



CONGRESS OF THE UNITED STATES
JOINT ECONOMIC COMMITTEE

Congressman Jim Saxton
Ranking Republican Member

PRESS RELEASE

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**INCOME SHARE OF THE TOP
ONE PERCENT SOARED
DURING THE 1990s
-- INCOME SHARE OF THE BOTTOM
HALF DECLINED--**

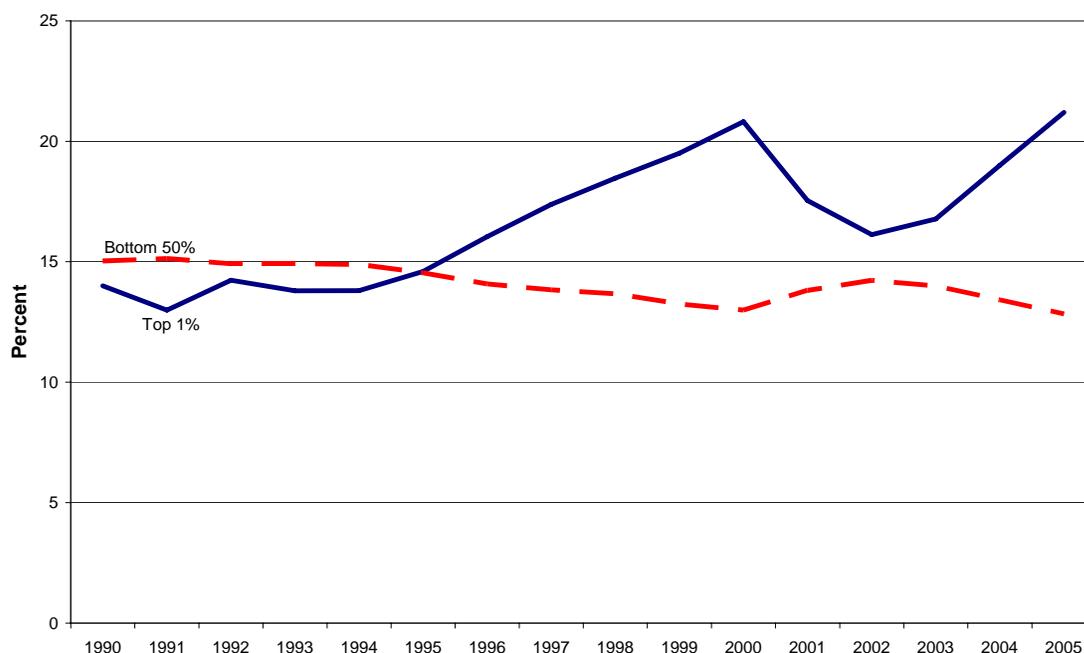
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WASHINGTON, D.C. – Recently released data showing the income share of the top 1 percent of tax filers at a relatively high level in 2005 says little about current trends. This is the case because this share was at about the same level in 2000, after a very large increase during the 1990s. In 2005, the income share of the top 1 percent was 21.20 percent of total adjusted gross income (AGI), not much higher than its level of 20.81 percent in 2000. This share fell and recovered in the intervening years largely due to stock market fluctuations.

However, the rise of the income share of the top 1 percent of tax filers ranked by income during the 1990s is very pronounced. For example, between 1992 and 2000, this share jumped from 14.23 percent to 20.81 percent, a huge increase of nearly 7 percentage points. Meanwhile, the income share of the bottom half of tax filers fell from 14.92 percent in 1992 to 12.99 percent in 2000. These data for shares of adjusted gross income are from the Internal Revenue Service (IRS).

“The IRS data do not show the 1990s as a period of great income equality,” Congressman Jim Saxton, ranking member of the Joint Economic Committee said. “However, the sharp upward trend in the income share of the top 1 percent during the last decade should not be blamed on the administration then in power. It would be even more unfair to suggest that the level of inequality already attained by 2000, which continues little changed today, is the fault of the current administration or its policies. Instead, it should be recognized that increasing returns to education, skills, and training are an important factor explaining the long-term trend. It also should be recalled that AGI is not an especially accurate measure of income, and that many households move from one income bracket to another over time,” Saxton concluded.

Shares of Adjusted Gross Income



Source: IRS (Tax Year 2005)

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