M-1.



**Minnesota Farm Loss Addition Modification Carryback/Carryforward**

Last Name	Social Security Number
-----------	------------------------

MOCK-UP

**Claim year:** For 19\_\_\_\_\_, or fiscal year from \_\_\_\_\_, 19\_\_\_\_ to \_\_\_\_\_, 19\_\_\_\_\_

**Loss year or period:** For 19\_\_\_\_\_, or fiscal year from \_\_\_\_\_, 19\_\_\_\_ to \_\_\_\_\_, 19\_\_\_\_\_

1 Minnesota farm loss modification from 19_____ . . . . .	1	
2 Amount of carryback/carryforward used in previous years . . . . .	2	
3 Net farm loss carryback/carryforward (subtract line 2 from line 1) . . . . .	3	
4 Net farm gain of claim year (from line 26 below) . . . . .	4	
5 Adjusted farm loss carryback/carryforward (subtract line 4 from line 3 if a farm gain is shown on line 4. Add lines 3 and 4 if a farm loss is shown on line 4) . . . . .	5	

**Note:** If your nonfarm gross income in the claim year is:

- a. from \$0 to \$15,000, complete lines 6 through 10
- b. from \$15,000 to \$22,500, complete lines 11 through 18
- c. less than \$0 or more than \$22,500, complete line 19

6 Net farm loss carryback/carryforward (from line 3 above) . . . . .	6	
7 Adjusted farm loss carryback/carryforward (from line 5 above) . . . . .	7	
8 Nonfarm gross income in claim year . . . . .	8	
9 Subtract line 8 from line 7 (if line 8 is greater than line 7, write None) . . . . .	9	
( Carryback/carryforward allowed (subtract line 9 from line 6) . . . . .	10	
11 Net farm loss carryback/carryforward (from line 3 above) . . . . .	11	
12 Adjusted farm loss carryback/carryforward (from line 5 above) . . . . .	12	
13 Income limitation . . . . .	13	22,500 00
14 Nonfarm gross income in claim year . . . . .	14	
15 Subtract line 14 from line 13 . . . . .	15	
16 Multiply line 15 by 2 . . . . .	16	
17 Subtract line 16 from line 12 (if line 16 is greater than line 12, write None) . . . . .	17	
18 Carryback/carryforward allowed (subtract line 17 from line 11) . . . . .	18	
19 Carryback/carryforward allowed (if line 4 above is a loss, fill in zero. If line 4 is a gain, fill in the amount of gain but no more than the figure you filled in on line 3 above) . . . . .	19	

**Claim Year Farm Gain or (Loss) Worksheet**

Fill in the total gains or (losses) from a farm included in the following federal Form 1040 schedules.

	Gain	(Loss)
20 Schedule F . . . . .	20	
21 Form 4797 . . . . .	21	
22 Schedule D (read instructions) . . . . .	22	
23 Schedule E (Part I and Part II) . . . . .	23	
24 Investment credit allowable . . . . .	24	
25 Investment credit recapture . . . . .	25	
26 Net farm gain (total of lines 20 through 25. Fill in net gain here and on line 4 above) . . . . .	26	



**Schedule  
M-1LS**

Minnesota Department of Revenue

**Special 10-Year Averaging Method**

(For total distribution from qualified retirement plan)

Attach this schedule to your income tax return. Read the instructions on the other side of this form.

**1983**

Last Name	Social Security Number
-----------	------------------------

**MOCK-UP**

**Important:** This election must follow the federal election for the special 10-year averaging method. Be sure to attach a copy of federal Form 4972 to this schedule. If you completed Part II of federal Form 4972, use the amounts listed in the total column c when you fill in this schedule.

1	Adjusted minimum distribution (from line 14 federal Form 4972)	1
2	Multiply line 1 by 10% (0.10) . . . . .	2
3	Tax on amount on line 2. Use the tax table in the M-1 instructions . . . . .	3
4	Multiply line 3 by 10. If there is nothing on line 6 federal Form 4972 skip lines 5 through 8 and also fill in on line 9.	4
5	from line 20 federal Form 4972	5
6	Multiply line 5 by 10% (0.10) . . . . .	6
7	Tax on amount on line 6. Use the tax table in the M-1 instructions . . . . .	7
8	Multiply line 7 by 10. . . . .	8
9	Subtract line 8 from line 4 . . . . .	9
10	Capital gain part (from line 1, federal Form 4972) . . . . .	.10
11	Ordinary income part (from line 2, federal Form 4972) . . . . .	.11
12	Add line 10 and 11 . . . . .	.12
13	Divide line 11 by line 12. . . . .	.13
14	Tax on ordinary income part of lump-sum distribution (multiply line 9 by the percentage on line 13) . . . . .	.14
15	Tax on ordinary income part of lump-sum distribution paid on prior year's income tax returns. If Part I of federal Form 4972 was used, fill in None on line 15 . . . . .	.15
16	Tax on ordinary income part of lump-sum distribution received in 1981 (subtract line 15 from line 14). Show this amount on Form M-1, page 1, by increasing the amount on line 11 of Form M-1 and by writing "Tax from Schedule M-1LS" between lines 11 and 12. On Form M-2, fill in this amount on line 18 . . . . .	.16



Forms and Schedules

Eliminated:

Schedule A Itemized Deductions - on Form M-1.

Schedule M-1B Federal Income Tax Deduction on Form M-1.

Schedule M-1C Federal Income Tax Deduction on Form M-1.

Schedule M-1E Farm Loss Limitation - Eliminated.

Schedule M-1M Modifications - Eliminated (details in instruction book).

Schedule M-1NT Minimum Tax - Eliminated.

Schedule 1C-47 Details of Federal Adjusted Gross Income - on Form M-1.

Schedule EAC Exempt Agricultural Electricity Credit - Sales tax not assessed.

Schedule PC Pollution Control Credit - Eliminated except for carryover.

Schedule REC Residential Energy Credit - Eliminated except for carryover.

Research Credit 1982 first year - Eliminated.

M-1PR Property Tax Refund Credit - Not on M-1 but administered by Department. Eliminate credit monies transferred to direct credit or reduction in real estate taxes assessed on residential property.

Simplified:

Schedule CTC Gas Tax Credit - Eliminate required designation for boat and nonboat use. Not available for non-income producing claims.

Schedule M-1CP Credit for Taxes Paid to Other States. Allowing credit only to residence simplifies the schedule.

Other:

Schedule M-1F Farm Loss Carryover - Still required to apply the carryover of previous years limitations needed through 1987.

Schedule M-1LS Lump Sum Distribution. Schedule could be shortened because of pension exclusion elimination.

Form M-1 Individual Income Tax Return. More detailed but short form filer (non-itemized) could make computation on front page of return and almost all taxpayers would only need the Form M-1 with no schedules. Copy of federal would be required.

Schedule M-1NR Nonresident schedule.  
or

Schedule M-1NRC Nonresident Credit Schedule. These are new schedules needed only by nonresidents or part year residents.



## Revenue Impact of Proposed Changes

Modification Elimination	+ \$20.4 million
Federal Income Tax Simplification	
1. Apportioned between spouses as they wish	- \$10 million
2. Allocation not required on exempt income	- \$ 8 million
Itemized Deductions Coincide with Federal	+ \$ 9.2 million
Eliminate Minimum Tax	- \$ 3.5 million
Eliminate credits:	
1. Pollution	+ \$ 1.5 million
2. Energy	+ \$ 1.5 million
3. Research	+ \$ .3 million
4. Gas Tax for Nonbusiness Use	+ \$ .8 million
5. Homemaker	+ \$ 3 million
Simplify Credits:	
1. Taxes Paid to Other States	No Change
2. Child and Dependent Care	<u>- \$ 6 million</u>
Total overall except the application of the change in 1983 surtax.	+ \$ 9.2 million
The application of the surtax to apply before credits would reduce one year increase of	\$49 million

NOTE: The increase due to applying the surtax to the tax before credits would softer the impact of allowing the remaining four-sixth of the pre-1981 federal tax write-off in 1983. The excess should afford a cushion for implementation and supports the adoption of a program which does not drastically alter the tax structure, simplifies almost all of the aspects of the computation, and affords the state with a plan which has a small revenue gain.



INTERIM REPORT  
ADMINISTRATIVE CHANGES SUBCOMMITTEE  
GOVERNOR'S TASK FORCE ON INCOME TAX SIMPLIFICATION  
JULY 30, 1982



## I. GENERAL RECOMMENDATIONS

### A. Non-Tax Use of Tax Forms

One factor that has constantly returned to the deliberations of the Subcommittee has been the multiple uses of the tax forms. The Subcommittee strongly believes that when any tax form includes statistical, social, political, or other non-revenue collecting data, it is not simplified. The law changes subcommittee, as well as the legislature, should certainly take this into account as a direct measure of simplification. Where such use of the tax forms could be avoided by administrative change, our Subcommittee has consistently suggested that such actions be taken.

Specific recommendations in this regard are:

- At a minimum, reduce the number of occupation codes to 50 or less. This information has some use in auditing checks as well as some application by the Department of Economic Security. One way to reduce the number of codes to 50 is to use only those with a frequency of 10,000 or more reporting in the previous year (producing a list of 35 based on 1978 data), then add up to 15 more codes for "other" categories, such as "other professional," "other farm labor," etc. Eventually, alternative methods of gathering this data and editing returns should be sought with the goal of eliminating occupation code on tax forms.
- Develop a method for carrying over the city, county, township, and occupation codes until they can be eliminated, so that taxpayers do not have to report this data each year. Instead, if the information is brought forward annually in the computer system and/or on the label or form printing, those filing a return would only have to note changes. Again, a goal should be to eliminate this data entirely from the tax form.

### B. Nonresident/Part-Year Resident Worksheet

The Subcommittee studied the possibility of a nonresident and/or part-year resident tax form and instruction book. Due to the small number of taxpayers in this category, it was not felt that such a change was justified even though it would be a simplification. The Subcommittee does recommend, however, that a worksheet be developed and made available for those taxpayers in this filing status. Such a worksheet would guide the user through the details of splitting Minnesota and other states income, reductions, credits, and taxes in a step-by-step fashion. This worksheet could be incorporated into the existing tax bulletin for nonresidents and part-year residents (Bulletin Number 70).

### C. Forms Distribution

Several recommendations are made that might simplify the accessibility and availability of tax information:

- Continue the practice of distributing form M-1C to banks and post offices, and for 1982 and beyond, add form M-1M to the same distribution points. This is an alternative to including such forms in the instruction book. The Subcommittee feels that there is sufficiently wide use of these forms to justify the expanded distribution.
- Document the computer processing requirements for common Minnesota tax forms and make such information widely available. This may help to encourage development of computational programs for the state forms, thus providing a useful tax tool for the growing home computer marketplace.

### D. Instructions

Several recommendations are made for the instructions that accompany any of the forms:

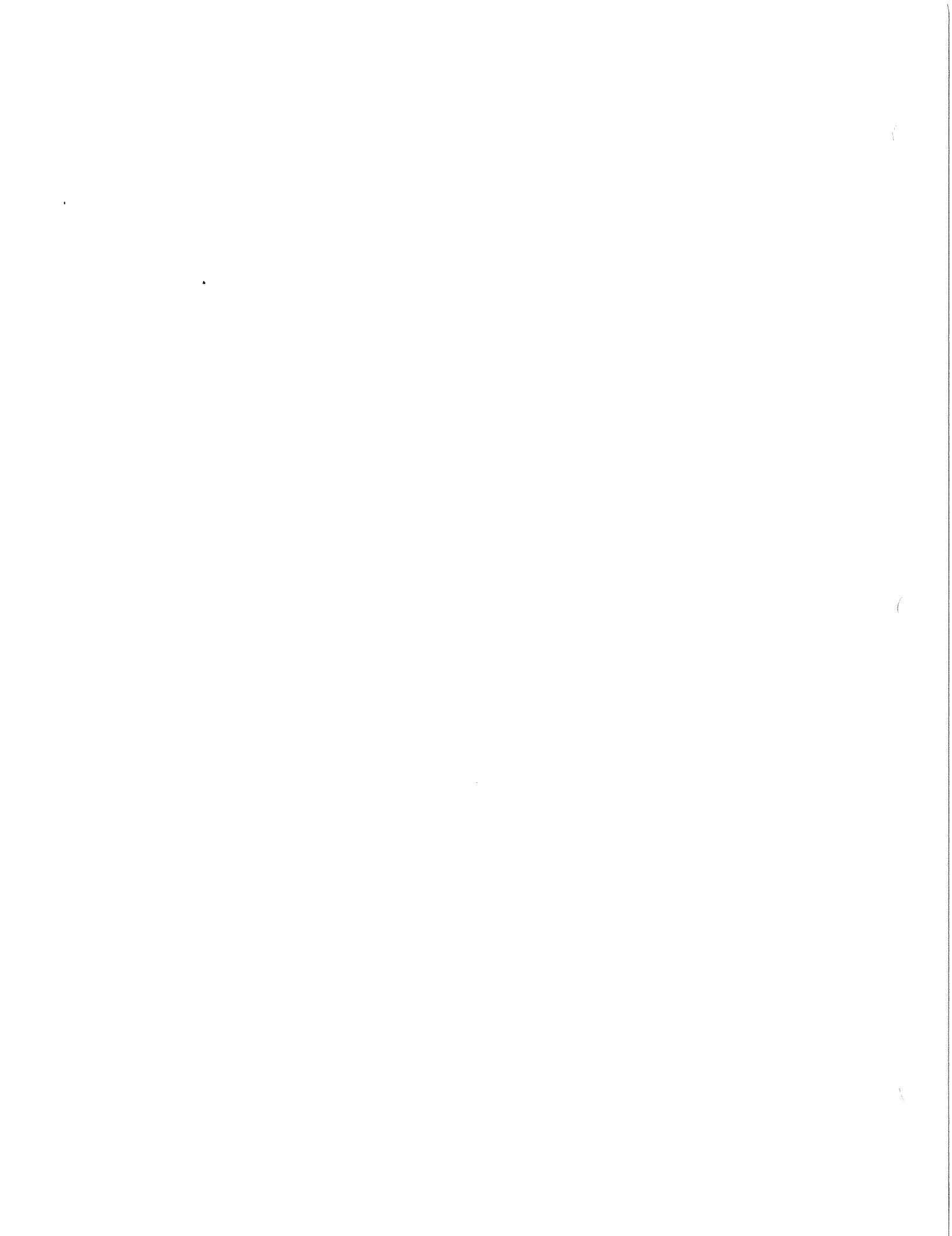
- Employ the "tax tip" idea used by Siegel and Gale in the instructions to the Federal form 1040S. While the format involved was to print a "tax tip" in a different color in the margins, the Minnesota use of this idea does not have to initially be so elaborate. The use of bold face print with boxes around the "tip" and perhaps the words "tax tip" slightly outdented in the margins should be worth a trial. The objective is to highlight important tax instructions that will potentially benefit the taxpayer (such as filing a combined return).
- When percentages are employed in a tax computation, such as the surtax, list the decimal number first followed by the percent in parenthesis. For example, the surtax would read "...multiply by 0.07 (7%)" This may help to simplify the understanding of the computation.
- The instructions should indicate that the lines on a tax form with the line number boxed in represent information picked up by data processing. In the age of the computer, citizens have the right to know what a computer contains from their tax return.

- For the long form instructions: list more of the common additions and subtractions; provide better explanations about the Federal dividend and interest exclusion; improve the clarity of the low income tax alternative discussion; summarize the differences between the federal and state energy credits;
- and reprint the federal sales tax table for Minnesota in the state instructions.

#### E. Changes Common to All Forms

Several considerations were analyzed for application to all forms:

- The Seigel and Gale style of tax form (a flow-through design with wide margins, step-by-step computations and liberal use of graphics (including plus and minus signs to indicate arithmetic operations) is an immensely attractive style of form and a good move toward simplification. The Subcommittee reviewed many mockups of forms in this style, and believes that they have great advantage. Until, however, the federal forms are fully field tested and implemented, the recommendation is to not implement that general style. The goal should be that when the federal forms follow this style as a uniform format, the state should then pattern its forms in the same mold.
- The Subcommittee studied the use of the decimal point instead of the short vertical line to indicate the decimal portions of numbers. This more clearly indicates, the Subcommittee believes, the type of data being requested, and is being recommended for implementation across all tax forms.



## II. NEW FORM: MINNESOTA M-1A (THE SHORT FORM)

### A. Introduction

Approximately forty percent of all citizens filing Federal Income Tax returns use the short form (1040A). The advantages of this form are clear: a plainer looking document with easier instructions, less time involved in preparing the return, and simpler processing requirements for the IRS. Minnesota has never had these advantages from a short form, primarily due to the complicated nature of the individual income tax structure.

The Administrative Changes Subcommittee of the Tax Force feels, and the full committee has agreed, that beginning with the 1982 tax year, a Minnesota short form is both desirable and feasible. Several changes in the law now make it possible for such a form to be potentially utilized by 25 percent of those filing Minnesota tax returns. With certain law changes, beyond the scope of this Subcommittee, even wider use of the form could result. We suggest that such law changes be a priority until at least the same percentage using the Federal short form can also use the State short form.

### B. Alternatives Considered

For many Minnesotans, the use of forms M-1 and M-1B is an unnecessary complication. Statistics show that over 630,000 tax forms filed (35 percent) used the standard deduction, had no modifications to Federal Adjusted Gross Income, and had no estimated tax credited. This is the potential target population for a short form. Tax returns in this group, however, include many before-and after-tax credits which tend to complicate the form (these credits required 15 lines on the 1981 form M-1).

The Subcommittee's task was to find a significantly large enough group within the 630,000 that has few credits, then develop a short form tailored to that group. The following modifications to the general criteria above (standard deduction, no additions or subtractions, no estimated tax credited, but many credits) were considered.

1-Allow personal credits (before tax) and Minnesota Income Tax withheld (after tax) only.

2-The criteria in 1 plus homemaker credit (before tax) and child and dependent care credit (after tax).

3-The criteria in 2 (personal credits, homemaker credit, tax withheld and child care credit) plus political contribution credit.

4-The criteria in 3 plus additions to Federal Adjusted Gross Income.

5-The criteria in 3 plus additions to Federal Adjusted Gross Income plus estimated tax credits.

6-The criteria in 2, but eliminating the combined return filing option (basically a form for singles and joint filers only).

The smallest potential group for using a short form was associated with 6: 370,000 tax returns or almost 21 percent of the total filed in 1980. The largest potential for using a short form was Group 5 with almost 450,000 tax returns. The remaining groups fell between the two extremes, with Group 1 representing 425,000 returns (24 percent).

The Subcommittee feels that the complications caused by adding credits and other modifications is a significant move away from simplification. On the other hand, certain of these complications are necessary to cover the group that would potentially benefit from a short form. Therefore, the set of conditions represented by Group 1 is recommended as the target for a short form. The increase in potential users through additional modifications was not considered significant enough to implement those complications. Also, while Group 6 produced the simplest form, the Subcommittee did not feel the criteria covered a wide enough population.

To avoid diluting the selected group in 1982, several additions to Federal Adjusted Gross Income were considered. These included the two-earner married couple deduction and excess contributions to IRAs. It was felt that the target group for this form would have few IRA contributions in excess of the current limits, thus the addition was dropped. It is possible, however, that many of the users of a short form will be two wage earner married couples (statistics showed a potential of 90,000) so that addition, even though it adds one line to the form, was retained.

Other modifications considered for a short form included using some subtractions to Federal Adjusted Gross Income. The hope was to potentially develop an intermediate form that might serve a population between the short form and forms M-1/M-1B. It appears, however, that any use of subtractions leads one through

the complete computations required on form M-1B, and thus simplification is not possible. As a consequence, work on an intermediate form was not pursued. This is a particular disappointment, since the implication is that for senior citizens with retirement benefits (a subtraction to gross income), a simplified tax form is not now possible.

Thus, the final recommendation for a short form target group would be those Minnesota residents using:

- The standard deduction.
- No subtractions to Federal Adjusted Gross Income.
- Only the two earner married couple addition to Federal Adjusted Gross Income.
- Only personal credits before tax.
- Only Minnesota income tax withheld credit after tax.

The low income alternative tax would be optional on the short form. Further suggested modifications leading to simplification in the short form include the following:

- A carryover, in the computer system, of the county, city, township and occupation data as noted in Section I of this report.
- Make certain format changes, such as using individual boxes for writing numbers and using the decimal point to indicate fractional dollars.
- Include the Federal Income Tax deduction worksheet on the back side of the short form. This means that many taxpayers would have all the tools they need to complete the short form without using supplementary work sheets in the instruction book. This is a benefit since it helps minimize the flipping back and forth between forms and instructions. While it would be possible to fit all of form M-1A on the front side of one sheet, thus making it appear shorter, the Subcommittee feels that such a design would be too tight and that if the common work-lists needed are on the form and have clear wordings for each line, the taxpayer may not have a refer to the detailed instruction unless there are exceptions in their return.

- Remove the non-game wildlife checkoff. The Subcommittee was informed that the law does not require this item on a Minnesota short form. Target group statistics show that for the 1980 returns, only 27,000 filers (6.4 percent) responded to the checkoff, raising slightly less than \$70,000. Since this is non-tax related data, the Subcommittee feels that the two lines represented by this item are a complication and may be removed, leaving any taxpayers who desire to contribute the option of using the long form (M-1). This is not a judgement on the quality or worthlessness of the program, but rather adherence to the simplification principle that tax forms be used only for collecting taxes.
- Print on the front of the instruction book a checklist of who may use the short form. This checklist is seen as a short and concise summary of the filing requirements for the short form target group. Each question would be answered "yes" or "no" with all questions phrased so that one "no" answer means the short form cannot be used. Questions would include common examples, especially in the area of modifications to Federal Adjusted Gross Income.
- Printing the short form using a buff green color. It is recommended that the form be on white paper and that the green be printed on so that the boxes in which figures are written will remain white. Refer to the color mockup for an example. The Subcommittee considered using pink to provide consistency with the Federal short form, but that color produces an ugly and distracting look. The forms in the instruction book, as well as the flat forms printed by the state, should include the color (forms printed by others for tax preparers may be black or white).
- Build the standard deduction into the tax tables to ease the tax computation.
- Use professional looking graphics to better guide users through the form and provide examples of arithmetic in the instructions. Refer to New Mexico's form for a good graphics example.
- Use a less bold type style to improve the "white space" look to the form.

- Refer to the form as Minnesota Form M-1A to retain consistency with Federal short form nomenclature.
- Use a bold heading on the form to both indicate the difference in this form from the M-1 and to provide an easy visual sort for processing.

A markup of the proposed form is in the Appendix to this report.

#### C. Costs

The following cost estimates were provided for implementing the short form:

- A one-time cost of \$40,000 to modify the computer programs supporting the entry, audit and control functions of tax form data processing.
- A one-time cost of \$5,000 for development of the form and additional time for instruction writing.
- An annual cost of \$27,000 to print 425,000 instruction books (20 pages) that include two copies of the form. Instruction books of more or fewer pages increase or decrease the cost by about \$5,000 for each four pages.
- An annual cost of \$22,000 to print instruction books without forms.
- An annual cost of \$9,500 to print 1,300,000 flat forms and additional envelopes for distribution to banks, post offices, and tax preparers.
- An estimated \$5,000 to \$10,000 to print color in the forms.
- Up to an estimated \$10,000 per year for manually sorting and handling forms. This should diminish in future years as the system stabilizes.

Thus, first year costs are estimated at \$120,000, which includes the one-time computer development costs. Subsequent years expenditures would be \$75,000 (ignoring inflation) for form printing and distribution. Some added cost may be incurred by remailing forms to those who receive the wrong ones initially.

Some of the additional costs will be offset by savings. For example: fewer of the standard forms and books will need to be published and distributed; the short form represents less data to enter and retain; and once the population of short form users is identified, better inventory control on forms storage may be implemented. Firm dollar estimates for these savings have yet to be made available by the department, although the Subcommittee believes (and experiences of other states confirms) that the savings will eventually offset most of the costs.

#### D. Responses to Possible Concerns About the Short Form

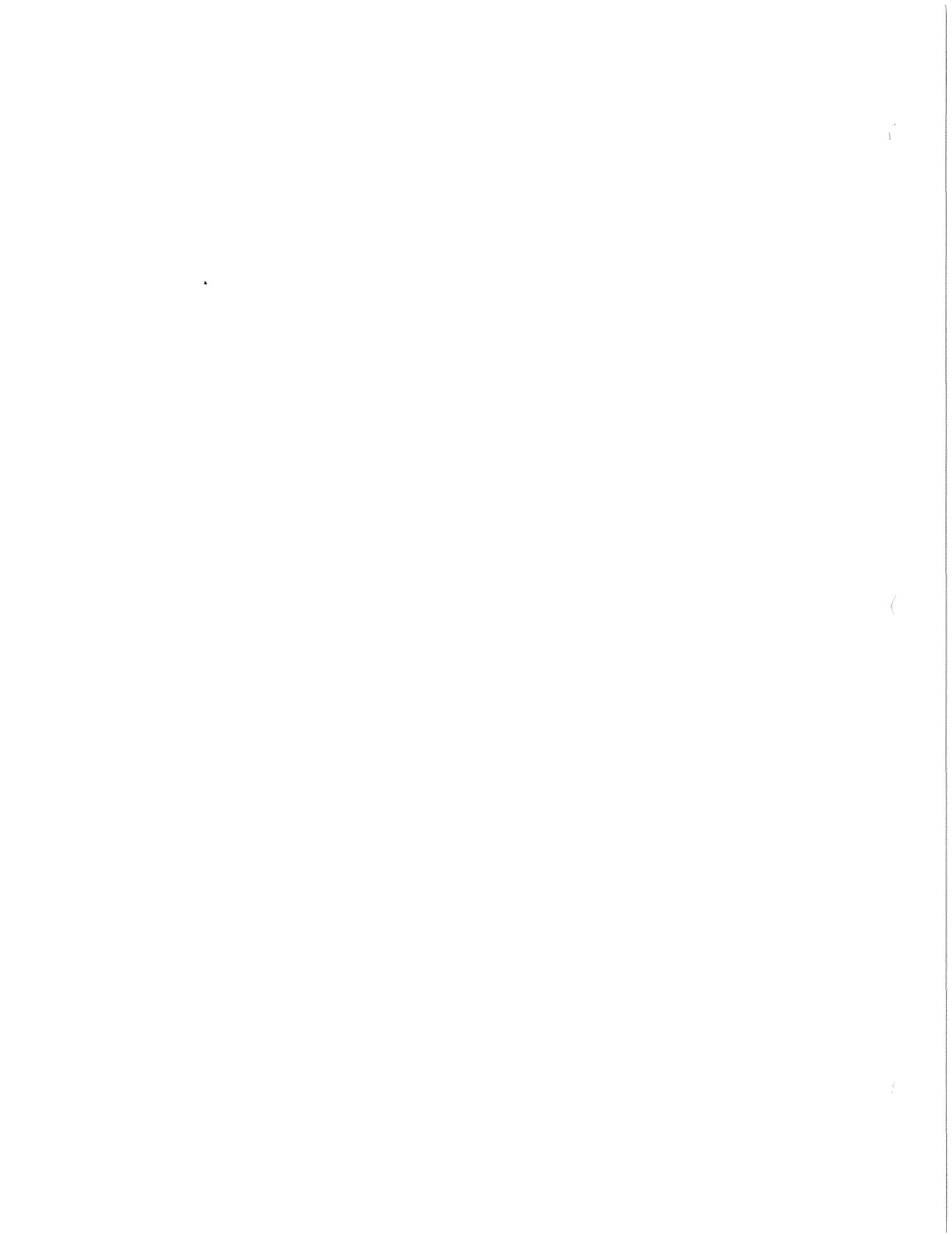
Through the Revenue Department's study of the short form and using the experiences of other states, several potential concerns were identified. The Subcommittee does not feel these represent significant deterrents to implementing a short form now, and would offer the following responses to the questions raised:

- The short form doesn't look short. It must be kept in mind that shortness does not imply simplicity even though the new form is, indeed, shorter and more compact--it is contained on one side of one sheet, with work charts on the reverse side. This is compared to using form M-1 (one sheet, both sides) and form M-1B with itemized deductions (one sheet, both sides). To see what has been eliminated from existing forms, refer to the attachments in the Appendix. Further, the real benefit in the form is its simpler flow and simpler instructions when compared to existing forms. These facts should be stressed in heavy publicity about the form to encourage its widest use.
- People may fill out the wrong form. If people fill out the long form when they qualified for using the short form, no harm is done other than their extra time in going through more steps. If someone fills out the short instead of long forms, these problems will be detected by the excellent audit procedures currently used by the department.
- People will use the wrong tax table. No doubt, but other states with a short form indicate the form is almost entirely audited by computer which makes the detection and correction of this error automatic. The Subcommittee would recommend that Minnesota develop such automated processing.
- The form needs to be field tested for a year. The Subcommittee feels that the short form is a simple document to fill out (it was designed that way), and that the Department has the expertise to uncover any hidden problems before the form is implemented. The Subcommittee also feels that the timing for a short form is now (1982 tax year), and that nothing, other than more taxpayer frustration, will be gained by delaying implementation.

E. Recommendation

It is the recommendation of the Administrative Changes Subcommittee that the suggested short form be implemented for the 1982 tax year and each subsequent year in which the current tax structure is in force. This recommendation is made now, before the final report of the Task Force is due, to allow Department staff sufficient time to prepare and implement such a form.

The Subcommittee feels very strongly that the short form is the one administrative change that would have significant impact on simplifying the current reporting of Minnesota Individual Income Tax. The cost estimates appear acceptable, and even if they are low, we feel the benefits of an easier form for 425,000 taxpayers far outweighs the expenses.



### III. EXISTING FORMS

#### A. M-1

.A variety of changes to the existing forms were studied by the Subcommittee. The final suggestions relating to form M-1 are:

- Regardless of the final style of the 1982 "long form," include the two wage earner married couple addition to Federal Adjusted Gross Income as a separate line on the form. In the interest of simplification, the number of lines on a form should be minimized. However, simplification also implies making the completion of a form easier which adding this line does. Considering the large number of tax payers who must utilize this modification in 1982, the Subcommittee felt that even though it lengthens the form, adding this specific line serves as a direct reminder and will thus simplify use of the form, and reduce the number of potential errors.
- A flow through design received favorable support from the Subcommittee (see the forms packet for an example). Advantages include a form that follows the same flow as the Federal form, a minimal amount of flipping the form over for computations, and a form with more free space. The major concern is when to best implement this radical design change, since the needs of simplification can sometimes best be served by maintaining consistency with the past. The greatest benefits of simplification will occur when significant law changes are passed or when a modified piggyback method of taxing is adapted. The forms resulting from those changes would be vastly different from the current documents. Thus the Subcommittee feels that if law simplifications or piggybacking can occur in the next few years, it is not advisable to drastically alter M-1 now, and have it reformatted again when changes occur in the law. If, however, such changes do not appear to be imminent within the next year, the Subcommittee would recommend adapting a flow through version for form M-1 until a truly simplified method of taxing can be implemented.
- Regardless of the style of form M-1 adapted, the Subcommittee suggests highlighting, through bold type, the headings of various sections on the form, especially before, after and personal tax credits. In addition, if space allows, these various sections should be boxed in for clarity.

#### B. Forms M-1B, M-1C, M-1PR, and M-1M

The Subcommittee reviewed several 1982 mockups of these forms, and would suggest that the department has derived acceptable documents for 1982. These forms are somewhat simplified by law changes and certain suggested format modifications: the use of section headings and instructions; boxing in sections for clarity; and the use of graphics to highlight important procedural steps.

#### C. Schedule C (Itemized Deductions)

The Subcommittee understands that the Federal itemized deductions schedule for 1982 may be changed. Presently, a mockup of that form is not available, so we offer no specific suggestions for the state schedule. We do recommend, however, that the state follow the final Federal format to ensure consistency and minimize recomputations where the Federal and State deductions are the same.

#### IV. ACKNOWLEDGEMENTS

The Subcommittee would like to recognize the outstanding support provided to us by JoAnne Furey of the Forms Unit. Her efforts and competence in translating our ideas into endless mockups of forms made the efforts of the Subcommittee much more productive. We would also like to recognize the quality work provided by Larry Wilkie who carried on for JoAnne when she went on a much deserved vacation. The efforts and input from these people, as well as the staff behind the scenes, is greatly appreciated.

Respectfully Submitted by:

Janet Blexrud  
Roger Reinhart  
Donald Severtson  
Joseph Skovholt  
Bruce Weber, Chair

FLAT RATE ALTERNATIVE  
GOVERNOR'S TASK FORCE ON INCOME TAX SIMPLIFICATION

(

(

)

Proposal:

Flat tax rate applied to federal adjusted gross income with variable personal credit.

Add: Municipal Bond Interest

Subtract: U.S. Bond Interest  
Non-resident Earnings

Tax Rate: 7%

Personal Credit:

<u>Combined FAGI</u>	<u>Personal Credit</u>
\$ 0 - \$15,000	480
15,000 - 20,000	430
20,000 - 25,000	360
25,000 - 30,000	275
30,000 - 35,000	200
35,000 - 40,000	125
40,000 And Over	0

Budget Impact: \$64.8 million

Prepared For: Governor's Task Force on Minnesota  
Income Tax Simplification

By: Minnesota Department of Revenue  
Research Office  
September 9, 1982

1

2

3

## ALL TAXPAYERS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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## ORIGINAL AGI CLASS

*****-\$	0	25066.	1569638.	216.	33321105.	-458337.	86285.
0-\$	5000	28535.	2833884.	36204.	118479039.	76599.	176390.
5000-\$	10000	82443.	11104162.	377612.	386374468.	519784.	5472282.
10000-\$	20000	169336.	33793517.	1685842.	963190037.	2538054.	75755518.
20000-\$	30000	190300.	50995473.	3320164.	1579591035.	4781538.	232857624.
30000-\$	40000	168230.	44007016.	4105134.	1745489509.	5828538.	338383605.
40000-\$	50000	90546.	28849542.	2786529.	1210008100.	4018235.	250361946.
50000-\$	100000	77114.	-3739367.	3214984.	1666646627.	4905985.	344482224.
100000-\$*****		14580.	-25604095.	1444966.	1109542696.	2585197.	204422469.
<b>TOTALS</b>		<b>846227.</b>	<b>143859819.</b>	<b>16971652.</b>	<b>8812742665.</b>	<b>24896794.</b>	<b>1452498344.</b>

## RETURNS WITH ITEMIZED DEDUCTION

## ORIGINAL AGI CLASS

*****-\$	0	232.	13854.	621.	-272020.	-883.	0.
0-\$	5000	316133.	1492093.	752594.	289957587.	840738.	3365571.
5000-\$	10000	194473.	-15972139.	1201906.	290783721.	1408405.	31118903.
10000-\$	20000	226512.	-40349764.	2650178.	681227540.	3275793.	168401394.
20000-\$	30000	100558.	-17140153.	1896502.	560197942.	2435937.	155210269.
30000-\$	40000	36530.	-2271110.	952196.	294800123.	1252935.	83307833.
40000-\$	50000	13120.	301299.	430619.	142358680.	577943.	39740516.
50000-\$	100000	6817.	-4126299.	385021.	153707916.	542840.	41776281.
100000-\$*****		440.	-1007942.	40887.	24891290.	65890.	5909388.
<b>TOTALS</b>		<b>897270.</b>	<b>-79050156.</b>	<b>8310524.</b>	<b>2437652779.</b>	<b>10399598.</b>	<b>529330155.</b>

## RETURNS WITH STANDARD DEDUCTION

## ORIGINAL AGI CLASS

*****-\$	0	25278.	1533542.	837.	33049085.	-459219.	86285.
0-\$	5000	344766.	4375082.	788798.	403436625.	917437.	4041961.
5000-\$	10000	275921.	-4057977.	1579518.	677153189.	2028189.	36591185.
10000-\$	20000	395343.	-6556247.	4336020.	1644417627.	5813847.	244156912.
20000-\$	30000	291257.	33855320.	5216667.	2139888977.	7217474.	388067894.
30000-\$	40000	204810.	41735206.	5057331.	2040289631.	7031574.	422191438.
40000-\$	50000	103666.	29150840.	3217148.	1352366780.	4596178.	290102463.
50000-\$	100000	85931.	-7865666.	3600004.	1820354543.	5449825.	386258505.
100000-\$*****		15020.	-26612037.	1485853.	1134433986.	2651087.	210331857.
<b>TOTALS</b>		<b>1743497.</b>	<b>64799663.</b>	<b>25282176.</b>	<b>11250395443.</b>	<b>35296392.</b>	<b>1981828499.</b>

7% FLAT TAX RATE ON FAGI - TAX YEAR 1983  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

DONE ON 08/31/82  
 PAGE 58

MARRIED TAXPAYERS FILING JOINT RETURNS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	15468.	1245802.	0.	23230812.	-328158.	77670.
\$ 0-\$ 5000	5365.	1264937.	3155.	35462970.	13750.	2666.
\$ 5000-\$ 10000	14318.	3353659.	65616.	94042072.	123173.	545335.
\$ 10000-\$ 20000	31230.	7573955.	294977.	197114157.	469720.	12166252.
\$ 20000-\$ 30000	37540.	9361961.	636052.	369451756.	924290.	48246452.
\$ 30000-\$ 40000	33107.	-30316.	786153.	354726825.	1125781.	74438029.
\$ 40000-\$ 50000	9638.	-712541.	290373.	138507146.	424820.	30642540.
\$ 50000-\$ 100000	11029.	-3669666.	447961.	266777355.	706916.	53367121.
\$ 100000-\$*****	2294.	-3101006.	217013.	188884460.	404040.	31461413.
TOTALS	161989.	16241835.	2741300.	1666203453.	3864330.	250947477.

RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	0.	0.	0.	0.	0.	0.
\$ 0-\$ 5000	35306.	1776463.	80306.	67681799.	90656.	6507.
\$ 5000-\$ 10000	23910.	1305707.	149924.	45735764.	171517.	1496469.
\$ 10000-\$ 20000	22558.	-446006.	269489.	81398645.	325622.	14021009.
\$ 20000-\$ 30000	14975.	-3778294.	292695.	79985264.	355765.	24500793.
\$ 30000-\$ 40000	2402.	-1326000.	64785.	16433805.	84349.	6613753.
\$ 40000-\$ 50000	535.	-451920.	19297.	5976285.	25234.	2221080.
\$ 50000-\$ 100000	535.	-566589.	17707.	7320430.	24839.	2318582.
\$ 100000-\$*****	37.	-143925.	4582.	3236191.	7784.	709026.
TOTALS	100057.	-3630659.	898784.	307768183.	1095765.	51887219.

RETURNS FOR BOTH TYPES DEDUCTION

\$*****-\$ 0	15468.	1245802.	0.	23230812.	-328158.	77670.
\$ 0-\$ 5000	40671.	3041455.	83461.	101144668.	104405.	9173.
\$ 5000-\$ 10000	40227.	5164366.	215540.	139783837.	224690.	2041803.
\$ 10000-\$ 20000	53789.	7127949.	564466.	278512802.	795342.	26187261.
\$ 20000-\$ 30000	52515.	6033666.	923747.	449437020.	1290055.	72747245.
\$ 30000-\$ 40000	35509.	-1406316.	850938.	371160630.	1210129.	81051732.
\$ 40000-\$ 50000	10172.	-1164461.	309669.	144483431.	450054.	32863620.
\$ 50000-\$ 100000	11363.	-4236355.	465663.	274097784.	751755.	55685703.
\$ 100000-\$*****	2330.	-3244931.	221596.	192120651.	411824.	32170440.
TOTALS	262046.	12611176.	3640084.	1973971636.	4960095.	302834696.

FLAT TAX RATE ON FAGI - TAX YEAR 1983  
 TABLE 8. SUMMARY OF EFFECTS OF PROPOSED TAX LAW CHANGE FOR ALL RETURNS

DONE ON 03/31/82

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MARRIED TAXPAYERS FILING SEPARATELY ON THE COMBINED RETURN

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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ORIGINAL AGI CLASS

\$*****-\$ 0	818.	66926.	216.	1618312.	-20390.	4722.
\$ 0-\$ 5000	3005.	383655.	4395.	16546093.	6351.	91097.
\$ 5000-\$ 10000	20116.	4601729.	97163.	103687371.	159542.	296940.
\$ 10000-\$ 20000	66056.	24712749.	685292.	389261768.	1013551.	21797643.
\$ 20000-\$ 30000	103035.	40341969.	1948004.	841235372.	2761690.	121971074.
\$ 30000-\$ 40000	118333.	44160756.	2943808.	1192642345.	4130355.	227002478.
\$ 40000-\$ 50000	76891.	28961678.	2387384.	1003892953.	3417854.	208003289.
\$ 50000-\$ 100000	61745.	953871.	2594052.	1283345919.	3911217.	269938752.
\$ 100000-\$*****	11266.	-20937538.	1120062.	820685104.	1974439.	156808262.
<b>TOTALS</b>	<b>466295.</b>	<b>123745685.</b>	<b>11780877.</b>	<b>5652913237.</b>	<b>17354609.</b>	<b>1005914257.</b>

RETURNS WITH ITEMIZED DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	232.	13854.	621.	-272020.	-883.	0.
\$ 0-\$ 5000	8347.	973541.	22458.	32392650.	25211.	0.
\$ 5000-\$ 10000	15450.	2040355.	99662.	35698599.	113929.	392907.
\$ 10000-\$ 20000	27436.	2839784.	347819.	80142898.	416656.	14366260.
\$ 20000-\$ 30000	32946.	1989268.	653474.	167579007.	815667.	44727461.
\$ 30000-\$ 40000	24322.	2564320.	644451.	187204756.	834248.	51523305.
\$ 40000-\$ 50000	11915.	1075962.	390174.	127873089.	523051.	35120689.
\$ 50000-\$ 100000	7206.	-2483044.	312794.	117883831.	436064.	32602197.
\$ 100000-\$*****	272.	-564105.	25214.	13955429.	39525.	3515233.
<b>TOTALS</b>	<b>128127.</b>	<b>8445456.</b>	<b>2496667.</b>	<b>762453239.</b>	<b>3203467.</b>	<b>182248052.</b>

RETURNS WITH STANDARD DEDUCTION

ORIGINAL AGI CLASS

\$*****-\$ 0	1050.	80730.	837.	1346292.	-21272.	4722.
\$ 0-\$ 5000	11352.	1357206.	27353.	48938743.	31562.	91097.
\$ 5000-\$ 10000	35565.	6642535.	196826.	139385970.	273471.	689346.
\$ 10000-\$ 20000	93522.	27552533.	1033111.	469404666.	1430207.	36163903.
\$ 20000-\$ 30000	140920.	42331237.	2601479.	1003814379.	3577357.	166698535.
\$ 30000-\$ 40000	142654.	45725076.	3538259.	1379847101.	4964602.	278525783.
\$ 40000-\$ 50000	82807.	30037640.	2777558.	1131766042.	3940904.	243123978.
\$ 50000-\$ 100000	66951.	-1534173.	2906347.	1401227750.	4347230.	302540949.
\$ 100000-\$*****	11538.	-21501743.	1145275.	834660533.	2013964.	160323495.
<b>TOTALS</b>	<b>594421.</b>	<b>132191141.</b>	<b>14277544.</b>	<b>6415371476.</b>	<b>20558076.</b>	<b>1188162309.</b>

## MARRIED TAXPAYERS FILING SEPARATE RETURNS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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## ORIGINAL AGI CLASS

\$*****-\$	0	155.	23462.	0.	652801.	-2764.	183.
\$ 0-\$ 5000	5000	850.	43028.	1025.	3390999.	1823.	531.
\$ 5000-\$ 10000	10000	1066.	-57312.	5613.	3164604.	8699.	176867.
\$ 10000-\$ 20000	20000	2401.	110570.	24676.	10937767.	35287.	1325221.
\$ 20000-\$ 30000	30000	1597.	-11524.	24774.	12009996.	36608.	2027331.
\$ 30000-\$ 40000	40000	533.	-139856.	13751.	4979620.	18731.	1369471.
\$ 40000-\$ 50000	50000	263.	-26516.	7939.	3627178.	11374.	836186.
\$ 50000-\$ 100000	100000	255.	-132902.	10833.	6427850.	16928.	1341800.
\$ 100000-\$*****	86.	-278295.	9307.	6558801.	16626.	1418624.	
<b>TOTALS</b>		<b>7222.</b>	<b>-463849.</b>	<b>97969.</b>	<b>51799617.</b>	<b>143312.</b>	<b>8496214.</b>

## RETURNS WITH ITEMIZED DEDUCTION

## ORIGINAL AGI CLASS

\$*****-\$	0	0.	0.	0.	0.	0.	0.
\$ 0-\$ 5000	5000	4309.	-38643.	11004.	3136887.	12072.	82333.
\$ 5000-\$ 10000	10000	4128.	-341850.	27757.	9982129.	31916.	1093449.
\$ 10000-\$ 20000	20000	4373.	-1445375.	57874.	10520715.	68734.	397904.
\$ 20000-\$ 30000	30000	1996.	-803745.	37164.	9011782.	46175.	3368343.
\$ 30000-\$ 40000	40000	200.	-107734.	4895.	1309571.	6205.	502162.
\$ 40000-\$ 50000	50000	0.	0.	0.	0.	0.	0.
\$ 50000-\$ 100000	100000	41.	-67697.	2055.	783088.	2840.	266404.
\$ 100000-\$*****	0.	0.	0.	0.	0.	0.	0.
<b>TOTALS</b>		<b>15546.</b>	<b>-2805046.</b>	<b>140749.</b>	<b>34744173.</b>	<b>167942.</b>	<b>9292594.</b>

## RETURNS WITH STANDARD DEDUCTION

## ORIGINAL AGI CLASS

\$*****-\$	0	155.	23462.	0.	652801.	-2764.	183.
\$ 0-\$ 5000	5000	5169.	9685.	12029.	6527886.	13395.	82864.
\$ 5000-\$ 10000	10000	5194.	-399152.	35369.	13146734.	40615.	1270316.
\$ 10000-\$ 20000	20000	7274.	-1334806.	82550.	21508482.	104021.	5305125.
\$ 20000-\$ 30000	30000	3593.	-815269.	61938.	21021778.	82784.	5395674.
\$ 30000-\$ 40000	40000	732.	-247590.	18646.	6289191.	24936.	1871633.
\$ 40000-\$ 50000	50000	268.	-26516.	7939.	3627178.	11374.	836186.
\$ 50000-\$ 100000	100000	296.	-200599.	12939.	7210938.	19769.	1608203.
\$ 100000-\$*****	86.	-278295.	9307.	6558801.	16626.	1418624.	
<b>TOTALS</b>		<b>22768.</b>	<b>-3268890.</b>	<b>238718.</b>	<b>86543790.</b>	<b>311254.</b>	<b>17788808.</b>

## SINGLE TAXPAYERS

ESTIMATED AGGREGATE NO. RETURNS	AMOUNT OF TAX CHANGE	ORIGINAL TAXABLE INCOME (THOUSANDS)	CHANGE IN TAXABLE INCOME	ORIGINAL AGI (THOUSANDS)	ORIGINAL TAX AFTER CREDITS
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## ORIGINAL AGI CLASS

\$*****-\$	0	8604.	233497.	0.	7819180.	-107025.	3710.
\$ 0-\$ 5000	5000	19403.	1186703.	27129.	65079077.	54775.	82097.
\$ 5000-\$ 10000	10000	44843.	2701935.	299221.	185474421.	328371.	4453140.
\$ 10000-\$ 20000	20000	69618.	1396244.	680396.	365826394.	1019496.	40466402.
\$ 20000-\$ 30000	30000	43123.	3030283.	711334.	356993910.	1053949.	60612767.
\$ 30000-\$ 40000	40000	16257.	66432.	361421.	193140719.	553772.	36073627.
\$ 40000-\$ 50000	50000	3749.	626920.	100833.	63980823.	164188.	10879932.
\$ 50000-\$ 100000	100000	4086.	-890670.	162087.	110097503.	271924.	19834552.
\$ 100000-\$*****		934.	-1287156.	98584.	93414332.	190092.	14734170.

TOTALS

TOTALS	210722.	4336143.	2351505.	1441826358.	3534542.	187140396.
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## RETURNS WITH STANDARD DEDUCTION

## ORIGINAL AGI CLASS

\$*****-\$	0	0.	0.	0.	0.	0.	0.
\$ 0-\$ 5000	5000	268172.	-1219268.	638827.	186746251.	712800.	3776731.
\$ 5000-\$ 10000	10000	150990.	-18976351.	924563.	199367228.	1091043.	28136079.
\$ 10000-\$ 20000	20000	171645.	-41298157.	1974996.	509165283.	2464780.	136034221.
\$ 20000-\$ 30000	30000	51041.	-14547402.	913169.	303621889.	1208329.	82613673.
\$ 30000-\$ 40000	40000	9557.	-3401696.	238066.	89851991.	328135.	24668613.
\$ 40000-\$ 50000	50000	670.	-322743.	21149.	8509306.	29658.	2398746.
\$ 50000-\$ 100000	100000	1235.	-1003869.	52464.	27720567.	79097.	6589098.
\$ 100000-\$*****		131.	-299912.	11091.	7699669.	18581.	1685129.

TOTALS

TOTALS	653540.	-31069908.	4774325.	1332682184.	5932424.	285902290.
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## RETURNS FOR BOTH TYPES DEDUCTION

## ORIGINAL AGI CLASS

\$*****-\$	0	8604.	233497.	0.	7819180.	-107025.	3710.
\$ 0-\$ 5000	5000	287574.	-32555.	665956.	251825328.	767575.	-3858828.
\$ 5000-\$ 10000	10000	195933.	-16275765.	1133733.	384841649.	1419414.	32589219.
\$ 10000-\$ 20000	20000	241263.	-39601923.	2655893.	874991677.	3484277.	176500623.
\$ 20000-\$ 30000	30000	94169.	-14244314.	1524504.	660615799.	2267278.	143226440.
\$ 30000-\$ 40000	40000	25914.	-3335264.	599487.	282992710.	881907.	60742240.
\$ 40000-\$ 50000	50000	4419.	304177.	121952.	72480129.	193346.	13278678.
\$ 50000-\$ 100000	100000	5320.	-1896539.	214551.	137818070.	351021.	26423649.
\$ 100000-\$*****		1065.	-1587068.	109675.	101114001.	208673.	16419298.

TOTALS

TOTALS	864262.	-76733764.	7125830.	2774508542.	9466966.	473042685.
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## ALL TAXPAYERS

ORIGINAL AGI CLASS	NUMBER OF RETURNS	AMOUNT OF TAX CUT	NUMBER OF RETURNS	AMOUNT OF TAX INCREASE	PRESENTLY TAXABLE		PRESENTLY NONTAXABLE		RETURNS WITH CHANGE IN TAX LIABILITY		TYPE OF DEDUCTION	RETURNS WHICH CHANGED THEIR TAX LIABILITY	AMOUNT OF TAX CHANGE
					RETURNS MADE NONTAXABLE	RETURNS MADE TAXABLE	TAX DECREASE	TAX INCREASE					
RETURNS WHICH ORIGINALLY ITEMIZED DEDUCTIONS													
\$*****-\$	0	11.	-2672.	1062.	1570300.	11.	-2672.	1073.	1572360.	0.	0.	0.	0.
\$ 0-\$	5000	3453.	-171978.	7111.	3055729.	3453.	-171978.	7122.	3055863.	0.	0.	0.	0.
\$ 5000-\$	10000	9581.	-607673.	28704.	9842662.	26507.	-2311460.	43498.	13415622.	0.	0.	0.	0.
\$ 10000-\$	20000	400.	-111168.	17489.	11795338.	56476.	-7400367.	112460.	41193884.	0.	0.	0.	0.
\$ 20000-\$	30000	0.	0.	1797.	7640724.	53705.	-10260057.	131395.	61255530.	0.	0.	0.	0.
\$ 30000-\$	40000	0.	0.	134.	266399.	49180.	-13272898.	118850.	57279914.	0.	0.	0.	0.
\$ 40000-\$	50000	0.	0.	133.	466218.	20658.	-6664174.	69888.	35513715.	0.	0.	0.	0.
\$ 50000-\$	100000	0.	0.	295.	1449388.	40715.	-25028714.	36278.	21289347.	0.	0.	0.	0.
\$ 100000-\$*****	9.	-432270.	74.	1811058.	12151.	-33950292.	2429.	8346197.	0.	0.	0.	0.	0.
<b>TOTALS</b>		<b>13455.</b>	<b>-1325787.</b>	<b>56800.</b>	<b>37898314.</b>	<b>267857.</b>	<b>-99062613.</b>	<b>522993.</b>	<b>242922433.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>	<b>0.</b>
RETURNS WHICH ORIGINALLY TOOK STANDARD DEDUCTION													
\$*****-\$	0	0.	0.	10.	13854.	0.	0.	10.	13854.	232.	232.	13854.	13854.
\$ 0-\$	5000	98317.	-3659939.	20131.	4605394.	93449.	-3664371.	21990.	5156469.	316133.	316133.	1492098.	1492098.
\$ 5000-\$	10000	86388.	-9111133.	11787.	3354079.	159791.	-22279717.	21378.	6307578.	194478.	194478.	-15972139.	-15972139.
\$ 10000-\$	20000	1301.	-175691.	133.	347204.	199611.	-48326580.	26499.	7976316.	226512.	226512.	-40349764.	-40349764.
\$ 20000-\$	30000	0.	0.	0.	0.	77197.	-22462241.	23561.	5322088.	100958.	100958.	-17140153.	-17140153.
\$ 30000-\$	40000	0.	0.	0.	0.	17657.	-6934274.	18724.	4663154.	36580.	36580.	-2271110.	-2271110.
\$ 40000-\$	50000	0.	0.	0.	0.	3614.	-1637209.	9506.	1938508.	13120.	13120.	301299.	301299.
\$ 50000-\$	100000	0.	0.	0.	0.	6613.	-4658425.	2203.	532126.	8817.	8817.	-4126299.	-4126299.
\$ 100000-\$*****	0.	0.	0.	0.	0.	429.	-1008092.	1.	150.	440.	440.	-1007942.	-1007942.
<b>TOTALS</b>		<b>187006.</b>	<b>-12946812.</b>	<b>32062.</b>	<b>8320531.</b>	<b>563363.</b>	<b>-110970911.</b>	<b>123873.</b>	<b>31910755.</b>	<b>897270.</b>	<b>897270.</b>	<b>-79060156.</b>	<b>-79060156.</b>
RETURNS FOR BOTH TYPES DEDUCTION													
\$*****-\$	0	11.	-2672.	1072.	1584154.	11.	-2672.	1084.	1586214.	232.	232.	13854.	13854.
\$ 0-\$	5000	101770.	-3831957.	27242.	7661122.	101903.	-3836350.	29112.	8212351.	316133.	316133.	1492098.	1492098.
\$ 5000-\$	10000	96469.	-9713831.	99992.	13196741.	186298.	-24591177.	64876.	19723200.	194478.	194478.	-15972139.	-15972139.
\$ 10000-\$	20000	2201.	-286859.	17622.	12143042.	256038.	-55726947.	138960.	49170700.	226512.	226512.	-40349764.	-40349764.
\$ 20000-\$	30000	0.	0.	1797.	7640724.	135902.	-32722299.	154956.	66577619.	100958.	100958.	-17140153.	-17140153.
\$ 30000-\$	40000	0.	0.	134.	266399.	66837.	-20207172.	137574.	61943078.	36580.	36580.	-2271110.	-2271110.
\$ 40000-\$	50000	0.	0.	133.	466218.	24272.	-8301383.	79394.	37452223.	13120.	13120.	301299.	301299.
\$ 50000-\$	100000	0.	0.	295.	1449388.	47328.	-29687139.	38481.	21821473.	8817.	8817.	-4126299.	-4126299.
\$ 100000-\$*****	9.	-432270.	74.	1811058.	12580.	-34958385.	2430.	8346347.	440.	440.	440.	-1007942.	-1007942.
<b>TOTALS</b>		<b>200460.</b>	<b>-14272599.</b>	<b>88861.</b>	<b>46219345.</b>	<b>831219.</b>	<b>-210033524.</b>	<b>646866.</b>	<b>274833187.</b>	<b>897270.</b>	<b>897270.</b>	<b>-79060156.</b>	<b>-79060156.</b>

TAX RATE COMPUTED ON  
FEDERAL ADJUSTED CROSS INCOME  
UNDER PLAN X

ORIGINAL INCOME CLASS		MARRIED JOINT		ITEMIZED DEDUCTIONS MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS	
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
\$*****-\$	0	0.1	1.7	0.1	0.9	0.0	2.1	0.0	1.0	0.1	1.5
\$ 0-\$ 5000	5000	0.0	2.0	0.2	1.1	0.0	1.1	0.1	1.3	0.1	1.5
\$ 5000-\$ 10000	10000	0.3	2.8	0.2	2.7	2.5	1.7	1.3	2.1	0.8	2.4
\$ 10000-\$ 20000	20000	3.0	4.8	2.4	5.0	4.5	4.9	4.5	4.7	3.4	4.9
\$ 20000-\$ 30000	30000	5.8	6.9	5.3	7.0	6.8	6.8	6.9	7.0	5.7	7.0
\$ 30000-\$ 40000	40000	8.0	8.0	6.7	7.9	9.0	8.1	7.9	7.9	7.0	7.9
\$ 40000-\$ 50000	50000	8.8	8.6	7.4	8.5	9.0	8.7	8.1	8.5	7.6	8.5
\$ 50000-\$ 100000	100000	8.9	8.3	8.4	8.4	9.6	8.7	9.0	8.6	8.5	8.4
\$ 100000-\$*****		9.3	8.4	9.8	8.5	10.9	8.8	9.3	8.5	9.7	8.5
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		6.7	7.1	6.9	7.8	6.9	6.5	5.8	6.0	6.7	7.4

ORIGINAL INCOME CLASS		MARRIED JOINT		MARRIED COMBINED		MARRIED SEPARATE		SINGLE FILERS		ALL FILERS	
		OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW	OLD	NEW
\$ 0-\$ 5000	0	0.1	1.7	0.1	1.0	0.0	2.1	0.0	1.0	0.1	1.5
\$ 5000-\$ 10000	5000	0.0	0.9	0.1	1.4	0.5	0.5	0.5	0.4	0.3	0.6
\$ 10000-\$ 20000	10000	0.5	1.6	0.2	2.4	3.4	2.3	2.6	1.3	1.8	1.5
\$ 20000-\$ 30000	20000	3.5	4.5	2.3	5.0	6.2	4.7	6.0	4.6	4.8	4.7
\$ 30000-\$ 40000	30000	6.2	6.8	5.6	7.0	8.0	6.3	7.7	6.9	6.4	6.9
\$ 40000-\$ 50000	40000	7.6	7.5	6.8	7.9	9.3	8.0	8.4	7.9	7.1	7.8
\$ 50000-\$ 100000	50000	9.0	8.6	7.5	8.4	9.0	8.7	8.4	8.6	7.7	8.4
\$ 100000-\$*****	100000	9.0	8.3	8.5	8.4	9.9	8.7	9.2	8.6	8.6	8.4
		9.4	8.4	9.9	8.5	10.9	8.3	9.5	8.6	9.8	8.5
		-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
		5.9	6.1	6.9	7.7	6.7	5.4	5.7	4.8	6.6	6.6

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

PERCENT CHANGE IN TAX LIABILITY	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
<b>PRESENTLY TAXABLE TAX INCREASE</b>						
0 - 2	25715.	612548.	24.	1.( 1.)	941343.	60378.
2 - 4	22042.	2000104.	71.	2.( 3.)	1064709.	67395.
4 - 6	25214.	2938683.	112.	2.( 5.)	951269.	53663.
6 - 10	55755.	9507376.	163.	3.( 8.)	2016307.	120010.
10 - 25	142970.	44007611.	303.	8.( 16.)	4870806.	268225.
25 - ***	273310.	169547516.	609.	16.( 32.)	7045398.	265511.
<b>TAXABLE INCREASE</b>	<b>558005.</b>	<b>228613842.</b>	<b>410.</b>	<b>32.( 32.)</b>	<b>16889832.</b>	<b>840254.</b>
<b>NO CHANGE</b>	<b>1893.</b>	<b>0.</b>	<b>0.</b>	<b>0.( 32.)</b>	<b>38012.</b>	<b>2642.</b>
<b>TAX DECREASE</b>						
0 - 5	61968.	-3803668.	-61.	4.( 36.)	2232955.	146913.
5 - 10	63750.	-12950711.	-203.	4.( 39.)	2423385.	169319.
10 - 15	70050.	-25498911.	-364.	4.( 43.)	2731127.	201411.
15 - 20	84570.	-41590521.	-492.	5.( 48.)	3155641.	240629.
20 - 25	71467.	-34252353.	-479.	4.( 52.)	2124711.	157480.
25 - 30	73226.	-25030926.	-320.	4.( 57.)	1462396.	92833.
30 - 40	72017.	-20535608.	-287.	4.( 61.)	1039400.	58038.
40 - 50	50079.	-12762393.	-255.	3.( 64.)	583689.	28930.
50 - 99	73068.	-19116793.	-245.	4.( 68.)	734153.	28935.
99 - ***	200994.	-14383091.	-72.	12.( 80.)	1047560.	14384.
<b>TAXABLE DECREASE</b>	<b>831219.</b>	<b>-210033524.</b>	<b>-253.</b>	<b>48.( 48.)</b>	<b>17540018.</b>	<b>1138933.</b>
<b>TAXABLE SUBTOTAL</b>	<b>1391118.</b>	<b>18580318.</b>	<b>13.</b>	<b>80.( 80.)</b>	<b>34467862.</b>	<b>1981828.</b>
<b>PRESENTLY NON-TAXABLE</b>						
— NO CHANGE	263518.	0.	0.	15.( 95.)	146476.	0.
TAX INCREASE	83861.	46219345.	520.	5.(100.)	682054.	0.
<b>TOTALS</b>	<b>1743497.</b>	<b>64799663.</b>	<b>37.</b>	<b>100.(100.)</b>	<b>35296392.</b>	<b>1981828.</b>

## RETURNS FOR ALL AGI CLASSES

## RETURNS FOR BOTH TYPES DEDUCTION

## ALL FILERS

ABSOLUTE CHANGE IN TAX LIABILITY	PROJECTED NUMBER OF RETURNS	AGGREGATE TAX CHANGE	AVERAGE TAX CHANGE	PERCENTAGE DISTRIBUTION OF RETURNS	ORIGINAL TOTAL AGI (THOUSANDS)	ORIGINAL TAX TOTAL (THOUSANDS)
PRESENTLY TAXABLE TAX INCREASE						
\$ 0 - \$ 50	47254.	1178534.	25.	3.( 3.)	1153307.	64218.
\$ 50 - \$ 100	43301.	3592835.	74.	3.( 5.)	1252906.	69465.
\$ 100 - \$ 250	142262.	24395966.	171.	8.( 14.)	3975108.	215654.
\$ 250 - \$ 500	155526.	57477402.	370.	9.( 23.)	4741475.	239660.
\$ 500 - \$ 1000	130564.	89768210.	687.	7.( 30.)	4351292.	197283.
\$ 1000 - \$*****	33999.	52200894.	1535.	2.( 32.)	1415743.	53970.
TAXABLE INCREASE	558005.	228613842.	410.	32.( 32.)	16889832.	840254.
NO CHANGE	1893.	0.	0.	0.( 32.)	38012.	2642.
TAX DECREASE						
\$ 0 - \$ 50	147740.	-3604503.	-24.	8.( 41.)	1537233.	63252.
\$ 50 - \$ 100	96774.	-7064465.	-73.	6.( 46.)	1322142.	64819.
\$ 100 - \$ 250	303094.	-56274462.	-136.	17.( 64.)	4625045.	252785.
\$ 250 - \$ 500	231778.	-73242215.	-316.	13.( 77.)	5638555.	307903.
\$ 500 - \$ 1000	30484.	-20219568.	-663.	2.( 79.)	1662244.	132981.
\$ 1000 - \$*****	21349.	-49628312.	-2325.	1.( 80.)	2754799.	237192.
TAXABLE DECREASE	831219.	-210033524.	-253.	48.( 48.)	17540018.	1138933.
TAXABLE SUBTOTAL	1391118.	18580318.	13.	80.( 80.)	34467862.	1981828.
PRESENTLY NON-TAXABLE TAX INCREASE						
\$ 0 - \$ 50	10868.	267045.	25.	1.( 80.)	52173.	0.
\$ 50 - \$ 100	9582.	688782.	72.	1.( 81.)	49712.	0.
\$ 100 - \$ 250	23928.	3335848.	162.	1.( 82.)	155023.	0.
\$ 250 - \$ 500	21943.	7315699.	356.	1.( 84.)	156726.	0.
\$ 500 - \$ 1000	12211.	8185786.	670.	1.( 84.)	111997.	0.
\$ 1000 - \$*****	10329.	25376185.	2457.	1.( 85.)	156423.	0.
NON-TAXABLE INCR	88361.	46219345.	520.	5.( 5.)	682054.	0.
NO CHANGE	263518.	0.	0.	15.(100.)	146476.	0.
TOTALS	1743497.	64799663.	37.	100.(100.)	35296392.	1981828.

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TABLE 1

MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 0 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3654	0	0.0
5000	4560	0	0.0
6000	5457	0	0.0
7000	6413	33	0.47
8000	7259	111	1.39
9000	8054	197	2.19
10000	8831	233	2.83
11000	9683	357	3.34
12000	10473	456	3.80
13000	11257	548	4.22
14000	12035	641	4.58
15000	12814	733	4.89
20000	15633	1237	6.18
25000	20314	1754	7.02
30000	23972	2234	7.61
35000	27634	2824	8.07
40000	31216	3359	8.40
50000	37823	4385	8.77
75000	52645	6321	9.09
100000	66474	9112	9.11

## 7% TAX RATE ON FAGI - TAX YEAR 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0	0	0.0
5000	5000	0	0.0	0	0.0
6000	6000	0	0.0	0	0.0
7000	7000	10	0.14	-23	-69.70
8000	8000	80	1.00	-31	-27.93
9000	9000	150	1.67	-47	-23.86
10000	10000	220	2.20	-63	-22.26
11000	11000	290	2.64	-77	-20.98
12000	12000	360	3.00	-96	-21.05
13000	13000	430	3.31	-118	-21.53
14000	14000	500	3.57	-141	-22.00
15000	15000	570	3.80	-163	-22.24
20000	20000	920	4.60	-317	-25.63
25000	25000	1270	5.08	-484	-27.59
30000	30000	1620	5.40	-664	-29.07
35000	35000	1970	5.63	-854	-30.24
40000	40000	2320	5.80	-1039	-30.93
50000	50000	3020	6.04	-1365	-31.13
75000	75000	4770	6.36	-2051	-30.07
100000	100000	6520	6.52	-2592	-28.45

## DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF	
		AFTER CREDIT	MGI TXBL INC
4000	3420	0	0.0
5000	4275	0	0.0
6000	5150	0	0.0
7000	5225	0	0.0
8000	6773	66	0.82
9000	7516	137	1.52
10000	8249	215	2.15
11000	8972	291	2.65
12000	9637	357	3.06
13000	10139	445	3.42
14000	11092	523	3.77
15000	11774	612	4.08
20000	15361	1070	5.35
25000	18523	1548	6.19
30000	22272	2039	6.80
35000	25553	2515	7.19
40000	28744	2776	7.44
50000	34554	3399	7.80
75000	48381	6115	8.15
100000	60967	8199	8.20

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TAX CHANGE	
		AFTER CREDIT	MGI TXBL INC		
4000	4000	0	0.0	0	0.0
5000	5000	0	0.0	0	0.0
6000	6000	0	0.0	0	0.0
7000	7000	10	0.14	10	xxxxxxxxxx
8000	8000	80	1.00	14	21.21
9000	9000	150	1.67	13	9.49
10000	10000	220	2.20	5	2.33
11000	11000	290	2.64	-1	-0.34
12000	12000	360	3.00	-7	-1.91
13000	13000	430	3.31	-15	-3.37
14000	14000	500	3.57	-28	-5.30
15000	15000	570	3.80	-42	-6.86
20000	20000	920	4.60	-150	-14.02
25000	25000	1270	5.08	-278	-17.96
30000	30000	1620	5.40	-419	-20.55
35000	35000	1970	5.63	-545	-21.67
40000	40000	2320	5.80	-656	-22.04
50000	50000	3020	6.04	-879	-22.54
75000	75000	4770	6.36	-1345	-22.00
100000	100000	6520	6.52	-1679	-20.48

TABLE

 MARRIED JOINT                    2 DEPENDENTS  
 DEDUCTIONS ARE 20 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC
		AFTER CREDIT	MGI		
4000	3257	0	0.0	0.0	
5000	4071	0	0.0	0.0	
6000	4885	0	0.0	0.0	
7000	5700	0	0.0	0.0	
2500	6443	36	0.45	0.56	
5000	7150	100	1.11	1.40	
10000	7862	172	1.72	2.19	
11000	8524	244	2.22	2.36	
12000	9183	315	2.63	3.42	
13000	9850	385	2.95	3.90	
14000	10537	462	3.30	4.38	
15000	11236	545	3.64	4.85	
20000	14585	939	4.90	6.67	
25000	18064	1428	5.71	7.91	
30000	21542	1903	6.34	8.92	
35000	26504	2361	6.75	9.64	
40000	27533	2807	7.02	10.18	
50000	33371	3693	7.39	11.07	
75000	45519	5812	7.75	12.49	
100000	58687	7822	7.82	13.33	

## 7% TAX RATE ON FAGI - TAX YEAR 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI			AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0.0	0	0.0
5000	5000	0	0.0	0.0	0.0	0	0.0
6000	6000	0	0.0	0.0	0.0	0	0.0
7000	7000	10	0.14	0.14	0.14	10	*****
8000	8000	80	1.00	1.00	1.00	44	122.22
9000	9000	150	1.67	1.67	1.67	50	50.00
10000	10000	220	2.20	2.20	2.20	48	27.91
11000	11000	290	2.64	2.64	2.64	46	18.85
12000	12000	360	3.00	3.00	3.00	45	14.29
13000	13000	430	3.31	3.31	3.31	45	11.69
14000	14000	500	3.57	3.57	3.57	38	8.23
15000	15000	570	3.80	3.80	3.80	24	4.40
20000	20000	920	4.60	4.60	4.60	-60	-6.12
25000	25000	1270	5.08	5.08	5.08	-158	-11.06
30000	30000	1620	5.40	5.40	5.40	-283	-14.87
35000	35000	1970	5.63	5.63	5.63	-391	-16.56
40000	40000	2320	5.80	5.80	5.80	-487	-17.35
50000	50000	3020	6.04	6.04	6.04	-673	-18.22
75000	75000	4770	6.36	6.36	6.36	-1042	-17.93
100000	100000	6520	6.52	6.52	6.52	-1302	-16.65

## DEDUCTIONS ARE 25 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC
		AFTER CREDIT	MGI		
4000	3053	0	0.0	0.0	
5000	3817	0	0.0	0.0	
6000	4530	0	0.0	0.0	
7000	5344	0	0.0	0.0	
8000	6040	0	0.0	0.0	
9000	6692	57	0.63	0.85	
10000	7333	119	1.19	1.62	
11000	7964	185	1.63	2.32	
12000	8618	254	2.12	2.95	
13000	9274	323	2.43	3.48	
14000	9931	393	2.81	3.96	
15000	10583	463	3.12	4.42	
20000	13310	653	4.34	6.27	
25000	17034	1291	5.16	7.58	
30000	20166	1733	5.78	8.59	
35000	23164	2167	6.19	9.36	
40000	26077	2589	6.47	9.93	
50000	31676	3431	6.36	10.83	
75000	44258	5132	7.24	12.27	
100000	55337	7350	7.35	13.16	

MGI	TAXABLE INCOME	TAX AS PERCENT OF		MGI	TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI			AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0.0	0	0.0
5000	5000	0	0.0	0.0	0.0	0	0.0
6000	6000	0	0.0	0.0	0.0	0	0.0
7000	7000	10	0.14	0.14	0.14	10	*****
8000	8000	30	1.00	1.00	1.00	80	*****
9000	9000	150	1.67	1.67	1.67	93	163.16
10000	10000	220	2.20	2.20	2.20	101	84.87
11000	11000	290	2.64	2.64	2.64	105	56.76
12000	12000	360	3.00	3.00	3.00	106	41.73
13000	13000	430	3.31	3.31	3.31	107	33.13
14000	14000	500	3.57	3.57	3.57	107	27.23
15000	15000	570	3.80	3.80	3.80	102	21.79
20000	20000	920	4.60	4.60	4.60	52	5.99
25000	25000	1270	5.08	5.08	5.08	-21	-1.63
30000	30000	1620	5.40	5.40	5.40	-113	-6.52
35000	35000	1970	5.63	5.63	5.63	-197	-9.09
40000	40000	2320	5.80	5.80	5.80	-269	-10.39
50000	50000	3020	6.04	6.04	6.04	-411	-11.98
75000	75000	4770	6.36	6.36	6.36	-662	-12.19
100000	100000	6520	6.52	6.52	6.52	-830	-11.29

TABLE 2  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3654	0	0.0	0.0
5000	4530	0	0.0	0.0
6000	5437	0	0.0	0.0
7000	6413	0	0.0	0.0
8000	7232	0	0.0	0.0
9000	8059	31	0.34	0.38
10000	8910	89	0.89	1.00
11000	9739	151	1.37	1.56
12000	10504	217	1.81	2.07
13000	11233	268	2.22	2.55
14000	12055	361	2.58	2.99
15000	12845	432	2.28	3.36
20000	15520	816	4.08	4.89
25000	20324	1234	4.94	6.05
30000	23210	1657	5.52	6.93
35000	27227	2091	5.97	7.66
40000	30515	2519	6.30	8.25
50000	36834	3383	6.77	9.17
75000	51481	5501	7.33	10.69
100000	65116	7610	7.61	11.69

7% TAX RATE ON FAGI - TAX YEAR 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		AFTER CREDIT	MGI		
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	10	0.14	0.14	10 0.00
8000	8000	30	1.00	1.00	80 0.00
9000	9000	150	1.67	1.67	119 383.87
10000	10000	220	2.20	2.20	131 147.19
11000	11000	290	2.64	2.64	139 92.05
12000	12000	360	3.00	3.00	143 65.90
13000	13000	430	3.31	3.31	142 49.31
14000	14000	500	3.57	3.57	139 38.50
15000	15000	570	3.80	3.80	138 31.94
20000	20000	920	4.60	4.60	104 12.75
25000	25000	1270	5.08	5.08	36 2.92
30000	30000	1620	5.40	5.40	-37 -2.23
35000	35000	1970	5.63	5.63	-121 -5.79
40000	40000	2320	5.80	5.80	-199 -7.90
50000	50000	3020	6.04	6.04	-363 -10.73
75000	75000	4770	6.36	6.36	-731 -13.29
100000	100000	6520	6.52	6.52	-1090 -14.32

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3117	0	0.0	0.0
5000	4274	0	0.0	0.0
6000	5130	0	0.0	0.0
7000	5955	0	0.0	0.0
8000	6737	0	0.0	0.0
9000	7532	0	0.0	0.0
10000	8269	24	0.24	0.29
11000	8276	74	0.67	0.82
12000	9716	132	1.10	1.36
13000	10419	138	1.45	1.60
14000	11124	244	1.74	2.19
15000	11628	306	2.04	2.59
20000	15114	644	3.22	4.18
25000	13353	1024	4.10	5.40
30000	22378	1427	4.76	6.37
35000	25527	1831	5.23	7.13
40000	28923	2239	5.60	7.74
50000	34251	3354	6.11	8.74
75000	48239	5019	6.69	10.23
100000	61539	6954	6.95	11.23

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		AFTER CREDIT	MGI		
4000	4000	0	0.0	0.0	0 0.0
5000	5000	0	0.0	0.0	0 0.0
6000	6000	0	0.0	0.0	0 0.0
7000	7000	10	0.14	0.14	10 0.00
8000	8000	80	1.00	1.00	80 0.00
9000	9000	150	1.67	1.67	150 0.00
10000	10000	220	2.20	2.20	196 816.67
11000	11000	290	2.64	2.64	216 291.89
12000	12000	360	3.00	3.00	228 172.73
13000	13000	430	3.31	3.31	242 128.72
14000	14000	500	3.57	3.57	256 104.92
15000	15000	570	3.80	3.80	264 86.27
20000	20000	920	4.60	4.60	276 42.86
25000	25000	1270	5.08	5.08	246 24.02
30000	30000	1620	5.40	5.40	193 13.52
35000	35000	1970	5.63	5.63	139 7.59
40000	40000	2320	5.80	5.80	81 3.62
50000	50000	3020	6.04	6.04	-34 -1.11
75000	75000	4770	6.36	6.36	-249 -4.96
100000	100000	6520	6.52	6.52	-434 -6.24

TABLE  
MARRIED SEPARATE 70-30 2 DEPENDENTS  
DEDUCTIONS ARE 20 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3255	0	0.0	0.0
5000	4670	0	0.0	0.0
6000	4835	0	0.0	0.0
7000	5699	0	0.0	0.0
8000	6461	0	0.0	0.0
9000	7165	0	0.0	0.0
10000	7862	0	0.0	0.0
11000	8546	41	0.57	0.48
12000	9226	83	0.74	0.95
13000	9890	140	1.08	1.42
14000	10569	193	1.38	1.83
15000	11271	249	1.66	2.21
20000	14737	571	2.85	3.87
25000	18133	924	3.70	5.09
30000	21448	1299	4.33	6.06
35000	24643	1550	4.83	6.86
40000	27743	2076	5.19	7.48
50000	33538	2858	5.72	8.50
75000	47007	4736	6.31	10.08
100000	59358	6595	6.59	11.11

7% TAX RATE ON FAGI - TAX YEAR 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE	
		AFTER CREDIT	MGI		AMOUNT	PERCENT
4000	4000	0	0.0	0.0	0	0.0
5000	5000	0	0.0	0.0	0	0.0
6000	6000	0	0.0	0.0	0	0.0
7000	7000	10	0.14	0.14	10	0.0
8000	8000	80	1.00	1.00	80	0.0
9000	9000	150	1.67	1.67	150	0.0
10000	10000	220	2.20	2.20	220	0.0
11000	11000	290	2.54	2.64	249	607.32
12000	12000	360	3.00	3.00	271	304.49
13000	13000	430	3.31	3.31	290	207.14
14000	14000	500	3.57	3.57	307	159.07
15000	15000	570	3.80	3.80	321	128.92
20000	20000	920	4.60	4.60	349	61.12
25000	25000	1270	5.08	5.03	346	37.45
30000	30000	1620	5.40	5.40	321	24.71
35000	35000	1970	5.63	5.63	280	16.57
40000	40000	2320	5.80	5.80	244	11.75
50000	50000	3020	6.04	6.04	162	5.67
75000	75000	4770	6.36	6.36	34	0.72
100000	100000	6520	6.52	6.52	-75	-1.14

DEDUCTIONS ARE 25 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	4000	0	0.0	0.0
5000	5000	0	0.0	0.0
6000	6000	0	0.0	0.0
7000	7000	10	0.14	0.14
8000	8000	80	1.00	1.00
9000	9000	150	1.67	1.67
10000	10000	220	2.20	2.20
11000	11000	290	2.54	2.64
12000	12000	360	3.00	3.00
13000	13000	430	3.31	3.31
14000	14000	500	3.57	3.57
15000	15000	570	3.80	3.80
20000	20000	920	4.60	4.60
25000	25000	1270	5.08	5.03
30000	30000	1620	5.40	5.40
35000	35000	1970	5.63	5.63
40000	40000	2320	5.80	5.80
50000	50000	3020	6.04	6.04
75000	75000	4770	6.36	6.36
100000	100000	6520	6.52	6.52

TABLE 4  
SINGLE FILER                    0 DEPENDENTS  
DEDUCTIONS ARE 0 PERCENT OF AGI

TAX STRUCTURE AFTER 1981 SESSION - 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC
		AFTER CREDIT	MGI	
4000	3584	47	1.17	1.31
5000	4393	97	1.94	2.21
6000	5135	156	2.60	3.01
7000	5964	218	3.11	3.66
8000	6743	239	3.61	4.29
9000	7521	355	4.06	4.85
10000	8291	446	4.46	5.38
11000	9052	526	4.78	5.81
12000	9803	606	5.05	6.18
13000	10550	691	5.32	6.55
14000	11290	779	5.56	6.90
15000	12014	865	5.77	7.20
20000	15493	1313	6.56	8.47
25000	18773	1758	7.03	9.36
30000	21881	2205	7.36	10.09
35000	25095	2674	7.64	10.66
40000	28153	3117	7.79	11.07
50000	33880	4000	8.00	11.81
75000	46925	6101	8.13	13.00
100000	59650	8208	8.21	13.76

7% TAX RATE ON FAGI - TAX YEAR 1983

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		AFTER CREDIT	MGI		
4000	4000	0	0.0	0.0	-47      -100.00
5000	5000	0	0.0	0.0	-97      -100.00
6000	6000	0	0.0	0.0	-156     -100.00
7000	7000	10	0.14	0.14	-208     -95.41
8000	8000	80	1.00	1.00	-209     -72.32
9000	9000	150	1.67	1.67	-215     -58.90
10000	10000	220	2.20	2.20	-226     -50.67
11000	11000	290	2.64	2.64	-236     -44.87
12000	12000	360	3.00	3.00	-246     -40.59
13000	13000	430	3.31	3.31	-261     -37.77
14000	14000	500	3.57	3.57	-279     -35.82
15000	15000	570	3.80	3.80	-295     -34.10
20000	20000	920	4.60	4.60	-393     -29.93
25000	25000	1270	5.08	5.08	-483     -27.76
30000	30000	1620	5.40	5.40	-583     -26.63
35000	35000	1970	5.63	5.63	-704     -26.33
40000	40000	2320	5.80	5.80	-797     -25.57
50000	50000	3020	6.04	6.04	-980     -24.50
75000	75000	4770	6.36	6.36	-1331    -21.82
100000	100000	6520	6.52	6.52	-1688    -20.57

DEDUCTIONS ARE 16 PERCENT OF INCOME

MGI	TAXABLE INCOME	TAX AS PERCENT OF		TXBL INC	TAX CHANGE
		AFTER CREDIT	MGI		
4000	3342	33	0.82	0.99	-33      -100.00
5000	4073	76	1.52	1.87	-76      -100.00
6000	4783	126	2.10	2.63	-126     -100.00
7000	5495	179	2.56	3.26	-169     -94.41
8000	6135	239	2.99	3.86	-159     -66.53
9000	6870	303	3.37	4.40	-153     -50.50
10000	7553	371	3.71	4.89	-151     -40.70
11000	8237	444	4.04	5.37	-154     -34.68
12000	8924	519	4.32	5.78	-159     -30.64
13000	9553	594	4.57	6.13	-164     -27.61
14000	10390	672	4.80	6.47	-172     -25.60
15000	11087	755	5.03	6.81	-185     -24.50
20000	14454	1175	5.88	8.13	-255     -21.70
25000	17649	1599	6.40	9.06	-329     -20.58
30000	20737	2043	6.81	9.35	-423     -20.70
35000	23720	2474	7.07	10.43	-504     -20.37
40000	26548	2884	7.21	10.36	-564     -19.56
50000	31931	3597	7.39	11.53	-677     -18.31
75000	44030	5622	7.50	12.77	-852     -15.15
100000	55355	7497	7.50	13.54	-977     -13.03

## TABLE 4

 SINGLE FILER                    0 DEPENDENTS  
 DEDUCTIONS ARE 20 PERCENT OF AGI

## TAX STRUCTURE AFTER 1981 SESSION - 1983

		TAX	TAX AS PERCENT OF	
MGI	TAXABLE INCOME	AFTER CREDIT	MGI	TXBL INC
4000	3179	22	0.55	0.69
5000	3669	64	1.28	1.65
6000	4539	107	1.78	2.36
7000	5200	157	2.24	3.02
8000	5362	209	2.61	3.57
9000	6524	270	3.00	4.14
10000	7210	332	3.32	4.60
11000	7824	406	3.67	5.12
12000	8579	477	3.97	5.56
13000	9253	548	4.22	5.92
14000	9923	613	4.41	6.22
15000	10577	696	4.64	6.57
20000	13335	1093	5.46	7.90
25000	15916	1502	6.01	8.38
30000	17905	1921	6.40	9.65
35000	22757	2334	6.67	10.26
40000	25505	2733	6.83	10.72
50000	30709	3507	7.01	11.42
75000	42503	5368	7.16	12.63
100000	53319	7160	7.16	13.43

## 7% TAX RATE ON FAGI - TAX YEAR 1983

		TAX	TAX AS PERCENT OF	
MGI	TAXABLE INCOME	AFTER CREDIT	MGI	TXBL INC
4000	4000	0	0.0	0.0
5000	5000	0	0.0	0.0
6000	6000	0	0.0	0.0
7000	7000	10	0.14	0.14
8000	8000	80	1.00	1.00
9000	9000	150	1.67	1.67
10000	10000	220	2.20	2.20
11000	11000	290	2.64	2.64
12000	12000	360	3.00	3.00
13000	13000	430	3.31	3.31
14000	14000	500	3.57	3.57
15000	15000	570	3.80	3.80
20000	20000	920	4.60	4.60
25000	25000	1270	5.08	5.08
30000	30000	1620	5.40	5.40
35000	35000	1970	5.63	5.63
40000	40000	2320	5.80	5.80
50000	50000	3020	6.04	6.04
75000	75000	4770	6.36	6.36
100000	100000	6520	6.52	6.52

## DEDUCTIONS ARE 25 PERCENT OF INCOME

		TAX	TAX AS PERCENT OF	
MGI	TAXABLE INCOME	AFTER CREDIT	MGI	TXBL INC
4000	2975	10	0.25	0.34
5000	3614	43	0.36	1.33
6000	4233	85	1.42	2.01
7000	4314	130	1.36	2.68
8000	5170	178	2.22	3.25
9000	6127	233	2.59	3.80
10000	6783	292	2.92	4.30
11000	7430	356	3.24	4.79
12000	8072	423	3.52	5.24
13000	8715	491	3.78	5.63
14000	9351	553	3.99	5.97
15000	9979	625	4.17	6.26
20000	13061	971	4.95	7.59
25000	15999	1380	5.52	8.63
30000	16619	1764	5.83	9.37
35000	21545	2160	6.17	10.03
40000	21202	2545	6.36	10.52
50000	29132	3270	6.54	11.21
75000	40518	5940	6.72	12.44
100000	50774	6738	6.74	13.27

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