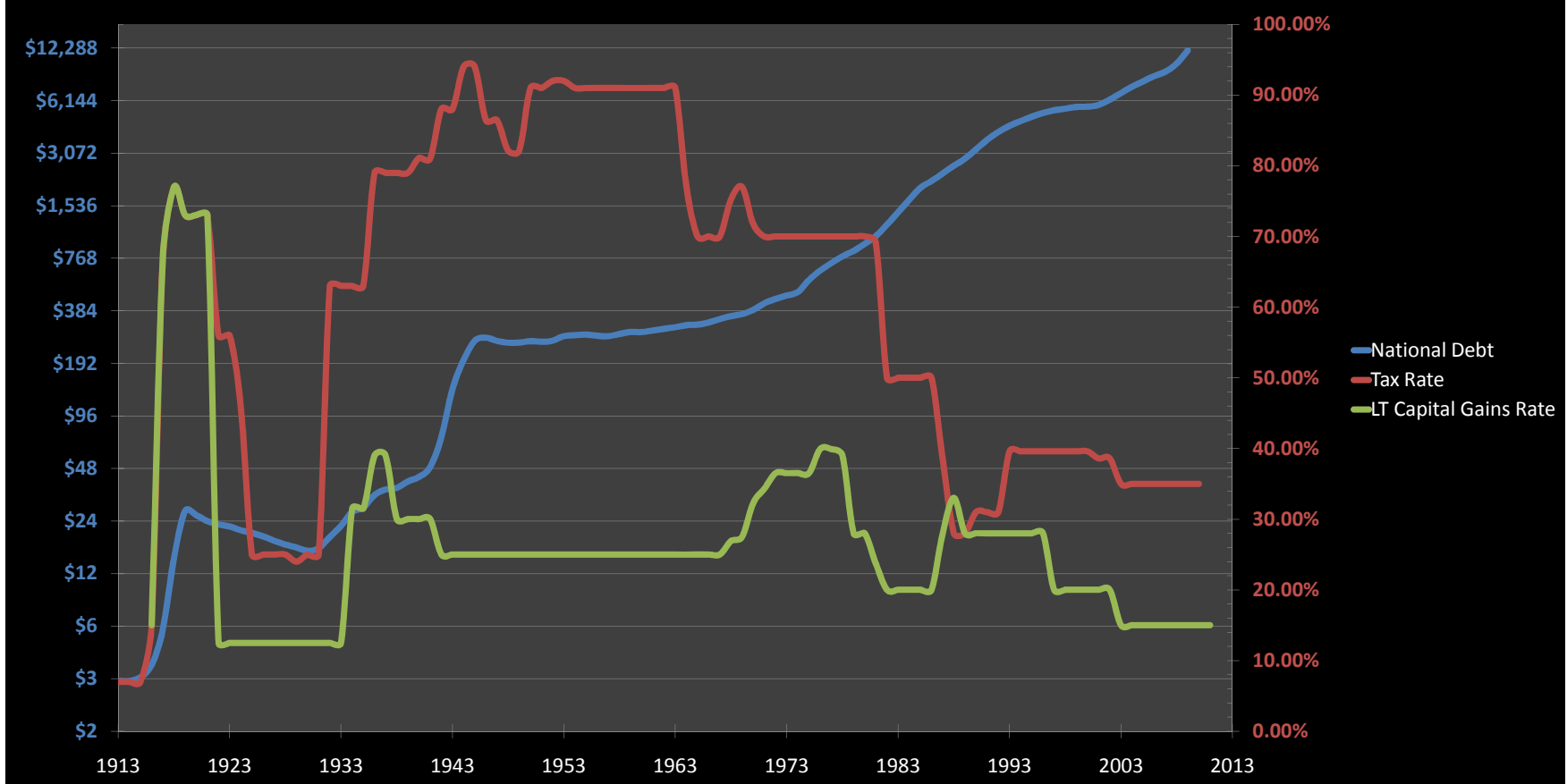


Correlation of National Debt (in millions) & Income Tax Rate



Debt Source: United States Treasury, Bureau of Public Debt, <http://www.treasurydirect.gov/govt/reports/pd/mspd/mspd.htm>, last accessed on May 4, 2010.

Tax Source: The Tax Foundation, http://www.taxfoundation.org/publications/show/151.html#fed_individual_rate_history-20100923, last accessed on September 23, 2010.

Capital Gains Source: The Tax Foundation, <http://www.taxfoundation.org/publications/show/2088.html>, last accessed on November 12, 2010.

Federal Capital Gains Tax Rates 1988 – 2011

1988 – 1990 *

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is			
		15%	28%	33% (a)	28%
	<i>then</i>	the Tax Rate on the Capital Gain Is			
Any length of time		15%	28%	33% (a)	28%

* The only period in U.S. history when all capital gains were taxed as wages. In most years, assets held long-term are favored with a lower rate.

(a) 28 percent plus a 5 percent surtax on taxable income incomes between \$78,401 and \$185,730 (joint) and between \$47,051 and \$109,100 (single) for the purpose of phasing out the benefits of the 15 percent bracket and personal exemptions.

1991 – 1992

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is		
		15%	28%	31%
	<i>then</i>	the Tax Rate on the Capital Gain Is		
Less Than 1 Year		15%	28%	31%
1 Year or More		15%	28%	28%

January 1, 1993 – May 6, 1997

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is				
		15%	28%	31%	36%	39.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is				
Less Than 1 Year		15%	28%	31%	36%	39.6%
1 Year or More		15%	28%	28%	28%	28%

May 7, 1997 – July 28, 1997

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is				
		15%	28%	31%	36%	39.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is				
Less Than 1 Year		15%	28%	31%	36%	39.6%
1 to 5 Years		10%	20%	20%	20%	20%
Over 5 Years		10% (a)	20% (b)	20% (b)	20% (b)	20% (b)

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.

(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2001, the rate would drop to 8 percent.

(b) The Taxpayer Relief Act of 1997 provided that on January 1, 2006, the rate would drop to 18 percent.

July 29, 1997 – July 21, 1998

<i>If</i> Seller Had Owned the Sold Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is				
		15%	28%	31%	36%	39.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is				
Less Than 1 Year		15%	28%	31%	36%	39.6%
12 to 18 Months		15%	28%	28%	28%	28%

18 Mos. to 5 Yrs.		10%	20%	20%	20%	20%
Over 5 Years		10% (a)	20% (b)	20% (b)	20% (b)	20% (b)

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.
(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2001, the rate would drop to 8 percent.
(b) The Taxpayer Relief Act of 1997 provided that on January 1, 2006, the rate would drop to 18 percent.

July 22, 1998 – December 31, 2000

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is				
		15%	28%	31%	36%	39.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is				
Less Than 1 Year		15%	28%	31%	36%	39.6%
1 to 5 Years		10%	20%	20%	20%	20%
Over 5 Years		10% (a)	20% (b)	20% (b)	20% (b)	20% (b)

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.
(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2001, the rate would drop to 8 percent.
(b) The Taxpayer Relief Act of 1997 provided that on January 1, 2006, the rate would drop to 18 percent.

2001

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is					
		10%	15%	27.5%	30.5%	35.5%	39.1%
	<i>then</i>	the Tax Rate on the Capital Gain Is					
Less Than 1 Year		10%	15%	27.5%	30.5%	35.5%	39.1%
1 to 5 Years		10%	10%	20%	20%	20%	20%
Over 5 Years		8%	10%	20% (a)	20% (a)	20% (a)	20% (a)

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.
(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2006, the rate would drop to 18 percent.

January 1, 2002 – May 5, 2003

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is					
		10%	15%	27%	30%	35%	38.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is					
Less Than 1 Year		10%	15%	27%	30%	35%	38.6%
1 to 5 Years		10%	10%	20%	20%	20%	20%
Over 5 Years		8%	10%	20% (a)	20% (a)	20% (a)	20% (a)

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.
(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2006, the rate would drop to 18 percent.

May 6, 2003 – December 31, 2007

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is					
		10%	15%	25%	28%	33%	35%
	<i>then</i>	the Tax Rate on the Capital Gain Is					
Less Than 1 Year		10%	10%	25%	28%	33%	35%
1 Year or More		5%	5%	15%	15%	15%	15%

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.

January 1, 2008 – December 31, 2010

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is					
		10%	15%	25%	28%	33%	35%
	<i>then</i>	the Tax Rate on the Capital Gain Is					
Less Than 1 Year		10%	15%	25%	28%	33%	35%
1 Year or More		0%	0%	15%	15%	15%	15%

Note: The rate remains 28 percent for long-term gains from sales of art works and other collectibles.

January 1, 2011 – December 31, 2012

<i>If</i> Seller Had Owned the Sold Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is				
		15%	28%	31%	36%	39.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is				
Less Than 1 Year		15%	28%	31%	36%	39.6%
1 to 5 Years		10% (a)	20%	20%	20%	20%
Over 5 Years		10% (a)	20% (b)	20% (b)	20% (b)	20% (b)

Notes: This table presumes that current law will take its course with no new legislation. In that case, EGTRRA and JGTRRA (the Bush tax cuts) will expire as scheduled on December 31, 2010, with no legislative action. In his budget, President Obama has urged the expiration of the Bush-era rates on capital gains for people in the top two tax brackets, but the retention of the Bush-era rates in all lower brackets. Similarly, he would retain all six wage tax brackets from the Bush era, raising the statutory rate on the top two.

(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2001, the 10% capital gains rate for people in the 15% bracket would drop to 8 percent. This may be honored as the Bush tax cuts expire at the end of 2010.

(b) The Taxpayer Relief Act of 1997 provided that after January 1, 2006, the 20% rate on capital gains for people in all the upper brackets would drop to 18% on assets acquired on or after January 1, 2001. This may be honored as the Bush tax cuts expire at the end of 2010.

January 1, 2013 –

<i>If</i> Seller Had Owned the Asset for	<i>and</i>	Seller's Marginal Income Tax Rate the Year of Sale Is				
		15%	28%	31%	36%	39.6%
	<i>then</i>	the Tax Rate on the Capital Gain Is				
Less Than 1 Year		15%	28%	31%	36%	39.6%
1 to 5 Years		10%	20%	20%	23.8% (b)	23.8% (b)
Over 5 Years		10% (a)	20% (c)	20% (c)	23.8% (b,c)	23.8% (b,c)

Notes: This table presumes that current law will take its course with no new legislation. In that case, EGTRRA and JGTRRA (the Bush tax cuts) will expire as scheduled on December 31, 2010, with no legislative action. In his budget, President Obama has urged the retention of the Bush-era 15% rate on capital gains for people in all tax brackets except the top two.

(a) The Taxpayer Relief Act of 1997 provided that on January 1, 2001, the 10% capital gains rate for people in the 15% bracket would drop to 8 percent. This may be honored as the Bush tax cuts expire at the end of 2010.

(b) The extra 3.8% was enacted during 2010 as part of the new health care law.

(c) The Taxpayer Relief Act of 1997 provided that after January 1, 2006, the 20% rate on capital gains for people in all the upper brackets would drop to 18% on assets acquired on or after January 1, 2001. This may be honored as the Bush tax cuts expire at the end of 2010.

4-May-10

Annual U.S. Public Debt, Fiscal Years 1791-2009

[Millions of Dollars]

Year	Debt	Year	Debt	Year	Debt	Year	Debt	Year	Debt	Year	Debt
		1975	\$ 576,649.00	1940	\$ 42,968.00	1905	\$ 2,275.00	1870	\$ 2,481.00	1835	\$ -
2009	\$ 11,909,829.00	1974	\$ 492,665.00	1939	\$ 40,440.00	1904	\$ 2,264.00	1869	\$ 2,588.00	1834	\$ -
2008	\$ 10,024,725.00	1973	\$ 469,898.00	1938	\$ 37,165.00	1903	\$ 2,202.00	1868	\$ 2,612.00	1833	\$ 5.00
2007	\$ 9,007,653.00	1972	\$ 449,298.00	1937	\$ 36,425.00	1902	\$ 2,159.00	1867	\$ 2,678.00	1832	\$ 7.00
2006	\$ 8,506,974.00	1971	\$ 424,131.00	1936	\$ 33,779.00	1901	\$ 2,143.00	1866	\$ 2,773.00	1831	\$ 24.00
2005	\$ 7,932,710.00	1970	\$ 389,158.00	1935	\$ 28,701.00	1900	\$ 2,137.00	1865	\$ 2,681.00	1830	\$ 39.00
2004	\$ 7,379,053.00	1969	\$ 368,226.00	1934	\$ 27,053.00	1899	\$ 1,992.00	1864	\$ 1,816.00	1829	\$ 49.00
2003	\$ 6,783,231.00	1968	\$ 358,029.00	1933	\$ 22,539.00	1898	\$ 1,797.00	1863	\$ 1,120.00	1828	\$ 58.00
2002	\$ 6,228,236.00	1967	\$ 344,663.00	1932	\$ 19,487.00	1897	\$ 1,818.00	1862	\$ 524.00	1827	\$ 67.00
2001	\$ 5,807,463.00	1966	\$ 329,319.00	1931	\$ 16,801.00	1896	\$ 1,770.00	1861	\$ 91.00	1826	\$ 74.00
2000	\$ 5,674,178.00	1965	\$ 320,904.00	1930	\$ 16,185.00	1895	\$ 1,676.00	1860	\$ 65.00	1825	\$ 81.00
1999	\$ 5,656,271.00	1964	\$ 317,940.00	1929	\$ 16,931.00	1894	\$ 1,632.00	1859	\$ 58.00	1824	\$ 84.00
1998	\$ 5,526,193.00	1963	\$ 309,347.00	1928	\$ 17,604.00	1893	\$ 1,546.00	1858	\$ 45.00	1823	\$ 90.00
1997	\$ 5,413,146.00	1962	\$ 303,470.00	1927	\$ 18,512.00	1892	\$ 1,588.00	1857	\$ 29.00	1822	\$ 91.00
1996	\$ 5,224,811.00	1961	\$ 296,169.00	1926	\$ 19,643.00	1891	\$ 1,546.00	1856	\$ 32.00	1821	\$ 94.00
1995	\$ 4,973,983.00	1960	\$ 290,217.00	1925	\$ 20,516.00	1890	\$ 1,552.00	1855	\$ 36.00	1820	\$ 90.00
1994	\$ 4,692,750.00	1959	\$ 290,798.00	1924	\$ 21,251.00	1889	\$ 1,619.00	1854	\$ 42.00	1819	\$ 91.00
1993	\$ 4,411,489.00	1958	\$ 282,922.00	1923	\$ 22,350.00	1888	\$ 1,693.00	1853	\$ 60.00	1818	\$ 96.00
1992	\$ 4,064,621.00	1957	\$ 274,898.00	1922	\$ 22,963.00	1887	\$ 1,658.00	1852	\$ 66.00	1817	\$ 103.00
1991	\$ 3,665,303.00	1956	\$ 276,628.00	1921	\$ 23,977.00	1886	\$ 1,775.00	1851	\$ 68.00	1816	\$ 123.00
1990	\$ 3,233,313.00	1955	\$ 280,769.00	1920	\$ 25,952.00	1885	\$ 1,864.00	1850	\$ 63.00	1815	\$ 127.00
1989	\$ 2,857,431.00	1954	\$ 278,750.00	1919	\$ 27,391.00	1884	\$ 1,831.00	1849	\$ 63.00	1814	\$ 100.00
1988	\$ 2,602,338.00	1953	\$ 275,168.00	1918	\$ 14,592.00	1883	\$ 1,884.00	1848	\$ 47.00	1813	\$ 81.00
1987	\$ 2,350,277.00	1952	\$ 259,105.00	1917	\$ 5,718.00	1882	\$ 1,918.00	1847	\$ 39.00	1812	\$ 56.00

1986	\$ 2,125,303.00	1951	\$ 255,222.00	1916	\$ 3,609.00	1881	\$ 2,069.00	1846	\$ 16.00	1811	\$ 45.00
1985	\$ 1,945,942.00	1950	\$ 257,357.00	1915	\$ 3,058.00	1880	\$ 2,120.00	1845	\$ 16.00	1810	\$ 48.00
1984	\$ 1,662,966.00	1949	\$ 252,770.00	1914	\$ 2,912.00	1879	\$ 2,350.00	1844	\$ 23.00	1809	\$ 53.00
1983	\$ 1,410,702.00	1948	\$ 252,292.00	1913	\$ 2,916.00	1878	\$ 2,256.00	1843	\$ 33.00	1808	\$ 57.00
1982	\$ 1,197,073.00	1947	\$ 258,286.00	1912	\$ 2,868.00	1877	\$ 2,205.00	1842	\$ 20.00	1807	\$ 65.00
1981	\$ 1,028,729.00	1946	\$ 269,422.00	1911	\$ 2,766.00	1876	\$ 2,180.00	1841	\$ 14.00	1806	\$ 69.00
1980	\$ 930,210.00	1945	\$ 258,682.00	1910	\$ 2,653.00	1875	\$ 2,232.00	1840	\$ 5.00	1805	\$ 76.00
1979	\$ 845,116.00	1944	\$ 201,003.00	1909	\$ 2,640.00	1874	\$ 2,252.00	1839	\$ 4.00	1804	\$ 82.00
1978	\$ 789,207.00	1943	\$ 136,696.00	1908	\$ 2,627.00	1873	\$ 2,234.00	1838	\$ 10.00	1803	\$ 86.00
1977	\$ 718,943.00	1942	\$ 72,422.00	1907	\$ 2,457.00	1872	\$ 2,253.00	1837	\$ 3.00	1802	\$ 77.00
1976	\$ 653,544.00	1941	\$ 48,961.00	1906	\$ 2,337.00	1871	\$ 2,353.00	1836	\$ -	1801	\$ 81.00
Year	Debt	Year	Debt	Year	Debt	Year	Debt	Year	Debt	Year	Debt

Source: United States Treasury, <http://www.treasurydirect.gov/govt/reports/pd/mspd/mspd.htm>, last accessed on May 4, 2010.

26-Oct-09

Historical Highest Marginal Income Tax Rates

Year	Top Marginal Rate	Year	Top Marginal Rate	Year	Top Marginal Rate
1913	7.0%	1946	86.45%	1979	70.00%
1914	7.0%	1947	86.45%	1980	70.00%
1915	7.0%	1948	82.13%	1981	69.13%
1916	15.0%	1949	82.13%	1982	50.00%
1917	67.0%	1950	91.00%	1983	50.00%
1918	77.0%	1951	91.00%	1984	50.00%
1919	73.0%	1952	92.00%	1985	50.00%
1920	73.0%	1953	92.00%	1986	50.00%
1921	73.0%	1954	91.00%	1987	38.50%
1922	56.0%	1955	91.00%	1988	28.00%
1923	56.0%	1956	91.00%	1989	28.00%
1924	46.0%	1957	91.00%	1990	31.00%
1925	25.0%	1958	91.00%	1991	31.00%
1926	25.0%	1959	91.00%	1992	31.00%
1927	25.0%	1960	91.00%	1993	39.60%
1928	25.0%	1961	91.00%	1994	39.60%
1929	24.0%	1962	91.00%	1995	39.60%
1930	25.0%	1963	91.00%	1996	39.60%
1931	25.0%	1964	77.00%	1997	39.60%
1932	63.0%	1965	70.00%	1998	39.60%
1933	63.0%	1966	70.00%	1999	39.60%
1934	63.0%	1967	70.00%	2000	39.60%
1935	63.0%	1968	75.25%	2001	38.60%
1936	79.0%	1969	77.00%	2002	38.60%
1937	79.0%	1970	71.75%	2003	35.00%
1938	79.0%	1971	70.00%	2004	35.00%
1939	79.0%	1972	70.00%	2005	35.00%
1940	81.10%	1973	70.00%	2006	35.00%
1941	81.00%	1974	70.00%	2007	35.00%
1942	88.00%	1975	70.00%	2008	35.00%
1943	88.00%	1976	70.00%	2009	35.00%
1944	94.00%	1977	70.00%	2010	35.00%
1945	94.00%	1978	70.00%		

Note: This table contains a number of simplifications and ignores a number of factors, such as a maximum tax on earned income of 50 percent when the top rate was 70 percent and the current increase in rates due to income-related reductions in value of itemized deductions. Perhaps most importantly, it ignores the large increase in percentage of returns that were subject to this top rate.

Sources: Eugene Steuerle, The Urban Institute; Joseph Pechman, Federal Tax Policy; Joint Committee on Taxation, Summary of Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003, JCX-54-03, May 22, 2003; IRS Revised Tax Rate Schedules