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Congress of the United States

JOINT COMMITTEE ON TAXATION
502 FORD HOUSE OFFICE BUILDING
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September 14, 2021

Honorable Richard E. Neal
U.S. House of Representatives
372 Cannon House Office Building
Washington, D.C. 20515

Honorable Kevin Brady
U.S. House of Representatives
1011 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

This letter is in response to your question during the mark up on September 14, 2021, regarding the distribution of the increase in Federal tobacco excise taxes contained in the Amendment in Nature of a Substitute to the Committee Print relating to Infrastructure Financing (Subtitle F), Green Energy (Subtitle G), the Social Safety Net (Subtitle H), Responsibly Funding our Priorities (Subtitle I), and Prescription Drug Pricing (Subtitle J). The net increase is distributed in the table below.

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Distribution of Increase in Federal Excises Taxes on Tobacco Products (selected calendar years)

Income Category [1]	Tobacco Excise Tax Increase 2023	Tobacco Excise Tax Increase 2025	Tobacco Excise Tax Increase 2027	Tobacco Excise Tax Increase 2029	Tobacco Excise Tax Increase 2031
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions
Less than \$10,000.....	408	399	392	406	431
\$10,000 to \$20,000.....	1,066	1,083	1,094	1,140	1,171
\$20,000 to \$30,000.....	1,109	1,125	1,135	1,168	1,212
\$30,000 to \$40,000.....	934	940	945	1,002	1,047
\$40,000 to \$50,000.....	912	921	915	931	935
\$50,000 to \$75,000.....	1,857	1,889	1,908	1,972	2,029
\$75,000 to \$100,000.....	1,064	1,096	1,101	1,140	1,182
\$100,000 to \$200,000.....	1,595	1,627	1,646	1,712	1,764
\$200,000 to \$500,000.....	452	456	463	477	487
\$500,000 to \$1,000,000.....	61	61	61	63	64
\$1,000,000 and over.....	28	27	27	27	27
Total, All Taxpayers.....	9,486	9,626	9,686	10,038	10,349

[1] The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: (1) tax-exempt interest, (2) employer contributions for health plans and life insurance, (3) employer share of FICA tax, (4) workers' compensation, (5) nontaxable Social Security benefits, (6) insurance value of Medicare benefits, (7) alternative minimum tax preference items, (8) individual share of business taxes, and (9) excluded income of U.S. citizens living abroad. Categories are measured at 2021 levels.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold

cc: Committee on Ways and Means Members
 Andrew Grossman
 Derek Theurer