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FISCAL IMPACT STATEMENT

LS 7457 | **NOTE PREPARED:** Feb 1, 2011
BILL NUMBER: HB 1470 | **BILL AMENDED:**

SUBJECT: Taxes.

FIRST AUTHOR: Rep. Turner | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL | **IMPACT:** State & Local
X DEDICATED
FEDERAL

Summary of Legislation: *Homestead & Residential Property Definitions:* The bill indicates that the standard deduction and the circuit breaker credit applies to improvements to structures and improvements on the same land that a building is located.

Downtown Enhanced Property Tax Abatement: The bill permits an enhanced tax abatement for vacant buildings in a designated downtown area.

Personal Property: The bill permits the fiscal body for a county, city, or town to grant a deduction of 100% of the assessed value of personal property or a credit equal to 100% of the property tax liability that is imposed on personal property.

Corporate Income Tax Rate Reduction: The bill decreases the Adjusted Gross Income Tax rate applicable to corporations.

Income Tax Personal Deduction: The bill increases the personal deduction allowed against individual Adjusted Gross Income Tax.

Interest on State and Local Bonds: The bill taxes interest on bonds issued by another state or a political subdivision in another state.

Net Operating Loss (NOL) Deduction: The bill prohibits a carryback of an Indiana net operating loss to a prior taxable year.

529 Education Savings Tax Credit: The bill requires the recapture of a credit given for a contribution to a college choice 529 education savings plan if withdrawals or distributions exceeding 10% of the amount deposited or earned in interest in the immediately preceding three years is withdrawn or distributed.

Refund of Surplus Revenue: The bill provides for the return of a part of the state's year-end general revenue surplus to Indiana residents in the form of a refundable adjusted gross income tax credit. It establishes the Income Tax Reduction Reserve Fund and procedures to implement the credit program.

Inheritance Tax Phase-Out: The bill phases out the Inheritance Tax beginning July 1, 2013, by giving an increasing credit against the Inheritance Tax due. It provides that the Inheritance Tax does not apply to the transfer of property interests by a decedent whose death occurs after June 30, 2023. It also phases out payments of the Inheritance Tax replacement amount to counties over a period between 2013 and 2023.

Estate Tax & Generation Skipping Transfer Tax: The bill provides that the Estate Tax and Generation Skipping Transfer Tax do not apply after June 30, 2023.

Tobacco Tax on Moist Snuff: The bill provides that the Tobacco Products Tax on moist snuff is based on the weight of the moist snuff and calculated at the rate of $0.50 per ounce.

Sales Tax Collection Allowance: The bill permits the Department of State Revenue to negotiate a collection allowance for the collection of Sales Taxes by an out-of-state seller.

Tax Procedures: The bill extends the time in which a person must file an amended Indiana adjusted gross income tax return to reflect modifications made in a federal income tax return. It also prohibits the Department of State Revenue from taking an action to collect a delinquent tax until the later of the time to file a tax appeal has expired or a final decision is made in a tax appeal.

EITC Study: The bill requires a study of ways to reduce fraud and abuse of the Indiana Earned Income Tax Credit (EITC).

Other: The bill makes technical corrections and makes an appropriation.

Effective Date: Upon passage; January 1, 2011 (retroactive); March 1, 2011 (retroactive); July 1, 2011.

Explanation of State Expenditures: *Refund of Surplus Revenue:* The bill establishes the Income Tax Reduction Reserve Fund to pay for tax credits given to resident taxpayers in a fiscal year that the state General Fund surplus exceeds limits specified by the bill. The fund is nonreverting and is to be administered by the State Budget Agency. The bill requires the Auditor of State to make a transfer to the fund if the state General Revenue Fund balance at the end of the preceding fiscal year is greater than 10% of the state General Fund budgeted appropriations for the current fiscal year. The bill defines general revenue fund as the Rainy Day Fund, the state General Fund, including the Medicaid contingency and reserve account of the state General Fund, and the state Tuition Reserve Fund. The transfer to the Income Tax Reduction Reserve Fund must be made by July 31st of the fiscal year. If the bill was already in effect, transfers would not have been required since FY 2001.

Administration of the Refund Tax Credit: The bill requires the State Budget Agency (SBA) to annually estimate the tax credit percentage for purposes of the tax credit to refund state General Fund surplus. After the transfer amount to the Income Tax Reduction Reserve Fund is determined, the SBA must compute the

tax credit percentage for the tax year ending during that fiscal year. The tax credit percentage is the ratio of the transfer **to** the sum of:

(1) the estimated number of single returns to be filed by Indiana residents;
(2) the estimated number of joint returns to be filed where only one of the filers is an Indiana resident; and
(3) two times the estimated number of joint returns to be filed where both filers are Indiana residents.

The SBA's current level of resources should be sufficient to implement this task.

The Department of State Revenue (DOR) will have to revise tax forms, instructions, and computer programs to implement the new tax credit in the years when it is applicable. There could be additional costs of sending refund checks to taxpayers who would otherwise not receive a tax refund in the absence of this tax credit. These costs are indeterminable, but could be mitigated to the extent that refunds to these taxpayers are provided by direct deposit.

Inheritance Tax Phase-Out: If the Inheritance Tax ceases to apply to property and estates of those who die after June 30, 2023, there could be a savings to the state from a reduction in staff of the Inheritance Tax section of the DOR. The November 1, 2010, state staffing table indicates that the Inheritance Tax Division has eight full-time employees with a total annual salary of $284,962. Since staff will be needed to process returns during the phase-out of the Inheritance Tax, a specific savings due to staff reductions could not be estimated.

Department of State Revenue (DOR): The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to reflect provisions in the bill. The DOR's current level of resources should be sufficient to implement these changes. The potential administrative impact or cost impact of the earned income tax credit or tax procedures provisions in the bill are unknown.

Explanation of State Revenues: *Corporate Income Tax Rate Reduction:* The bill reduces the corporate AGI tax rate from 8.5% to 5.5% over five years beginning in FY 2014. The rate reduction schedule and estimated revenue loss from each rate change is reported in the table below. The loss estimates beginning in FY 2014 assume year-over-year revenue growth of only 1.15%. To the extent that growth in corporate revenue exceeds this rate, the revenue loss could increase above these estimates.

Revenue Loss from Corporate AGI Tax Rate Reductions		
Fiscal Year	**Tax Rate**	**Revenue Loss (in millions)**
2013	8.5%	-
2014	7.9%	22.0
2015	7.3%	45.5
2016	6.7%	70.6
2017	6.2%	92.9
2018	5.5%	125.6

Revenue from the corporate AGI Tax is distributed to the state General Fund. The estimates are based on the Revenue Technical Committee forecast (published December 15, 2010) and assume year-over-year growth in corporate AGI tax revenue beginning in FY 2014 of 1.15%.

Income Tax Personal Deduction: The bill increases the personal deduction for a taxpayer, and the taxpayer's spouse in the case of a joint return, from $1,000 to $1,265 in tax years 2012 and 2013. The personal deduction would be adjusted for inflation on an annual basis beginning in 2014. The increase in the deduction amount in 2012 and 2013 would affect revenue in FY 2013 and FY 2014. It is estimated that the revenue loss could potentially total $39.7 M in FY 2013 and $41.3 M in FY 2014. These estimates are based on the Revenue Technical Committee forecast published on December 15, 2010, and assume year-over-year growth in FY 2014 equal to the long-run average growth in individual AGI tax revenue of about 3.9%.

The revenue loss beginning in FY 2015 could grow by an average of 2.6% annually based on long run average growth in the Consumer Price Index from 1990 to 2010.

Exclusion of Interest on State and Local Bonds: The bill eliminates the exclusion of interest income from state and local bonds (except those issued by Indiana or Indiana local governments) for individual AGI taxpayers and corporate AGI taxpayers. This change is effective beginning in FY 2012. The total annual revenue gain is estimated at $59.5 M, with $38.1 M coming from individual taxpayers and $21.4 M coming from corporate taxpayers.

Net Operating Loss (NOL) Deduction: The bill eliminates carry back of NOL by individual and corporate taxpayers beginning in tax year 2012. This change could potentially reduce carry back usage in the long run by business taxpayers, provided they are not able to deduct as much NOL over time without carry back. More likely, this change will not increase the amount of income tax paid in the long run by businesses with NOL, since NOL not deducted in the year it is incurred could still be carried forward for 20 years. However, eliminating carry back of NOL would prevent business taxpayers from using NOL incurred during recessionary periods to obtain immediate refunds by amending returns and deducting these NOL amounts against tax liabilities for the year or two immediately preceding the recession.

While data is available (reported below) showing the amount of NOL claimed annually by individual and corporate taxpayers, the amount of NOL carried back cannot be distinguished.

	NOL Deduction Amount			
Year	**Individual Taxpayers**		**Corporate Taxpayers**	
	Filers	**Deduction Amount (millions)**	**Filers**	**Deduction Amount (millions)**
2000	4,577	$329.8	6,056	$861.1
2001	3,938	279.2	5,532	655.0
2002	4,112	311.8	5,625	1,082.5
2003	6,003	338.2	7,055	1,095.2
2004	5,290	309.0	7,564	2,064.8
2005	5,934	284.8	6,960	3,566.8
2006	6,602	202.6	8,450	9,688.6
2007	6,938	409.9	8,319	7,993.4
2008	6,885	432.5	7,405	6,025.8

529 Education Savings Tax Credit: The bill establishes additional limits on qualified withdrawals from existing and new Indiana college choice 529 education savings accounts. The new limits could potentially: (1) reduce contributions to existing and new accounts and, thus, result in a reduction in tax credits claimed for 529 account contributions; and (2) could lead to increased recapture of tax credits claimed for prior year contributions because withdrawals are nonqualified withdrawals. The magnitude of any reduction in credits or increase in credits recaptured is indeterminable, but could be significant given the limitations outlined in the bill.

Under current statute, an individual taxpayer can claim a tax credit against his or her individual AGI tax liability equal to 20% of the first $5,000 in contributions the taxpayer makes during the tax year to an Indiana college choice 529 education savings account. However, current statute provides for the recapture of tax credits claimed if nonqualified withdrawals are made from a 529 account (a qualified withdrawal is a withdrawal to pay qualified higher education expenses). In 2008, 40,677 individual taxpayers claimed a total of $28.6 M in credits for contributions to 529 accounts. In addition, a total $74,118 in tax credits was recaptured from 328 taxpayers for nonqualified withdrawals. Under the bill, the following actions would be considered nonqualified withdrawals and, thus, would trigger recapture of tax credits claimed for contributions to a 529 account.

(1) A withdrawal to pay for qualified higher education expenses made from an account that is terminated with 36 months of being opened. (Current statute provides for recapture of credits if the account is terminated within 12 months of being opened.)

(2) A withdrawal to pay for qualified higher education expenses made from an account if the withdrawal is made within 36 months of the last contribution to the account, to the extent that the withdrawal is less than or equal to the amount of contributions made to the account, and interest earned on those contributions, made within 36 months of the withdrawal.

Refund Surplus Revenue Tax Credit: The bill provides a refundable individual adjusted gross income tax credit to resident taxpayers when the state General Revenue Fund balance at the end of a fiscal year is greater than 10% of the budgeted appropriations from the state General Fund for the current fiscal year. (See *Explanation of State Expenditures* for definition of state General Revenue Fund.) The tax credit is to be given to resident taxpayers in the tax year ending during the fiscal year in which the 10% threshold is exceeded. The tax credit is equal to the tax credit amount determined by the State Budget Agency for a single return where the filer is an Indiana resident or to a joint return where only one of the filers is an Indiana resident. The tax credit is equal to the tax credit amount multiplied by two for joint returns where both filers are Indiana residents. While the tax credit is effective beginning in tax year 2011, it is estimated that no excess balance transfer will be required so no tax credits will be given. The magnitude of the credit in any tax year depends on the taxes paid by a taxpayer in the previous year as well as the magnitude of state General Fund balances and appropriations.

An individual taxpayer residing in Indiana on January 1st of the tax year is entitled to the tax credit if credits are given in that tax year. The bill provides that the tax credit is refundable and prohibits the tax credit from being carried back or carried forward by a taxpayer.

(Revised) *Inheritance Tax Phase-Out*: The bill phases-out the Inheritance Tax over an 11-year period. The phase-out will lead to progressively larger reductions in Inheritance Tax revenues from FY 2015 through FY 2025 when the tax would be eliminated and no longer generating revenue. The impact on revenues from the phase-out of the Inheritance Tax is shown in the table below. The estimate is based on the Revenue Technical Committee forecast (published December 15, 2010), and assumes Inheritance Tax revenue will remain relatively constant in the future, absent the phase-out.

Inheritance Tax Credit	Transfers made from persons dying after . . .	Fiscal Year of Impact	Inheritance Tax Revenue Loss
9%	June 30, 2013, and before July 1, 2014	2015	($12.2 M)
18%	June 30, 2014, and before July 1, 2015	2016	($24.3 M)
27%	June 30, 2015, and before July 1, 2016	2017	($36.5 M)
36%	June 30, 2016, and before July 1, 2017	2018	($48.6 M)
45%	June 30, 2017, and before July 1, 2018	2019	($60.8 M)
55%	June 30, 2018, and before July 1, 2019	2020	($74.3 M)
64%	June 30, 2019, and before July 1, 2020	2021	($86.4 M)
73%	June 30, 2020, and before July 1, 2021	2022	($98.6 M)
82%	June 30, 2021, and before July 1, 2022	2023	($110.7 M)
91%	June 30, 2022, and before July 1, 2023	2024	($122.9 M)
100%	June 30, 2023	2025 & after	($135.0 M)
Note: Rows may not sum due to rounding.			

(Revised) *Estate Tax & Generation Skipping Transfer Tax:* The bill also provides that the Estate Tax and

Generation Skipping Transfer Tax do not apply after June 30, 2023. The bill could potentially have the following impacts on state revenues:

(1) Elimination of potential future revenue from the Indiana Estate Tax: *The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010* (P. L. 111-312), signed into law on December 17, 2010, exempts the first $5 M ($10 M for married couples) of an estate from the Federal Estate Tax and applies a tax rate of 35% for 2011 and 2012. P. L. 111-312 also extended the state death tax deduction through 2012 (in lieu of the state death tax credit which was eliminated for the deduction in 2005). Under the state death tax deduction, Indiana does not collect Estate Tax because the tax is tied to the old state death tax credit instead. The extensions in P. L. 111-312 will sunset on December 31, 2012. It is unknown whether Congress will extend the current Federal Estate Tax after this date, create a new Estate Tax, or allow via inaction the Estate Tax as it existed in 2001 to return in 2013. It is also unknown what the applicable tax rate and exemption amounts will be in 2018 or whether a state death tax deduction or credit will be in place at that time. Annual Estate Tax collections totaled $20 M to $25 M immediately prior to the federal law changes in 2001.

(2) Elimination of potential future revenue from the Indiana Generation Skipping Transfer Tax: Revenue loss from elimination of the Generation Skipping Transfer Tax would be minimal. Since FY 1993, the tax reportedly generated no revenue except in FY 2004 ($31,254) and FY 2005 ($3,637).

<u>*Tobacco Tax on Moist Snuff:*</u> This bill could have an indeterminable impact on Tobacco Products Tax revenue. Under current statute, all tobacco products are taxed at a rate of 24% of the wholesale price. The bill provides that the Tobacco Products Tax imposed on the distribution of moist snuff is based on the net weight of the moist snuff and calculated at a rate of $0.50 per ounce.

All other tobacco products other than moist snuff will continue to be taxed at 24%. There is no data available to determine the fiscal impact of this bill. To the extent that tobacco sales are affected by the provisions in this bill, there could be an impact on funds receiving revenue from the Tobacco Tax.

The existing tax on snuff is based on the value of snuff. The amount of revenue collected depends on the changes in quantity sold and the price. This bill proposes a tax that is based only on the quantity sold; all moist snuff products would be taxed equally without regard to price. As a result, the incidence of tax would shift from higher-priced moist snuff to lower-priced snuff.

Of the Tobacco Products Tax revenue, 25% is distributed to the Affordable Housing and Community Development Fund. The remaining revenues are allocated to Medicaid reimbursements (2.46%), Cigarette Tax Fund (4.22%), the Mental Health Centers Fund (0.6%), the state General Fund (54.5%), the Pension Relief Fund (5.43%), the State Retiree Health Benefit Trust Fund (5.74%) and the Check-Up Plan Trust Fund (27.05%).

<u>**Explanation of Local Expenditures:**</u>

<u>**Explanation of Local Revenues:**</u> <u>*Homestead Property Definition:*</u> Under current law, a homestead is defined as a principal residence consisting of a dwelling and up to one acre of land plus decks, gazebos, and other residential year structures, if those items are attached to the dwelling. Swimming pools, even if part of an attached structure, are not considered to be part of the homestead. Improvements do not qualify as homestead property are not subject to the standard or supplemental standard deductions, they do not qualify for homestead credits. The circuit breaker cap for the non-homestead portion of the property is 3% rather

than 1%.

Under this provision, beginning with taxes payable in 2012, all decks, patios, gazebos, and other residential yard structures, including swimming pools, would be considered part of the homestead qualifying property if they are on the homestead land (up to 1 acre). The standard and supplemental deductions would apply as would any local homestead credits and the 1% circuit breaker cap.

Beginning with taxes payable in CY 2012, the additional standard and supplemental standard deductions are estimated at $1.3 B AV. The total reduction in net taxes for homeowners, including tax shifts and circuit breakers, is estimated at $23.7 M. The reduction in net AV would result in a higher tax rate and a net tax shift (after circuit breakers) of about $12.2 M from homeowners to other taxpayers. The cost of the circuit breaker cap to local taxing units and school corporations would rise by an estimated $11.9 M. The higher tax rates would also cause TIF proceeds to increase by about $1.3 M.

Residential Property Definition: Under current law, residential property is defined as either (1) a non-homestead single family dwelling with up to 1 acre of land, (2) a multi-dwelling building plus common areas plus the land only under the buildings, or (3) land under a mobile home, including common areas. The circuit breaker cap for the non-homestead residential property is 2% and the rest of the property is capped at 3%.

This provision would define common area as improvements including roads, swimming pools, tennis courts, basketball courts, playgrounds, carports, garages, parking areas, gazebos, decks, patios, and the land that is outside the footprint of the buildings. The 2% circuit breaker cap would apply to the entire property under this bill.

CY 2010 tax bills for apartments and other non-homestead residential property were examined to determine the fiscal impact of this provision. The application of the 2% cap to the entire property would have reduced net taxes and increased the cost of the circuit breaker in CY 2010 by about $26.5 M.

Personal Property: Beginning with taxes due in CY 2012, this provision would allow a county or municipality to allow either a 100% deduction against personal property AV or a 100% credit against the taxes due on personal property. A county could allow the deduction or credit against all personal property in the county while the city may offer the relief against all personal property located in the municipality. The deduction would apply for all years following the initial year, until rescinded. The credit would apply for only one year after each adoption.

The statewide total net tax on personal property is estimated at about $925 M in CY 2012. Property tax deductions for personal property would shift a portion of this amount from personal property owners to real property owners through increased tax rates. In many areas, the higher tax rates would also increase taxing units' revenue loss due to circuit breakers. Rate-controlled funds, such as cumulative funds, would suffer a revenue loss equal to the deducted AV amount multiplied by the fund's tax rate. Property tax credits, on the other hand, would not shift taxes to real property taxpayers.

Revenue losses under either the deduction or credit would affect all civil and school units that serve the area where the property is located. The actual fiscal impact would depend on local action.

Downtown Tax Abatement Enhancement: Under current law, designating bodies may approve property tax abatements in an economic revitalization area. The abatements may be granted for 1 to 10 years, or up to 5 years for real property located in a residentially distressed neighborhood, or up to 2 years if the property is

an eligible vacant building. The amount of the assessed value that is abated starts at 100% in the first year and then declines each year on a scale determined by the total number of years for which the abatement is approved.

This provision would apply to eligible vacant buildings or personal property located in an eligible vacant building if:

1. The building has been unoccupied or unused for anything but storage for at least 3 years;
2. The owner agrees to use the property for an industrial or nonresidential commercial purpose; and
3. The property is located in a designated downtown area.

A city or town fiscal body could, under the bill, designate any part of (1) a central business district, or (2) a commercial or mixed use neighborhood that has been a retail and communal focal point for at least 25 years, as a designated downtown area. The designated area could not exceed 15% of the municipality's geographical area.

The designating body would be able to approve tax abatements for qualifying property in a designated downtown area for up to 100% each year, for up to 10 years. This provision would allow up to 8 additional years of abatements on qualifying eligible vacant buildings and it would allow for larger abatement percentages for both the buildings and personal property.

Under current law, a real property abatement for an eligible vacant building reduces the existing tax base for up to 2 years. Under this bill, the tax base reduction could be extended for up to 8 additional years. A tax base reduction causes a shift of the property tax burden from taxpayers receiving the deductions to all taxpayers in the form of an increased tax rate. Abatements for personal property, however, are limited to new property that has not been a part of the tax base.

If there is an increase in real or personal property investment because of this provision, the new property would, at some point, be placed on the tax rolls. This could help spread the property tax burden and could possibly reduce some tax rates. However, if one assumes that the investment would be made with or without the abatement, an increase in abatements could cause a delay of the shift of the property tax burden from all taxpayers to the owners of the new property until the property is placed on the tax rolls.

The overall impact of this bill is not known and depends on many factors. In all cases, the granting of an abatement is a local decision.

(Revised) *Inheritance Tax Phaseout*: The phaseout of the Inheritance Tax could result in an annual revenue loss to counties beginning in FY 2015.

Fiscal Year Impact	Local Share of Inheritance Tax Revenue Loss
2015	($1.0 M)
2016	($2.1 M)
2017	($3.1 M)
2018	($4.2 M)
2019	($5.2 M)
2020	($6.4 M)
2021	($7.5 M)
2022	($8.5 M)
2023	($9.5 M)
2024	($10.6 M)
2025 and after	($11.6 M)

This bill provides a phaseout of the county guarantee beginning in FY 2014 and ending before FY 2024. Based upon the FY 2012 Inheritance Tax forecast, counties are estimated to receive about $11.6 M in Inheritance Tax revenue. While the phaseout of the Inheritance Tax will decrease revenue to counties, in the aggregate, it should not trigger replacement payments because of the phaseout of the county guarantee. Inheritance Tax revenue to counties may still fall short of the guarantee on an individual county basis and trigger replacement payments, but it is not known to what extent this may occur. The table below provides the new county guarantees by fiscal year calculated by the phaseout percentages provided in the bill.

Fiscal Year	Current County Guarantee	Phaseout Percentage	New County Guarantee	Local Share Revenue
2014	$7.4 M	91%	$6.8 M	$11.6 M
2015	$7.4 M	82%	$6.1 M	$10.6 M
2016	$7.4 M	73%	$5.4 M	$9.5 M
2017	$7.4 M	64%	$4.8 M	$8.5 M
2018	$7.4 M	55%	$4.1 M	$7.5 M
2019	$7.4 M	45%	$3.3 M	$6.4 M
2020	$7.4 M	36%	$2.7 M	$5.2 M
2021	$7.4 M	27%	$2.0 M	$4.2 M
2022	$7.4 M	18%	$1.3 M	$3.1 M
2023	$7.4 M	9%	$0.7 M	$2.1 M
2024	$7.4 M	0	0	$1.0 M
2025 and after	$7.4 M	0	0	0

Counties retain 8% of the Inheritance Tax collected on transfers made by Indiana residents. Counties are guaranteed a statutorily determined amount as determined by the replacement provision established by P.L. 254-1997. The replacement provision was established to replace county Inheritance Tax revenue lost when the Class A exemption was increased on July 1, 1997. The replacement provision guarantees that each county receives Inheritance Tax revenue equal to the five-year annual average amount of Inheritance Tax received by that county from FY 1991 to FY 1997, excluding the highest and lowest years. The total annual guarantee to counties is approximately $7.4 M, with replacement payments averaging about $168,000 since FY 2000.

Tobacco Tax on Moist Snuff: Of the amount distributed to the Cigarette Tax Fund, 2/3 goes to cities and towns based on population.

State Agencies Affected: Department of State Revenue; State Budget Agency.

Local Agencies Affected: Counties; County and township assessors; County auditors; Civil taxing units and school corporations.

Information Sources: Revenue Technical Committee forecast (December 15, 2010); *Quarterly Inheritance Tax Reports*, FY 1993- FY 2010; OFMA property tax database. OFMA Income Tax databases, 2000-2008. U. S. Census Bureau, *State and Local Government Finances* databases, 1998-2008. U. S. Internal Revenue Service, Statistics of Income Division, *Annual Analysis of Individual Income Tax Returns*, *SOI Bulletins*, Fall 2002-Fall 2010. U. S. Congress, Joint Committee on Taxation, Annual *Estimates of Federal Tax Expenditures* reports, 2008-2010. U. S. Internal Revenue Service, Statistics of Income Division, Annual Corporate and Individual Tax Stats Tables.

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