



# PROGRAM FOR PUBLIC CONSULTATION

## SCHOOL OF PUBLIC POLICY, UNIVERSITY OF MARYLAND

### FEDERAL BUDGET SURVEY

#### - QUESTIONNAIRE -

Fielded March 8<sup>th</sup> through 16<sup>th</sup>, 2017

1,817 registered voters (margin of error +/-2.3%)

Fielding conducted by Nielsen Scarborough with sample provided by Nielsen Scarborough from its sample of respondents, recruited by mail and telephone using a random sample of households

#### BRIEFING

You will participate in an exercise in which you will have the opportunity to propose how the US federal budget should be designed.

You will first be presented what is called the “**Discretionary Budget**,” which is the part of the budget that Congress decides on each year. It does not cover what is called “mandatory spending,” which includes such areas as Social Security and Medicare.

For the Discretionary Budget, you will see the amounts of spending currently authorized by Congress for 2017 for 31 different areas of spending. You will then be able to increase or decrease them as you see fit.

You will also explore what are called “**General Revenues**.” This is income the government gets from taxes like income taxes, corporate taxes, and others that can be used for any purpose. You will be able to raise or lower these general revenue taxes as you see fit.

As you may know, the government is projected to have a budget deficit because spending is projected to exceed revenues. As you go along and make changes to spending or taxes, you’ll see the effect of your decisions on the size of the projected **budget deficit**.

Excluding the amount of the deficit related to Social Security and Medicare, the deficit for 2017 is \$412 billion. As you go along, you will see the effect of the choices you make on this part of the deficit.

But before we begin, we would like to have you consider three of the major issues that come up in discussions about the federal budget.

[Q1-6] (Held for future release)

## DISCRETIONARY SPENDING

Now, as we mentioned at the beginning, you will work with the spending in the Discretionary Budget --items whose amounts Congress considers and adjusts each year.

Then you will work with the taxes that make up the government's general revenues—those revenues that Congress can vote to use for any purpose.

Presented below is the authorized budget for the year 2017 for 31 major areas of the Discretionary Budget.

For each area of government spending, please enter your recommended amounts, adjusting it up or down or leaving it the same.

In the box on the side, you will see the estimated deficits for 2017. As you go along you will see the effect of the changes you make on the deficit. Every time you increase spending, the deficit will go up. Every time you reduce spending, the deficit will go down. If you would recommend eliminating spending for one area, you must enter "0" for that spending item.

Later you will also have the opportunity to make changes in revenues or taxes. This too can increase or decrease the deficit.

You are not required to eliminate the deficit. You should make the budget that you think is best.

**Note:** To clarify how the majority positions were identified: In most cases, when the Median response varies from the presented amount this means a majority of respondents (i.e. 50.1% or more) endorsed that amount of change or more. When this is not the case a footnote explains what the majority position is. When the Median response does not vary from the presented amount, this generally means that a majority of respondents either endorsed that amount or, more often, there was not a majority for either increasing or decreasing the presented amount—any exceptions are described in a footnote.

[Q7a-b] (Held for future release)

[Q7c.] Mass transit: maintaining Amtrak, developing and maintaining intercity high-speed rail, implementing safety standards (\$19B).<sup>1</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	19	41.5%	14.8%	41.2%	2.5%
<b>GOP</b>	17	55.3%	14.4%	27.7%	2.6%
<b>Dem.</b>	20	27.3%	15.5%	54.2%	3.0%
<b>Indep.</b>	19	46.9%	13.8%	38.1%	1.2%

[Q8] (Held for future release)

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<sup>1</sup> Only 49.2% of Republicans chose to cut spending to at least 17B, while a 55.3% majority of Republicans chose to cut spending to at least 18B.

[Q9.] Space Program (NASA): Space probes; the space shuttle, international space station; study of Earth from space (\$19B)<sup>2</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	15	55.8%	13.0%	28.2%	3.0%
<b>GOP</b>	15	64.8%	10.1%	21.8%	3.3%
<b>Dem.</b>	18	48.8%	15.3%	32.8%	3.2%
<b>Indep.</b>	16	54.3%	13.8%	30.1%	1.8%

[Q10] (Held for future release)

[Q11.] Medical research: Research on: various physical and mental diseases, child health, aging, mapping of human DNA (\$35B)<sup>3</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	34.0	49.6%	22.1%	25.4%	2.9%
<b>GOP</b>	30.0	68.9%	15.9%	12.8%	2.3%
<b>Dem.</b>	35.0	31.0%	28.6%	36.5%	3.9%
<b>Indep.</b>	30.0	53.9%	19.4%	25.0%	1.7%

[Q12a.] Humanitarian assistance: Food aid to malnourished people, assistance in the event of disasters, aid to refugees from political conflict (\$5B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	5	31.8%	33.5%	32.1%	2.6%
<b>GOP</b>	5	47.1%	35.5%	14.5%	2.9%
<b>Dem.</b>	5	18.1%	33.1%	45.6%	3.2%
<b>Indep.</b>	5	32.7%	30.6%	36.0%	0.7%

[Q12b.] Development assistance: Aid to people in poverty to help them develop economically; providing loans, training, technology; the Peace Corps (\$11B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	10	62.0%	13.6%	21.7%	2.7%
<b>GOP</b>	7	83.5%	7.1%	7.0%	2.4%
<b>Dem.</b>	11	41.2%	21.0%	34.3%	3.5%
<b>Indep.</b>	10	67.3%	9.6%	22.0%	1.1%

<sup>2</sup> Only 48.5% overall chose to cut spending to at least 15B, while overall a 51.5% majority chose to cut spending to at least 17B.. A 51.2% majority of Democrats chose not to cut spending.

<sup>3</sup> Only 49.6% overall chose to cut spending to at least 34B, while a 50.4% majority overall did not choose to cut spending.

[Q12c.] Global Health: Medical aid to people in poor countries, AIDS prevention, child survival, international efforts to prevent pandemics. (\$9B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	8.0	51.1%	17.7%	28.3%	2.9%
<b>GOP</b>	5.0	74.1%	11.7%	11.3%	2.9%
<b>Dem.</b>	9.0	32.2%	22.9%	41.3%	3.7%
<b>Indep.</b>	9.0	48.9%	17.5%	32.6%	1.0%

[Q12d-e] (Held for future release)

[Q13.] State Department: To manage US diplomatic and economic relations with other countries, deal with international conflicts, maintain embassies. (\$12B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	10	55.4%	22.3%	19.2%	3.0%
<b>GOP</b>	10	70.3%	16.5%	9.8%	3.3%
<b>Dem.</b>	12	43.1%	26.7%	27.0%	3.2%
<b>Indep.</b>	10	54.4%	23.9%	20.0%	1.7%

[Q14-15a] (Held for future release)

[Q15b.] Pollution control: monitoring pollution of air, water, and soil; enforcing regulations; cleaning up pollution and hazardous waste sites. (\$9B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	9	32.7%	16.9%	48.3%	2.1%
<b>GOP</b>	8	55.3%	16.1%	25.5%	3.1%
<b>Dem.</b>	10	14.5%	17.4%	66.2%	1.9%
<b>Indep.</b>	10	29.4%	17.4%	52.3%	0.9%

[Q16.] Housing Programs: for the elderly and people with low incomes (\$48B)<sup>4</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	48	46.9%	17.1%	33.0%	2.9%
<b>GOP</b>	44	63.9%	14.3%	18.1%	3.7%
<b>Dem.</b>	48	31.3%	19.7%	46.1%	3.0%
<b>Indep.</b>	48	49.4%	17.0%	32.6%	1.1%

<sup>4</sup> Only 48.4% of Republicans chose to cut spending to at least 44, while a 60.6% majority of Republicans chose to cut spending to at least 45B.

[Q17.] Homeland Security: Border protection, TSA, immigration, and responding to disasters (\$47B)<sup>5</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	45	52.3%	14.9%	29.6%	3.2%
<b>  </b> GOP	47	34.8%	17.0%	44.6%	3.6%
<b>  </b> Dem.	42	65.0%	14.2%	17.3%	3.5%
<b>  </b> Indep.	45	57.8%	12.6%	28.1%	1.5%

[Q18.] Veterans' Benefits: medical care, home loans, and education for veterans (\$179B)<sup>6</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	179	34.3%	16.0%	47.5%	2.2%
<b>  </b> GOP	180	32.4%	15.2%	49.3%	3.1%
<b>  </b> Dem.	179	34.7%	17.4%	45.8%	2.1%
<b>  </b> Indep.	179	36.9%	14.4%	47.8%	0.9%

[Q19-20] (Held for future release)

[Q21a.] Elementary and secondary education: aiding rural and urban school districts in poor areas, national testing, teacher training (\$35B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	35	41.3%	23.5%	32.3%	2.8%
<b>  </b> GOP	30	62.2%	18.7%	15.6%	3.4%
<b>  </b> Dem.	35	21.8%	27.1%	47.9%	3.1%
<b>  </b> Indep.	35	44.9%	24.8%	29.5%	0.8%

[Q21b.] Special education for students with disabilities (\$13B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	13	29.5%	22.3%	45.1%	3.1%
<b>  </b> GOP	13	43.9%	21.7%	31.2%	3.2%
<b>  </b> Dem.	15	15.9%	24.1%	56.4%	3.5%
<b>  </b> Indep.	13	32.0%	19.4%	46.6%	1.9%

<sup>5</sup> Only 48.7% of Democrats chose to cut spending to at least 42B and 49.7% to cut spending to at least 44B, while a 63.7% majority of Democrats chose to cut spending to at least 45B.

<sup>6</sup> Only 49.3% of Republicans chose to increase spending to at least 180B, while a 50.7% majority of Republicans did not choose to increase spending.

[Q21c.] Higher education, primarily financial aid for college students; includes Pell Grants (\$32B)<sup>7</sup>

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	31	49.1%	14.4%	34.0%	2.5%
<b>GOP</b>	25	72.2%	9.0%	16.3%	2.5%
<b>Dem.</b>	33	25.9%	20.1%	51.0%	3.0%
<b>Indep.</b>	30	56.9%	11.7%	30.2%	1.2%

[Q22a-b] (Held for future release)

[Q23a.] Regular operations of military forces: purchasing weapons and equipment, developing new weapon systems, support for personnel, maintaining overseas bases (\$526B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	500	67.0%	10.9%	19.7%	2.4%
<b>GOP</b>	526	47.7%	15.4%	34.1%	2.9%
<b>Dem.</b>	450	83.5%	8.1%	6.0%	2.3%
<b>Indep.</b>	500	67.3%	8.4%	22.5%	1.8%

[Q23b.] Estimated cost of military operations in Afghanistan and against Islamic State in Iraq (\$65B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	50	67.6%	18.7%	10.8%	2.8%
<b>GOP</b>	60	57.2%	23.3%	16.4%	3.1%
<b>Dem.</b>	50	74.3%	16.5%	6.2%	3.0%
<b>Indep.</b>	50	73.1%	14.5%	10.3%	2.2%

[Q23c] (Held for future release)

[Q23d.] Nuclear weapons upgrading, maintenance, and safety by the Energy Department (\$20B)

	Median	Decrease	Keep same	Increase	Refused / Don't know
<b>National</b>	20	41.8%	36.0%	19.3%	3.0%
<b>GOP</b>	20	34.8%	39.0%	23.3%	2.9%
<b>Dem.</b>	20	45.4%	34.8%	16.6%	3.2%
<b>Indep.</b>	20	47.4%	32.5%	17.6%	2.5%

<sup>7</sup> Only 49.1% overall chose to cut spending to at least 31, while a 50.9% majority did not choose to cut spending. For Republicans 49.2% chose to cut spending to at least 25B, and a 50.7% majority of Republicans chose to cut spending to at least 28B.

## REVENUES

We will now turn to General Revenues or taxes. In a moment you will be able to adjust various forms of taxes.

But first, we would like you to consider some issues about taxes.

Q24-29 [Held for future release]

The first revenue area for you to make choices will be about personal income taxes—the biggest source of revenues.

### PERSONAL INCOME TAXES

The next screen shows the average *effective income tax rates* for people with different levels of income. These are lower than a person’s marginal tax bracket, which you may have heard about. The effective tax rate shown is the percentage of their adjusted gross income that people actually pay, after exemptions, credits and deductions.

This only deals with income tax, not payroll taxes for Social Security and Medicare.

The lowest income level shown is \$30,000. While those with less income pay payroll taxes, they typically pay little or no income tax.

The table will give you the opportunity to keep the rates currently in place, or to increase or reduce the effective rates for one or more income category. Each selection shows how much revenue it would generate, if any.

For example, if you want to increase the effective tax rate for people with incomes from \$100,000 to \$200,000 by 5%, you would select the option indicated in the example below, increasing their effective tax rate by 0.6% from 12.7% to 13.3%, increasing government revenues by \$13.9 billion and reducing the deficit by that amount.

	Avg. effective tax rate	Reductions in effective tax rate and revenue lost				No change	Increase in effective tax rate and revenue gained			
		-20%	-15%	-10%	-5%		+5%	+10%	+15%	+20%
<b>\$100,000 - \$200,000</b>	12.7%	10.2%	10.8%	11.4%	12.1%	12.7%	13.3%	14.0%	14.6%	15.2%
<b>Effect on Revenue</b>		-\$55.7B	-\$41.8B	-\$27.9B	-\$13.9B	\$0B	+\$13.9B	+\$27.9B	+\$41.8B	+\$55.7B

If, on the other hand, you wanted to keep their taxes at their current levels, you would need to choose no change as indicated below.

	Avg. effective tax rate	Reductions in effective tax rate and revenue lost				No change	Increase in effective tax rate and revenue gained			
		-20%	-15%	-10%	-5%		+5%	+10%	+15%	+20%
<b>\$100,000 - \$200,000</b>	12.7%	10.2%	10.8%	11.4%	12.1%	12.7%	13.3%	14.0%	14.6%	15.2%
<b>Effect on Revenue</b>		-\$55.7B	-\$41.8B	-\$27.9B	-\$13.9B	\$0B	+\$13.9B	+\$27.9B	+\$41.8B	+\$55.7B

Remember to please select one of the options for each of tax brackets indicated below.

<b>Q30a. \$30,000 - \$40,000</b>	6.7%	5.4%	5.7%	6.0%	6.4%	6.7%	7.0%	7.4%	7.7%	8.0%
<b>Effect on Revenue</b>		-\$4.8B	-\$3.6B	-\$2.4B	-\$1.2B	\$0B	+\$1.2B	+\$2.4B	+\$3.6B	+\$4.8B

	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%
<b>National</b>	10.7%	4.9%	9.8%	19.0%	40.6%	7.3%	1.7%	1.6%	2.6%
<b>GOP</b>	8.9%	5.0%	9.0%	19.6%	40.5%	8.9%	2.8%	0.6%	3.5%
<b>Dem.</b>	10.6%	3.9%	10.2%	19.9%	41.4%	6.4%	0.8%	2.3%	2.3%
<b>Indep.</b>	14.6%	6.8%	10.4%	15.4%	39.1%	6.2%	1.4%	1.9%	1.7%

<b>Q30b. \$40,000 - \$50,000</b>	7.4%	5.9%	6.3%	6.7%	7.0%	7.4%	7.8%	8.1%	8.5%	8.9%
<b>Effect on Revenue</b>		-\$6.2B	-\$4.7B	-\$3.1B	-\$1.6B	\$0B	+\$1.6B	+\$3.1B	+\$4.7B	+\$6.2B

	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%
<b>National</b>	8.8%	6.0%	9.2%	18.7%	41.1%	8.9%	2.0%	0.8%	2.2%
<b>GOP</b>	8.3%	4.6%	9.1%	18.9%	41.5%	9.7%	2.2%	0.9%	2.9%
<b>Dem.</b>	8.4%	6.3%	9.3%	20.1%	41.4%	7.2%	2.2%	1.0%	2.0%
<b>Indep.</b>	10.8%	8.1%	8.9%	14.7%	39.6%	11.5%	1.5%	0.0%	1.3%

<b>Q30c. \$50,000 - \$75,000</b>	8.6%	6.9%	7.3%	7.7%	8.2%	8.6%	9.0%	9.5%	9.9%	10.3%
<b>Effect on Revenue</b>		-\$19.1B	-\$14.3B	-\$9.6B	-\$4.8B	\$0B	+\$4.8B	+\$9.6B	+\$14.3B	+\$19.1B

	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%
<b>National</b>	7.9%	3.6%	7.3%	15.9%	42.3%	14.8%	2.4%	1.4%	2.3%
<b>GOP</b>	8.5%	3.4%	8.5%	16.1%	40.4%	15.9%	1.8%	1.5%	2.6%
<b>Dem.</b>	6.8%	3.4%	6.2%	16.2%	45.3%	13.1%	2.8%	1.2%	2.6%
<b>Indep.</b>	9.4%	4.8%	7.6%	14.8%	39.0%	16.9%	2.8%	1.4%	0.8%

<b>Q30d. \$75,000 - \$100,000</b>	9.6%	7.7%	8.2%	8.6%	9.1%	9.6%	10.1%	10.6%	11.0%	11.5%
<b>Effect on Revenue</b>		-\$20.5B	-\$15.4B	-\$10.3B	-\$5.1B	\$0B	+\$5.1B	+\$10.3B	+\$15.4B	+\$20.5B

	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%
<b>National</b>	7.1%	2.6%	5.0%	11.9%	40.5%	22.9%	5.2%	2.2%	2.4%
<b>GOP</b>	7.3%	2.7%	6.7%	12.7%	40.3%	22.1%	4.5%	1.3%	2.4%
<b>Dem.</b>	6.8%	2.0%	3.5%	12.3%	43.6%	21.1%	5.8%	2.6%	2.4%
<b>Indep.</b>	7.6%	4.0%	5.3%	9.7%	33.7%	29.2%	5.3%	3.1%	2.3%

<b>Q30e. \$100,000 - \$200,000</b>	12.7%	10.2%	10.8%	11.4%	12.1%	12.7%	13.3%	14.0%	14.6%	15.2%
<b>Effect on Revenue</b>		-\$55.7B	-\$41.8B	-\$27.9B	-\$13.9B	\$0B	+\$13.9B	+\$27.9B	+\$41.8B	+\$55.7B

	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%
<b>National</b>	6.3%	2.3%	3.1%	7.5%	28.1%	32.7%	9.2%	3.6%	5.2%
<b>GOP</b>	8.4%	3.1%	3.9%	11.3%	31.4%	28.4%	5.5%	2.2%	4.5%
<b>Dem.</b>	4.6%	1.4%	2.7%	5.5%	27.0%	34.7%	12.6%	3.6%	5.9%
<b>Indep.</b>	6.3%	3.0%	2.3%	4.4%	24.1%	36.6%	8.8%	6.3%	5.1%



Q30f. \$200,000 - \$500,000 Effect on Revenue	19.7%	15.8%	16.7%	17.7%	18.7%	19.7%	20.7%	21.7%	22.7%	23.6%
		-\$50.1B	-\$37.6B	-\$25.1B	-\$12.5B	\$0B	+\$12.5B	+\$25.1B	+\$37.6B	+\$50.1B
	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%	
National	5.6%	1.3%	2.0%	5.3%	19.5%	30.0%	18.7%	7.4%	7.9%	
GOP	7.7%	2.4%	3.4%	10.4%	22.4%	30.3%	12.2%	3.8%	5.0%	
Dem.	4.0%	0.4%	1.1%	2.2%	17.3%	30.4%	23.6%	8.9%	9.9%	
Indep.	5.0%	1.2%	1.1%	2.2%	18.8%	28.2%	20.5%	11.1%	9.0%	

Q30g. \$500,000 - \$1 million Effect on Revenue	25.9%	20.7%	22.0%	23.3%	24.6%	25.9%	27.2%	28.5%	29.8%	31.1%
		-\$25.2B	-\$18.9B	-\$12.6B	-\$6.3B	\$0B	+\$6.3B	+\$12.6B	+\$18.9B	+\$25.2B
	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%	
National	5.4%	1.6%	2.3%	5.0%	15.7%	24.0%	16.6%	12.5%	14.4%	
GOP	8.3%	2.8%	3.6%	8.3%	20.8%	27.1%	12.7%	7.6%	6.7%	
Dem.	2.6%	0.5%	1.5%	3.8%	11.1%	22.6%	19.7%	15.6%	19.9%	
Indep.	5.8%	1.6%	1.8%	1.1%	16.1%	21.3%	17.4%	15.0%	17.0%	

Q30h. Above \$1 million Effect on Revenue	28.1%	22.5%	23.9%	25.3%	26.7%	28.1%	29.5%	30.9%	32.3%	33.7%
		-\$61.2B	-\$45.9B	-\$30.6B	-\$15.3B	\$0B	+\$15.3B	+\$30.6B	+\$45.9B	+\$61.2B
	-20%	-15%	-10%	-5%	No Change	5%	10%	15%	20%	
National	5.8%	0.9%	2.0%	4.2%	15.3%	17.8%	15.9%	10.5%	25.5%	
GOP	9.2%	1.5%	3.4%	7.7%	19.3%	22.4%	14.9%	7.2%	12.1%	
Dem.	3.2%	0.7%	1.3%	2.5%	11.5%	13.9%	17.2%	13.0%	35.0%	
Indep.	5.2%	0.0%	0.9%	1.3%	16.1%	17.7%	14.7%	11.2%	30.3%	

Here are some other possible changes for revenue.

[Q31.] Managers of private investment funds, such as hedge funds, are paid in part by giving them a percentage of the profits of the firm even though they have not invested money that is at risk. Currently this income is taxed at the same level as dividends or capital gains -- that is, with a top rate of 23.8%, which for high income managers is substantially less than it would be if it were taxed like ordinary income. One proposal is to tax this "carried interest" compensation like ordinary income. This would raise extra revenue of \$2.1 billion and reduce the deficit accordingly. What is your position?

	Effect on Revenue
Keep the tax rate for "carried interest" income at a top rate of 20%	-0-
Tax "carried interest" income like ordinary income, such as wages	+\$2.1 B

	Keep the tax rate for "carried interest income at a top rate of 20%	tax "carried interests" income like ordinary income, such as wages	Ref./Dk
National	19.6%	77.7%	2.70%
GOP	22.3%	74.9%	2.80%
Dem.	17.0%	80.6%	2.30%
Indep.	20.4%	76.6%	3.10%

[Q32b.] Here is a proposal that would reduce taxes for some business owners and also reduce revenues. There is a kind of business that does not pay corporate taxes. Rather, the owners of the business simply report their profits from the business and pay ordinary income tax rates. The proposal is to give these owners the option to pay a fixed rate of 15%, which could be significantly less than what they would otherwise pay. This would result in a loss of \$74.5 billion in federal revenues.

What is your position?

	<u>Effect on Revenue</u>
1 Do not offer the option of a fixed rate of 15% on profits that owners of businesses make	-0-
2 Offer the option of a fixed rate of 15% on profits that owners of businesses make	-\$74.5 B

	Do not offer the option of a fixed rate of 15% on profits that owners of businesses make	Offer the option of a fixed rate of 15% on profits that owners of businesses make	Ref./Dk
<b>National</b>	65.5%	31.7%	2.80%
<b>  </b> GOP	61.9%	36.5%	1.70%
Dem.	69.7%	26.5%	3.80%
Indep.	63.1%	34.1%	2.80%

Q32: Most corporations or businesses pay a tax on their profits. Just like individuals, corporations have exemptions, credits and other deductions that are applied to their profits before calculating their income tax. According to the General Accountability Office, the average effective tax rate for corporations—the amount they actually pay—is about 19.2% of profits. You now have an opportunity to adjust this rate. What is your position?

	Current Avg. Effective Tax Rate	Reductions in effective tax rate and revenue lost				No Change	Increase in effective tax rate and revenue gained			
		-30%	-20%	-10%	-5%		5%	10%	20%	30%
Change To Tax Rate	19.2%	13.4%	15.4%	17.3%	18.2%	19.2%	20.2%	21.1%	23%	25%
Effect on Revenue		-\$103B	-\$69B	-\$34B	-\$17B	\$0B	+\$17B	+\$34B	+\$69B	+\$103B

	No										Ref./Dk
	-20%	-15%	-10%	-5%	Change	5%	10%	15%	20%		
<b>National</b>	3.7%	4.5%	4.9%	9.0%	24.3%	28.8%	11.8%	5.6%	6.4%	1.00%	
<b>  </b> GOP	3.9%	7.5%	5.7%	13.8%	27.5%	26.3%	8.1%	3.0%	3.3%	1.00%	
Dem.	3.1%	2.7%	4.2%	6.0%	19.9%	30.8%	15.3%	8.0%	9.5%	0.60%	
Indep.	4.7%	2.6%	4.8%	6.5%	28.0%	29.3%	10.8%	5.5%	5.7%	2.10%	

[Q32a.] As you may know, income from capital gains and dividends is taxed separately than other kinds of income (such as income from wages and salaries).

**Capital gains** are profits from the sale of certain types of investments, such as property or shares of stock. **Dividends** are profits distributed to a company's shareholders.

Currently, the top capital gains and dividends tax rate is 23.8 percent, which is lower than taxes on ordinary income from wages and salaries.

Here are two proposals for changing the way capital gains and dividends are taxed

One proposal increases capital gains and dividend taxes for high-income earners. The new top tax rate would rise from 23.8 percent to 28 percent.

This proposal would only affect high-income earners:

- Married couples making \$500,000 or more
- Single persons earning \$430,000 or more.

This would increase revenues by \$22 billion.

Another proposal would lower the tax on capital gains and dividends and interest income as well, by taxing them at half the rate of income from salaries and wages. This means the top rate would be 16.5%.

This would reduce revenues by \$51 billion.

What is your position?

	<u>Effect on Revenue</u>
1 Raise the top marginal tax rate on capital gains and dividends from 23.8 to 28 percent for high income earners	+\$22 B
2 Do not change the top marginal tax rate on capital gains and dividends	-0-
3 Lower tax on capital gains, dividends, and interest, by taxing them at half the rate of salaries and wages, with a top rate of 16.5%.	-\$51 B

	Raise the top marginal tax rate on capital gains and dividends	Do not change the top marginal tax rate on capital gains and dividends	Tax them at half the rate of salaries and wages	Refused/Don't know
<b>National</b>	62.7%	21.5%	15.0%	0.8%
<b>  GOP</b>	49.4%	28.5%	20.9%	1.1%
<b>  Dem.</b>	74.0%	15.1%	10.2%	0.7%
<b>  Indep.</b>	63.0%	22.1%	14.4%	0.5%

[Q33a.] As you may know, the estate tax is paid by heirs when the amount they inherit goes above a certain amount. Currently heirs pay no tax on the amount they inherit up to \$5.5 million. For the amount over and above the \$5.5 million, they may pay a tax as high as 40%, depending on other deductions they may have. Since last year, there has been discussion about whether the estate tax should be eliminated, kept as it is or increased. Four key options are shown below, with the revenue effect on the projected deficit.

What is your position?

	<b>Extra Revenue</b>
1 Eliminate the estate tax completely.	-\$20 B
2 Continue the current law: A tax only on inherited wealth over and above \$5.5 million, with	\$0 B

	a tax rate that can be as high as 40%.	
3	For inherited wealth over and above \$5.5 million, raise the highest possible rate to 45%.	\$7.8 B
4	Lower the amount of inherited wealth that is tax-free to \$3.5 million and have rates that go gradually higher than 45%, so that when inherited wealth reaches \$500 million the tax rate could be as high as 65%.	\$12.4 B

	Eliminate the estate tax	Continue the current law	Raise the highest possible rate to 45%	Lower amount of that is tax-free to, and have rates that go higher than 45%	Refused / Don't know
<b>National</b>	22.4%	25.5%	20.6%	30.5%	1.1%
<b>  </b> GOP	36.2%	25.8%	15.9%	21.1%	1.1%
<b>  </b> Dem.	9.9%	24.7%	24.0%	40.5%	0.9%
<b>  </b> Indep.	23.9%	26.6%	21.9%	26.4%	1.3%

[Q33b--37.] [Held for future release]