

Tax Rates and Share of Tax Revenues from Top 1%

The chart [on the next page] shows the relationship over time (from 1979 to 2007) between: a) the top marginal income tax rate, and b) the share of total income taxes paid by the top 1% ([data](#)). In 1979 the top marginal income tax rate was 70% and 18.3% of the total taxes paid were collected from the top 1% of taxpayers. By 2007 the top tax rate was 35% (half of the 1979 rate), and the tax share of the top 1% had more than doubled to 39.5% (from 18.3% in 1979).

The historical record shows an inverse relationship between the highest marginal income tax rate and the share of taxes collected from "the wealthy." It's a relationship to keep in mind during the current tax policy debate, where Obama wants to increase tax revenues by raising tax rates for "the rich," and Rep. Ryan alternatively suggests a cut in the top marginal rate to stimulate economic growth, which would likely increase tax revenues from the wealthy, and increase overall tax revenue.

Thanks to Steve Moore for the idea for the graph.