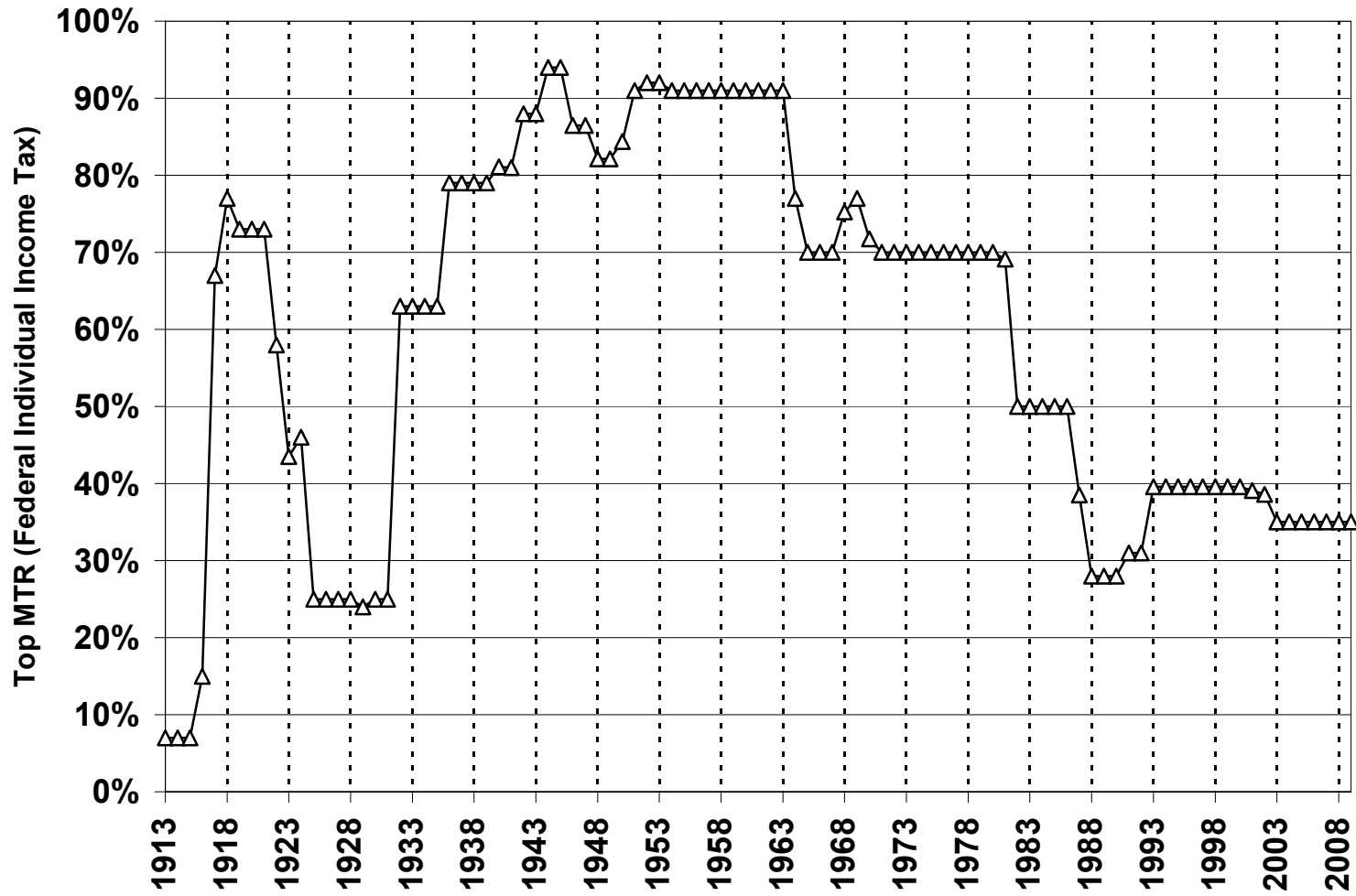
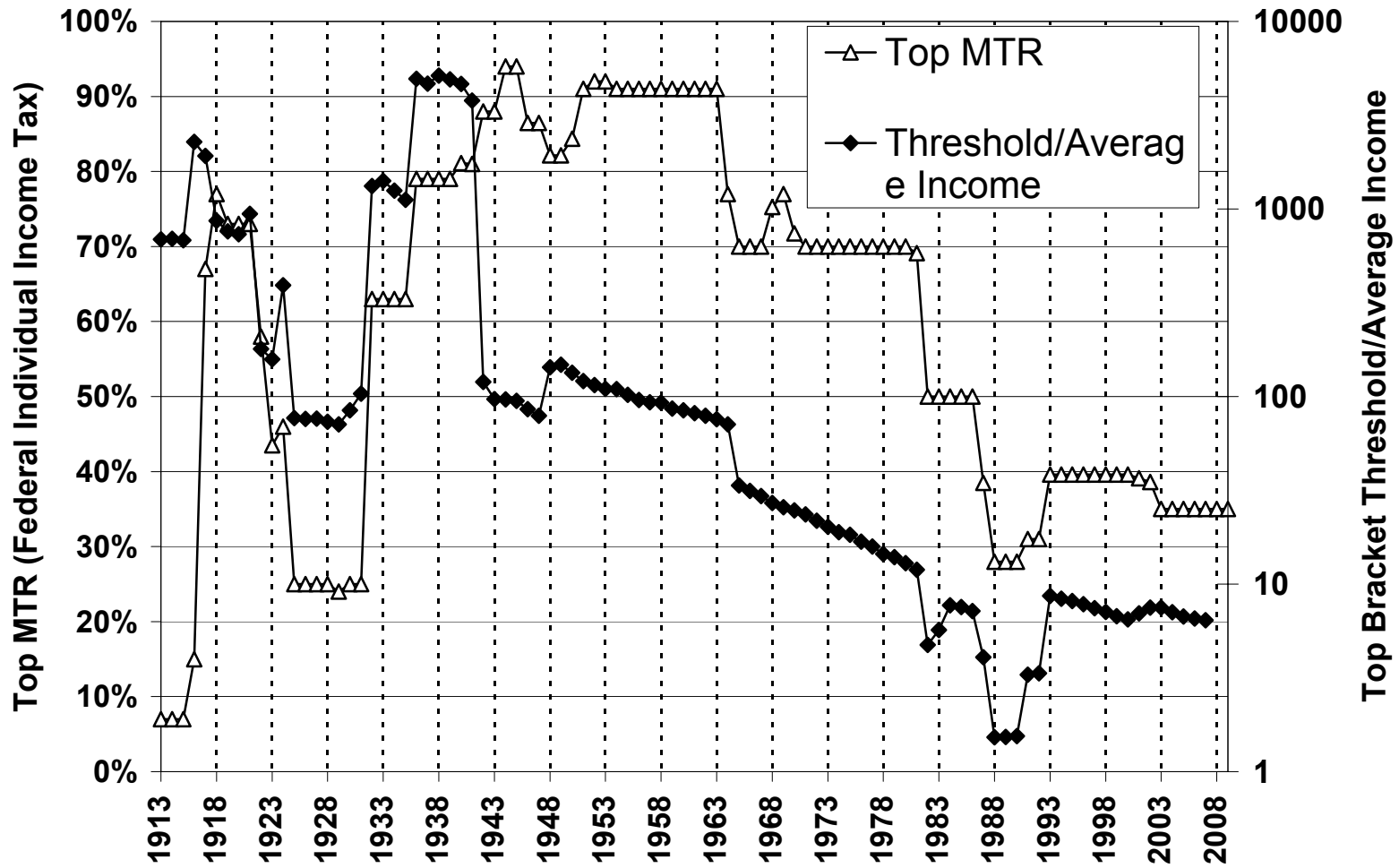


US Top Marginal Tax Rate (Federal Individual Income Tax)

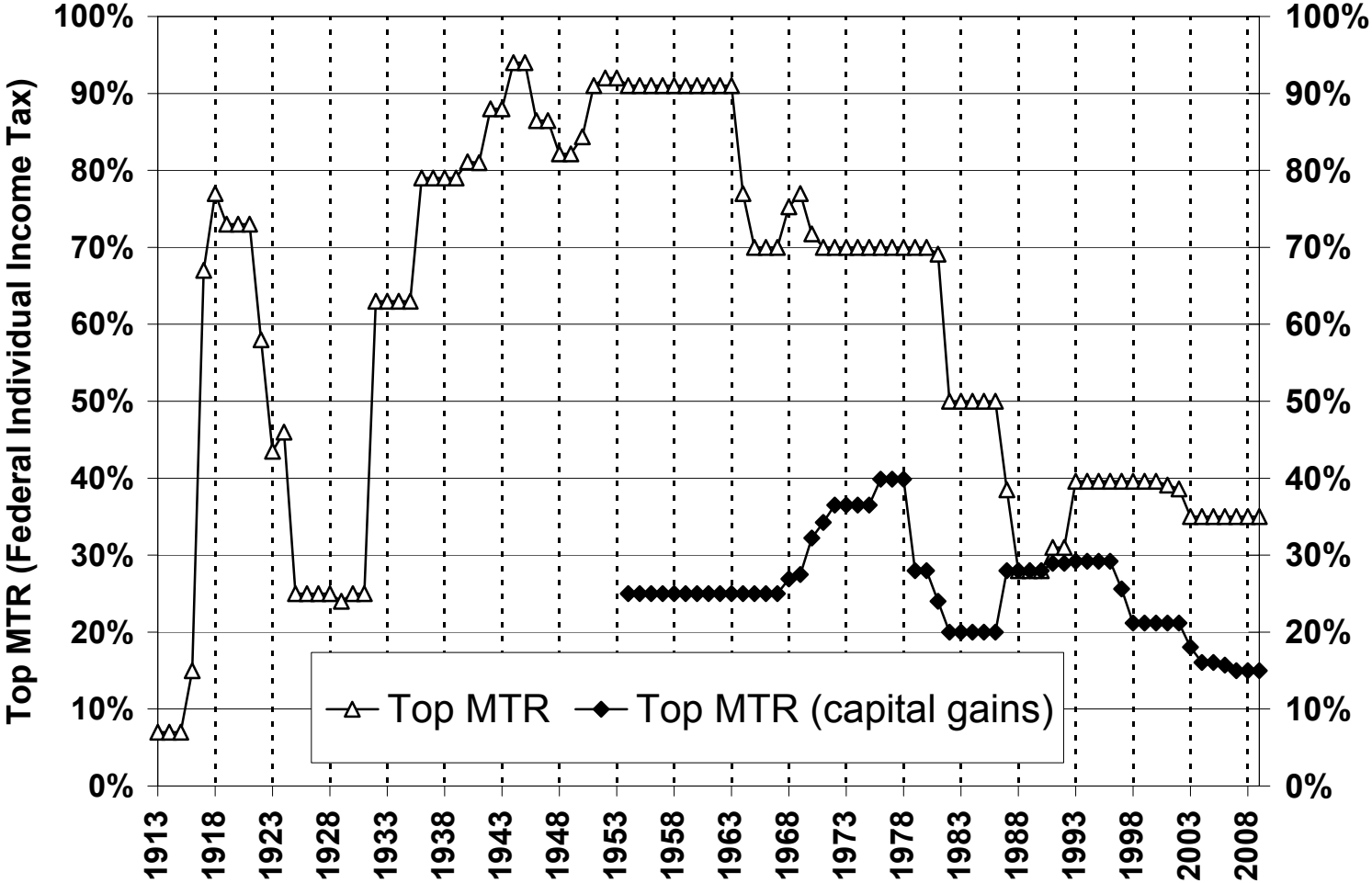


US Top Marginal Tax Rate and Top Bracket Threshold



Source: statistics computed by the author

US Top MTR ordinary income vs. capital gains



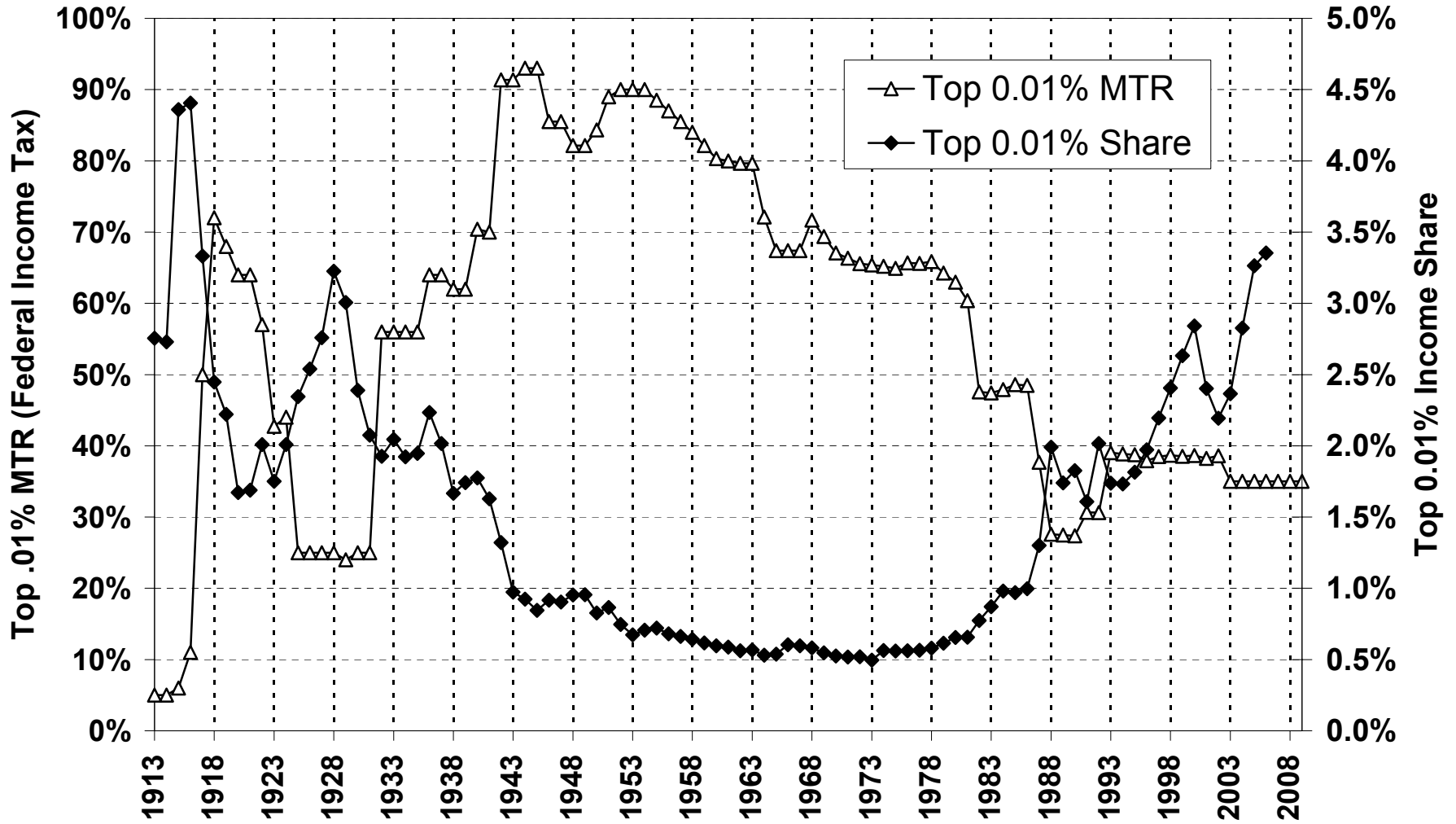
Source: statistics computed by the author

Table A1.
Top Federal Marginal Tax Rates

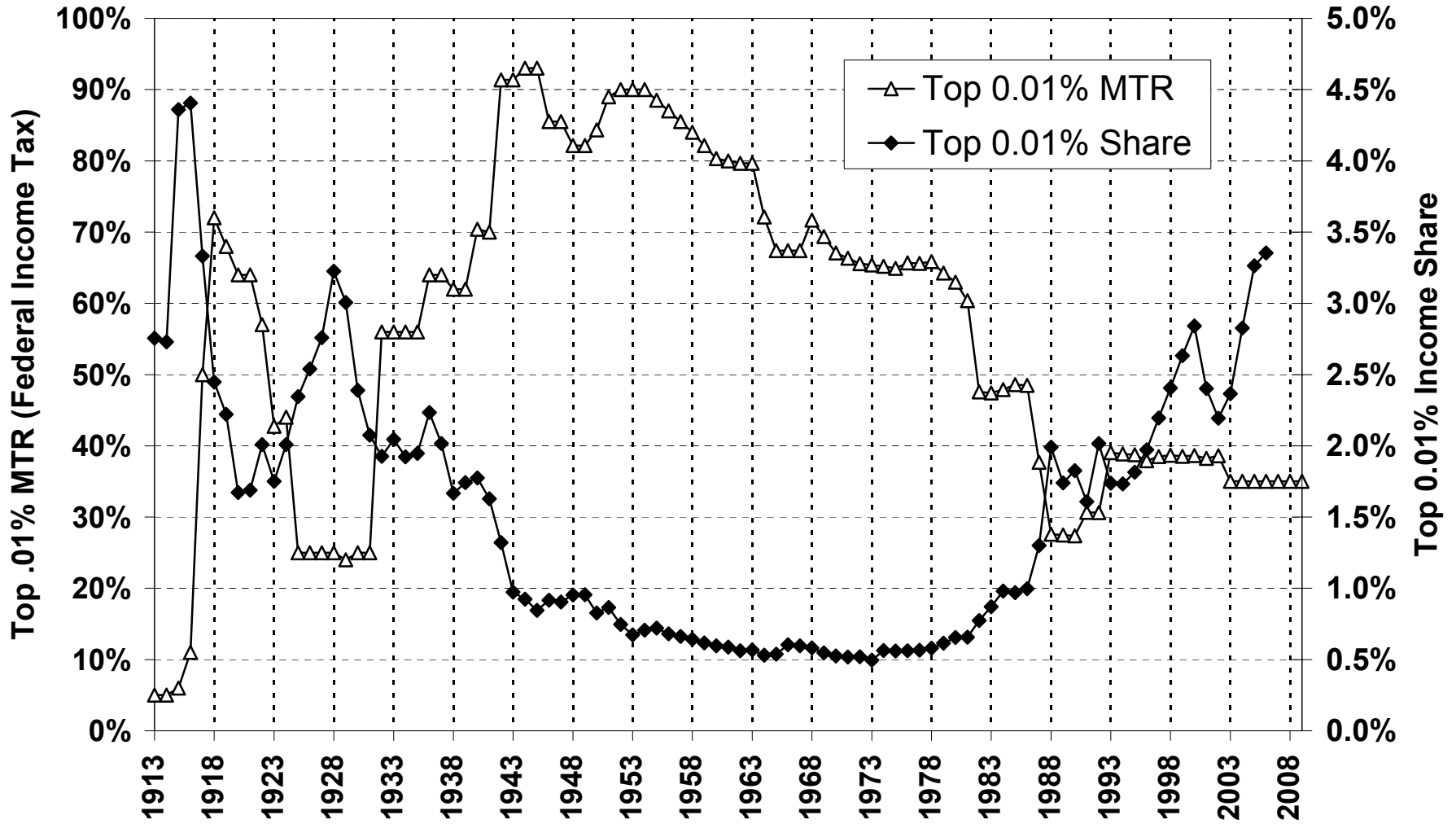
Year	Ordinary Income	Earned Income	Capital Gains	Corporate Income
	(1)	(2)	(3)	(4)
1952-1963	91.0	91.0	25.0	52
1964	77.0	77.0	25.0	50
1965-1967	70.0	70.0	25.0	48
1968	75.3	75.3	26.9	53
1969	77.0	77.0	27.9	53
1970	71.8	71.8	32.3	49
1971	70.0	60.0	34.3	48
1972-1975	70.0	50.0	36.5	48
1976-1978	70.0	50.0	39.9	48
1979-1980	70.0	50.0	28.0	46
1981	68.8	50.0	23.7	46
1982-1986	50.0	50.0	20.0	46
1987	38.5	38.5	28.0	40
1988-1990	28.0	28.0	28.0	34
1991-1992	31.0	31.0	28.0	34
1993	39.6	39.6	28.0	35
1994-2000	39.6	42.5	28.0	35
2001	39.1	42.0	20.0	35
2002	38.6	41.5	20.0	35
2003-2009	35.0	37.9	15.0	35

Notes: MTRs apply to top incomes. In some instances, lower income taxpayers may face higher MTRs because of income caps on payroll taxes or the so-called 33 percent "bubble" bracket following TRA 86. From 1952 to 1962, a 87% maximum average tax rate provision made the top marginal tax rate 87% instead of 91% for many very top income earners. From 1968 to 1970, rates include surtaxes. For earned income, MTRs include the Health Insurance portion of the payroll tax beginning with year 1994. Rates exclude the effect of phaseouts, which effectively raise top MTRs for many high-income filers. MTRs on realized capital gains are adjusted to reflect that, for some years, a fraction of realized gains were excluded from taxation. Since 2003, dividends are also tax favored with a maximum tax rate of 15%.

US Top 0.01% Income Share and MTR (Piketty-Saez and Landais)



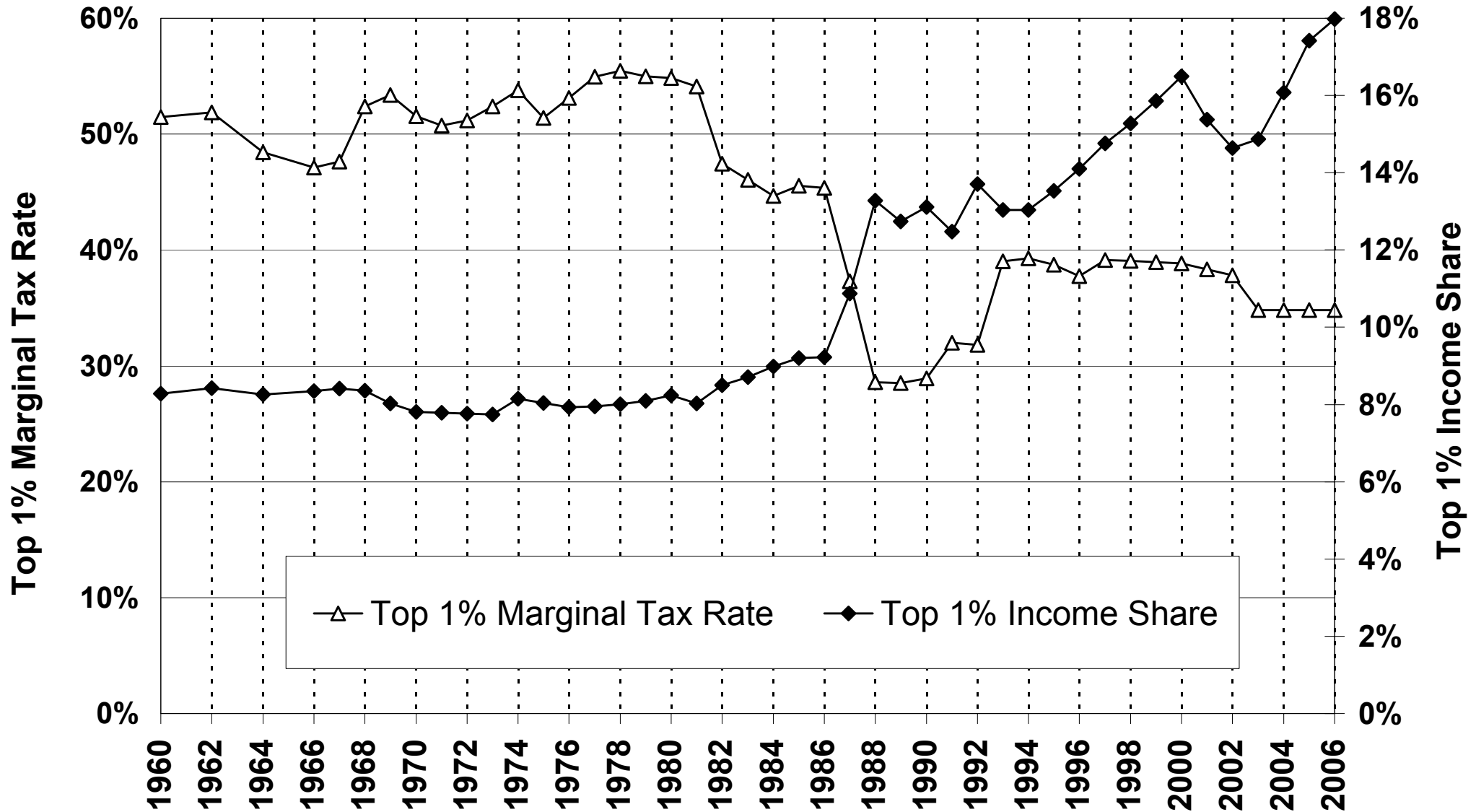
US Top 0.01% Income Share and MTR (Piketty-Saez and Landais)



$$\log(\text{share}) = a + 0.617 (0.077) * \log(1 - \text{MTR}) + e$$

$$\log(\text{share}) = a + b * t + 0.666 (0.071) * \log(1 - \text{MTR}) + e$$

A. Top 1% Income Share and Marginal Tax Rate



Source: statistics computed by the author

B. Next 9% Income Share and Marginal Tax Rate

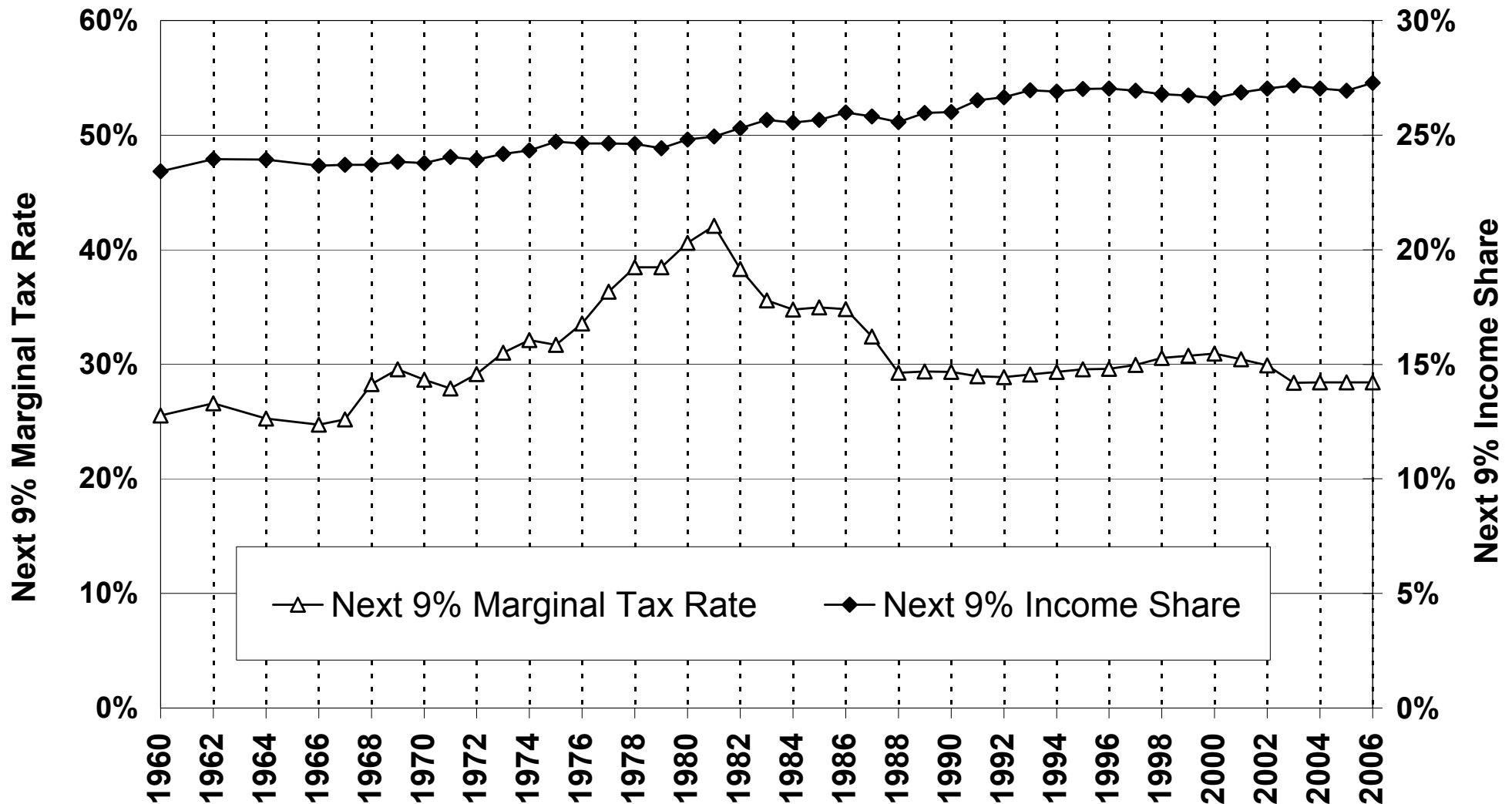


FIGURE 1

Top Income Shares and Marginal Tax Rates, 1960-2006

Source: Updated version of Figure 8 in Saez (2004). Computations based on income tax return data. Income excludes realized capital gains, as well as Social Security and unemployment insurance benefits. The figure displays the income share (right y-axis) and the average marginal tax rate (left y-axis) (weighed by income) for the top 1% (Panel A) and for the next 9% (Panel B) income earners.

Table 1.
Elasticity estimates using top income share time series

	Top 1%	Next 9%
	(1)	(2)
A. Tax Reform Episodes		
1981 vs. 1984 (ERTA 1981)	0.60	0.21
1986 vs. 1988 (TRA 1986)	1.36	-0.20
1992 vs. 1993 (OBRA 1993)	0.45	
1991 vs. 1994 (OBRA 1993)	-0.39	
B. Full Time Series 1960-2006		
No time trends	1.71 (0.31)	0.01 (0.13)
Linear time trend	0.82 (0.20)	-0.02 (0.02)
Linear and square time trends	0.74 (0.06)	-0.05 (0.03)
Linear, square, and cube time trends	0.58 (0.11)	-0.02 (0.02)

Notes: Estimates in panel A are obtained using series from Figure 1 and using the formula $e = [\log(\text{income share after reform}) - \log(\text{income share before reform})] / [\log(1 - \text{MTR after reform}) - \log(1 - \text{MTR before reform})]$

Source: Saez et al. (2010)

Estimates in Panel B are obtained by time-series regression of $\log(\text{top 1\% income share})$ on a constant, $\log(1 - \text{average marginal tax rate})$, and polynomials time controls from 1960 to 2006 (44 observations). OLS regression. Standard Errors from Newey-West with 8 lags.

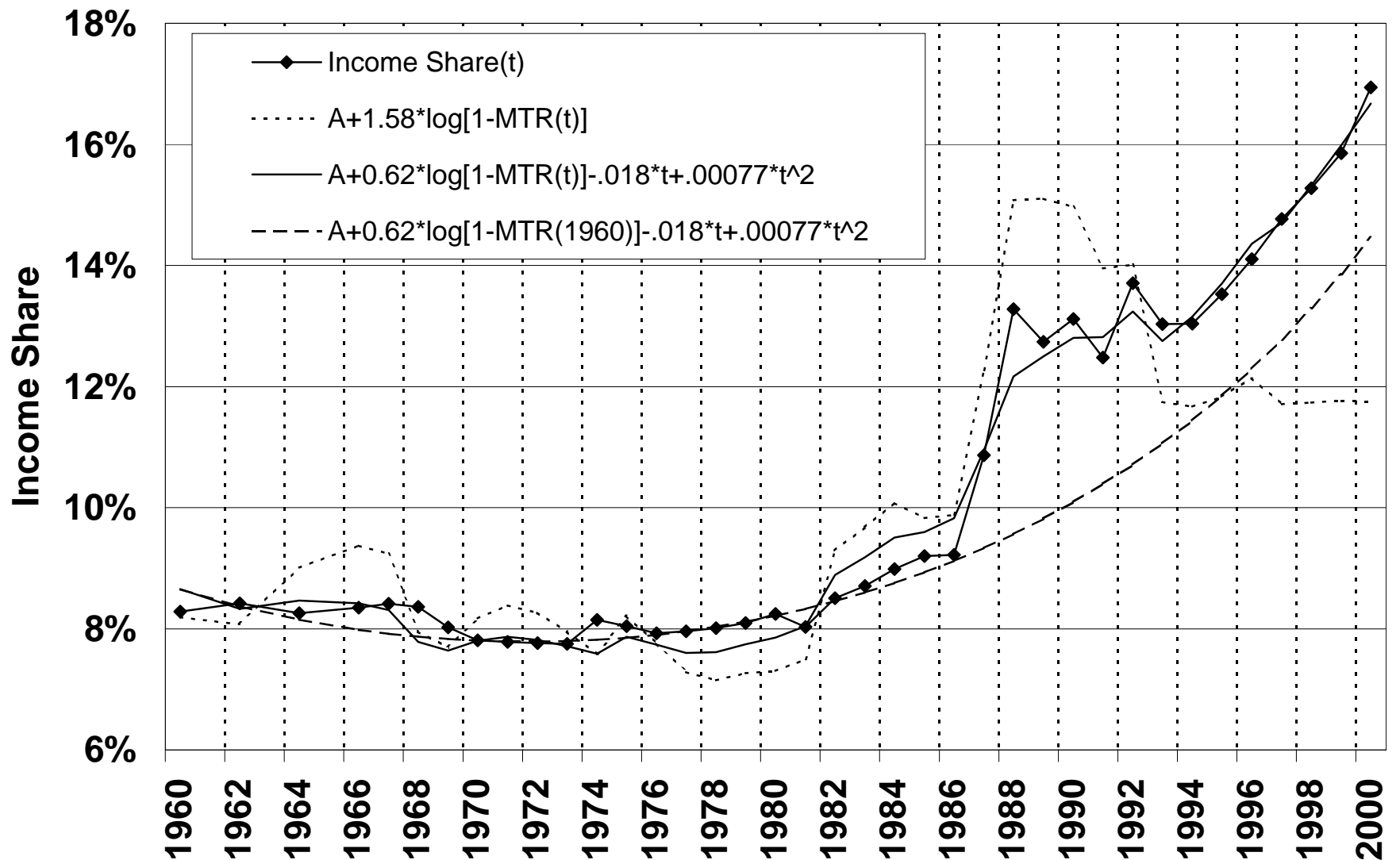


FIGURE 5.

The Top 1% Income Share and fitted Values from Elasticity Regressions

Source: Series based on regression analysis presented in Table 3, columns (1) and (5).

The diamond line is the top 1% income share. The dotted line is the fitted regression curve including only the net-of-tax rate.

The solid line is the fitted regression curve including time controls.

The dashed line is the same fitted regression curve but freezes the marginal tax rate at the 1960 value.

TABLE 1
RESPONSE OF TAXABLE INCOME OF NONAGED MARRIED TAXPAYERS TO CHANGES IN MARGINAL TAX RATES BETWEEN 1985 AND 1988

1985 MARGINAL TAX RATE	1985 AGI (\$000) (1)	OBSERVATIONS (2)	PERCENTAGE CHANGES OF				
			Net of Tax Rate (3)	Adjusted Full AGI (4)	Adjusted AGI Excluding Capital Gains (5)	Adjusted Taxable Income (6)	Adjusted Taxable Income Plus Gross Loss (7)
22	30.7	800	9.0	9.4	8.4	13.6	13.4
25	36.1	909	13.3	4.5	2.4	3.5	3.7
28	42.7	713	16.3	3.9	4.7	6.0	5.0
33	51.5	771	8.7	2.2	2.2	2.5	2.5
38	67.5	345	16.1	8.0	8.1	9.6	8.8
42	94.3	152	24.1	18.8	14.7	22.0	22.3
45	126.9	45	30.9	12.4	14.8	18.5	15.3
49	177.7	35	41.2	27.1	29.6	42.7	33.9
50	479.0	22	44.0	18.4	70.6	92.4	51.1
22-38		3,538	12.2	5.1	4.6	6.2	6.4
42-45		197	25.6	17.0	14.7	21.0	20.3
49-50		57	42.2	21.3	53.7	71.6	44.8

NOTE.—All observations pertain to married taxpayers under age 65 who filed joint tax returns for 1985 and 1988 with no age exemption in 1988. Taxpayers who created a subchapter S corporation between 1985 and 1988 are eliminated from the sample.

TABLE 2
ESTIMATED ELASTICITIES OF TAXABLE INCOME WITH RESPECT TO NET-OF-TAX RATES

Taxpayer Groups Classified by 1985 Marginal Rate	Net of Tax Rate (1)	Adjusted Taxable Income (2)	Adjusted Taxable Income Plus Gross Loss (3)
Percentage Changes, 1985–88			
1. Medium (22–38)	12.2	6.2	6.4
2. High (42–45)	25.6	21.0	20.3
3. Highest (49–50)	42.2	71.6	44.8
Differences of Differences			
4. High minus medium	13.4	14.8	13.9
5. Highest minus high	16.6	50.6	24.5
6. Highest minus medium	30.0	65.4	38.4
Implied Elasticity Estimates			
7. High minus medium		1.10	1.04
8. Highest minus high		3.05	1.48
9. Highest minus medium		2.14	1.25

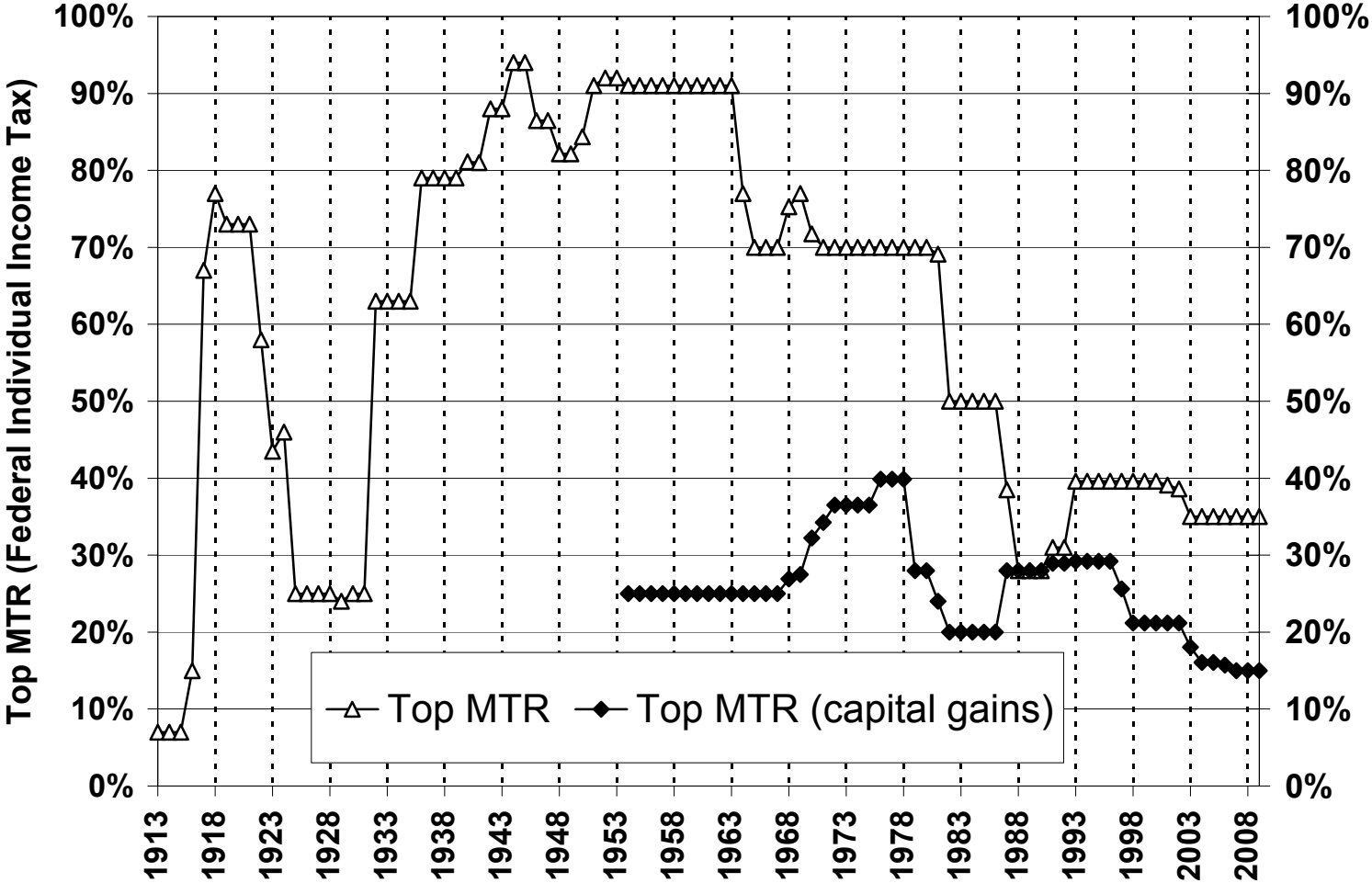
NOTE.—The calculations in this table are based on observations for married taxpayers under age 65 who filed joint tax returns for 1985 and 1988 with no age exemption in 1988. Taxpayers who created a subchapter S corporation between 1985 and 1988 are eliminated from the sample.

Table 4
 Basic elasticity results^a

Income controls	None		Log income		Log income 10-piece spline	
	Broad income (1)	Taxable income (2)	Broad income (3)	Taxable income (4)	Broad income (5)	Taxable income (6)
Elasticity	-0.300 (0.120)	-0.462 (0.194)	0.170 (0.106)	0.611 (0.144)	0.120 (0.106)	0.400 (0.144)
Dummy for marrieds	-0.008 (0.010)	-0.062 (0.018)	0.045 (0.014)	0.049 (0.023)	0.050 (0.012)	0.055 (0.021)
Dummy for singles	-0.037 (0.012)	-0.053 (0.019)	-0.034 (0.013)	-0.032 (0.022)	-0.036 (0.013)	-0.027 (0.021)
Log(income) control			-0.083 (0.015)	-0.167 (0.021)		

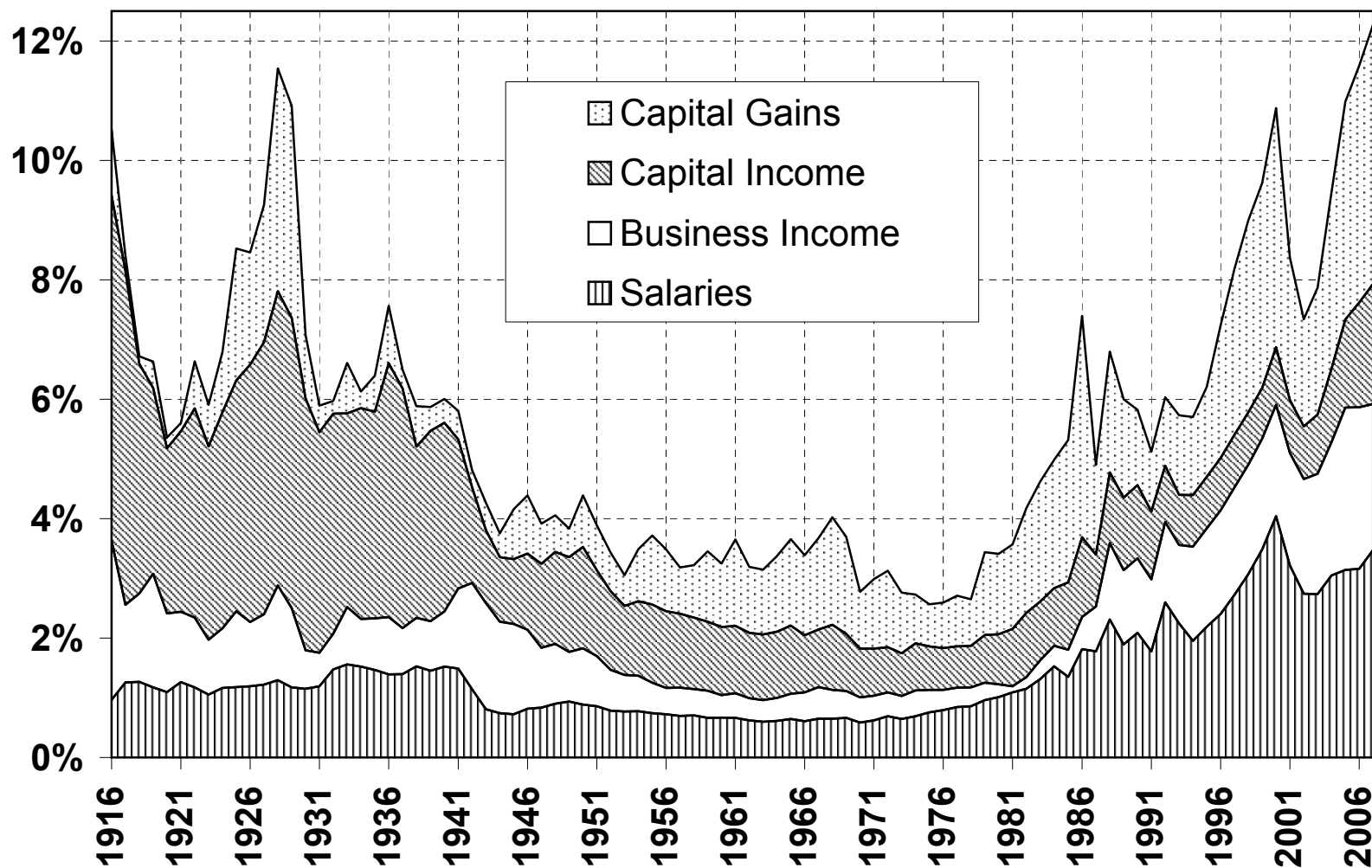
Source: Gruber and Saez 2002

US Top MTR ordinary income vs. capital gains



Source: statistics computed by the author

US Top 0.1% Income Share and Composition



Source: Piketty and Saez QJE'03, updated to 2007

TABLE 2
 AVERAGE COMPENSATION BY TYPE FOR HIGH-INCOME EXECUTIVES
 (in Thousands)

	1991	1992	1993	1994	1995
Taxable income	911	1,153	974	965	1,173
Salary	347	336	336	351	373
Bonus	198	207	241	284	330
LTIP payout	57	72	57	64	89
Options exercised	268	496	293	235	381
Other income (nontaxed)	36	37	66	54	78

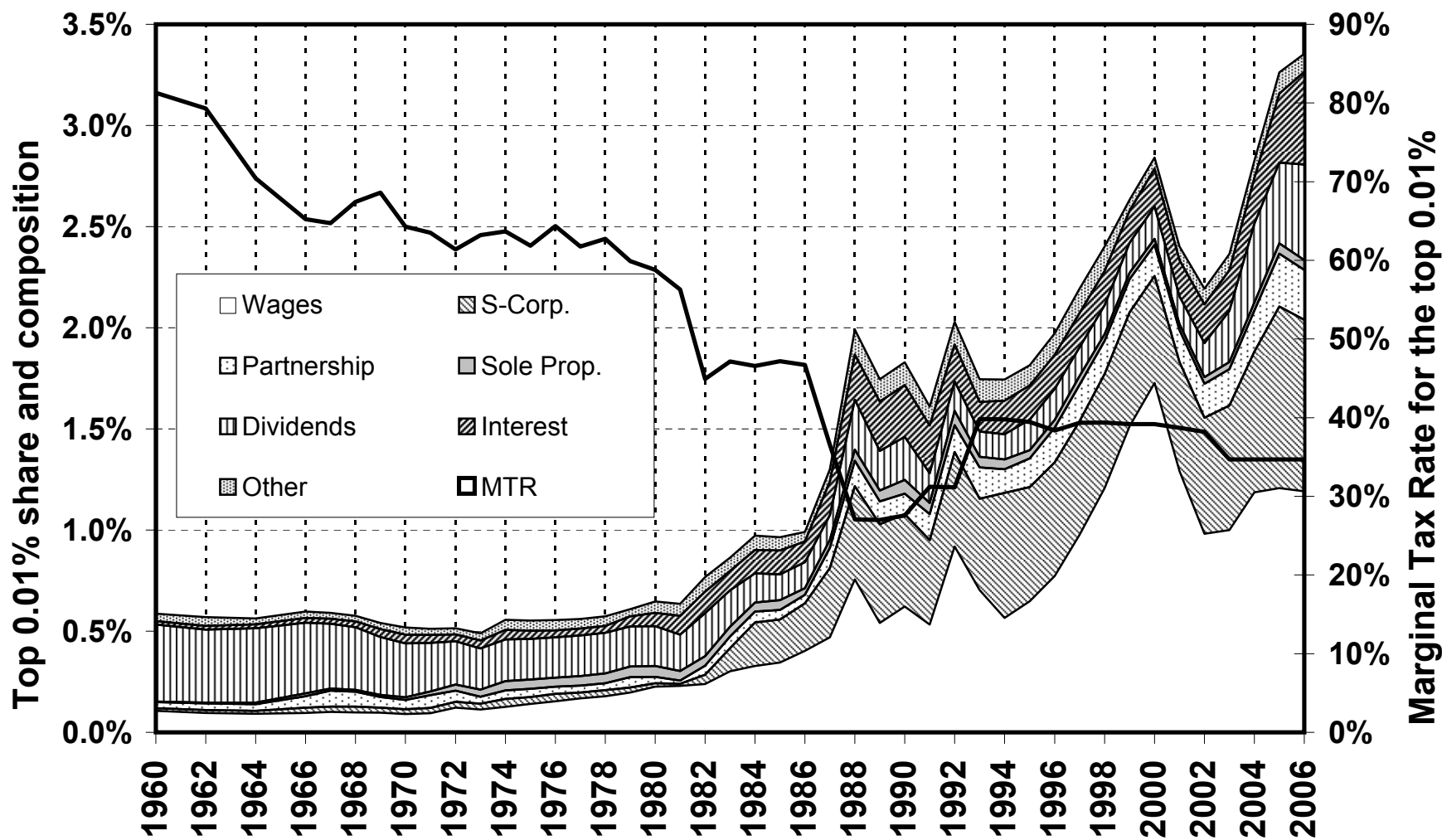
SOURCE.—Author's calculations for executives with permanent income greater than \$275,000 per year.

TABLE 3
RESPONSE OF TAXABLE INCOME

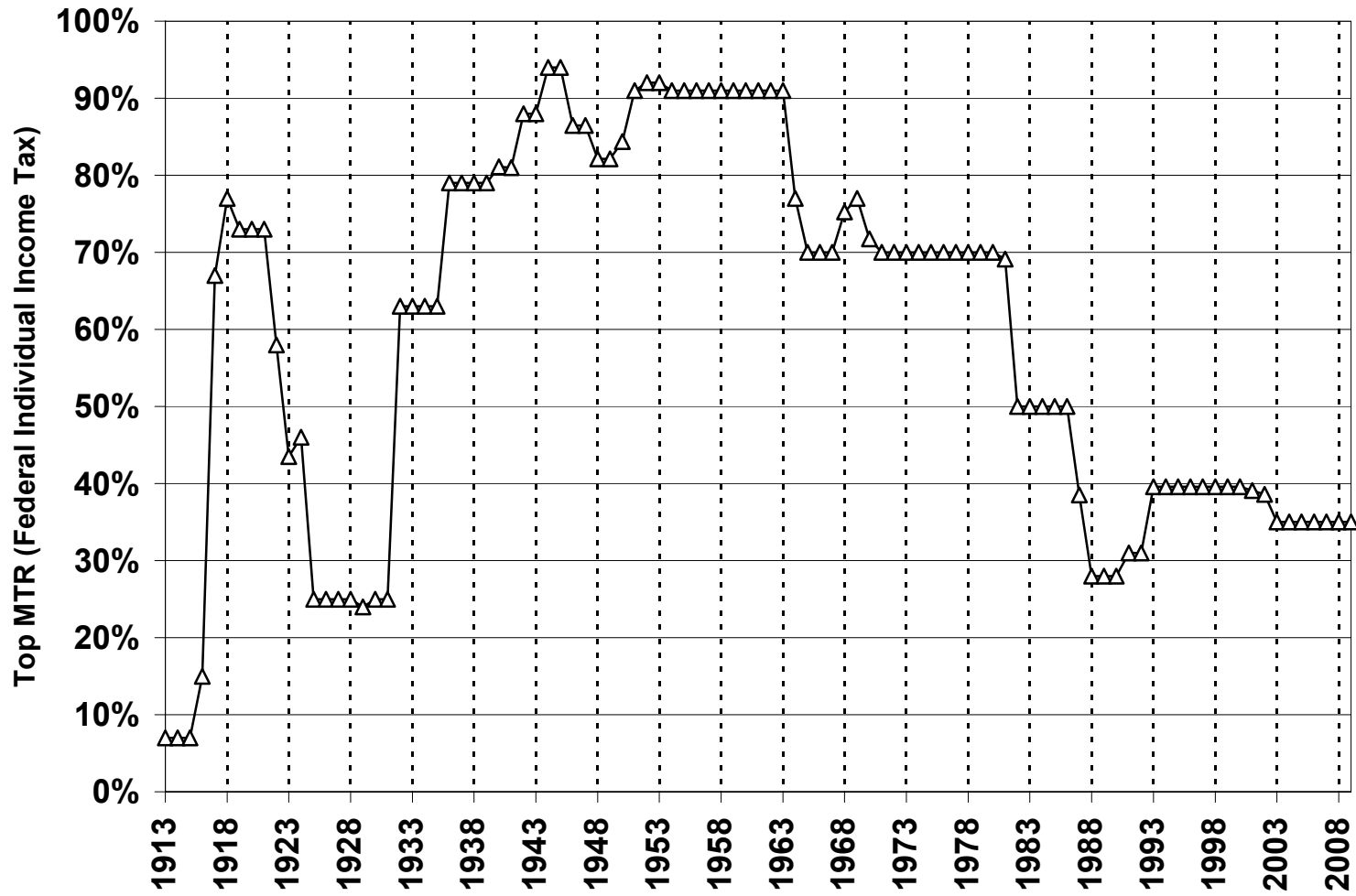
	FIRST DIFFERENCE						
	No (1)	No (2)	No (2A)	Yes (3)	No (4)	No (5)	Yes (6)
ln(1 - tax _t)	1.288 (.126)	1.159 (.119)	1.113 (.123)	1.224 (.107)	.873 (.324)	1.152 (.316)	1.427 (.338)
ln(1 - tax _{t+1})		-.763 (.106)	-.893 (.109)	-.887 (.118)		-1.325 (.350)	-1.356 (.385)
ln(1 - tax _c) × [I > 0]		.282 (.140)	.314 (.139)	.123 (.198)		.322 (.133)	.189 (.187)
ln(market value)		.610 (.014)	.592 (.014)	.261 (.010)		.212 (.022)	.094 (.017)
Earnings/assets		.510 (.056)	.549 (.058)	.191 (.062)		.132 (.120)	-.048 (.128)
Time	.169 (.007)	.077 (.008)	.071 (.008)	.084 (.009)	
[Top-bracket] × time					.055 (.010)	-.008 (.010)	.008 (.015)
[Top-bracket] × market value						.408 (.025)	.174 (.019)
[Top-bracket] × earnings						.345 (.131)	.202 (.140)
Year dummies	no	no	no	no	yes	yes	yes
Observations	16,895	16,477	13,835	11,493	21,807	21,299	14,429
R ²	.73	.77	.77	.07	.82	.84	.07

NOTE.—The sample in each regression pertains to 1991–95. The dependent variable is either the log of taxable income or the first difference of log taxable income. Cols. 1–3 look at executives with permanent income greater than \$275,000 per year. Cols. 4–6 look at all executives. Col. 2A uses tax rates calculated with permanent income including perquisites. All regressions in levels include individual fixed effects. The term ln(1 - tax_c) × [I > 0] gives the net-of-corporate-tax share for individuals with more than \$1 million in salary in a year previous to the nondeductibility rule. The other variables are defined in the text and are first-differenced in cols. 3 and 6. The time variable is a time trend in the levels regressions and a constant in the first-difference regressions. The top-bracket terms are the variables interacted with a dummy indicating that the executive has permanent income greater than \$275,000. Standard errors are in parentheses.

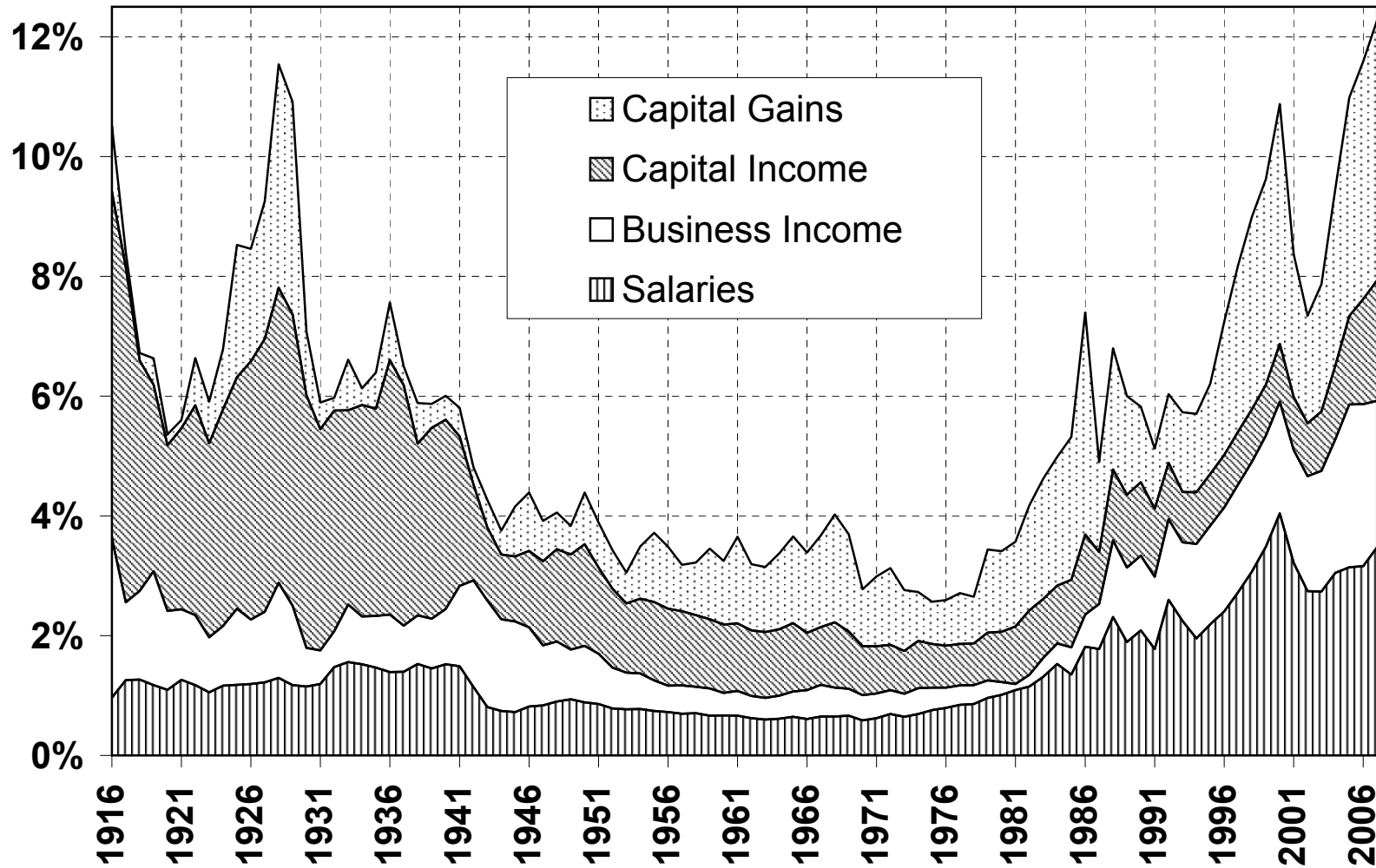
The Top 0.01% US Income Share, Composition, and MTR



US Top Marginal Tax Rate (Federal Individual Income Tax)

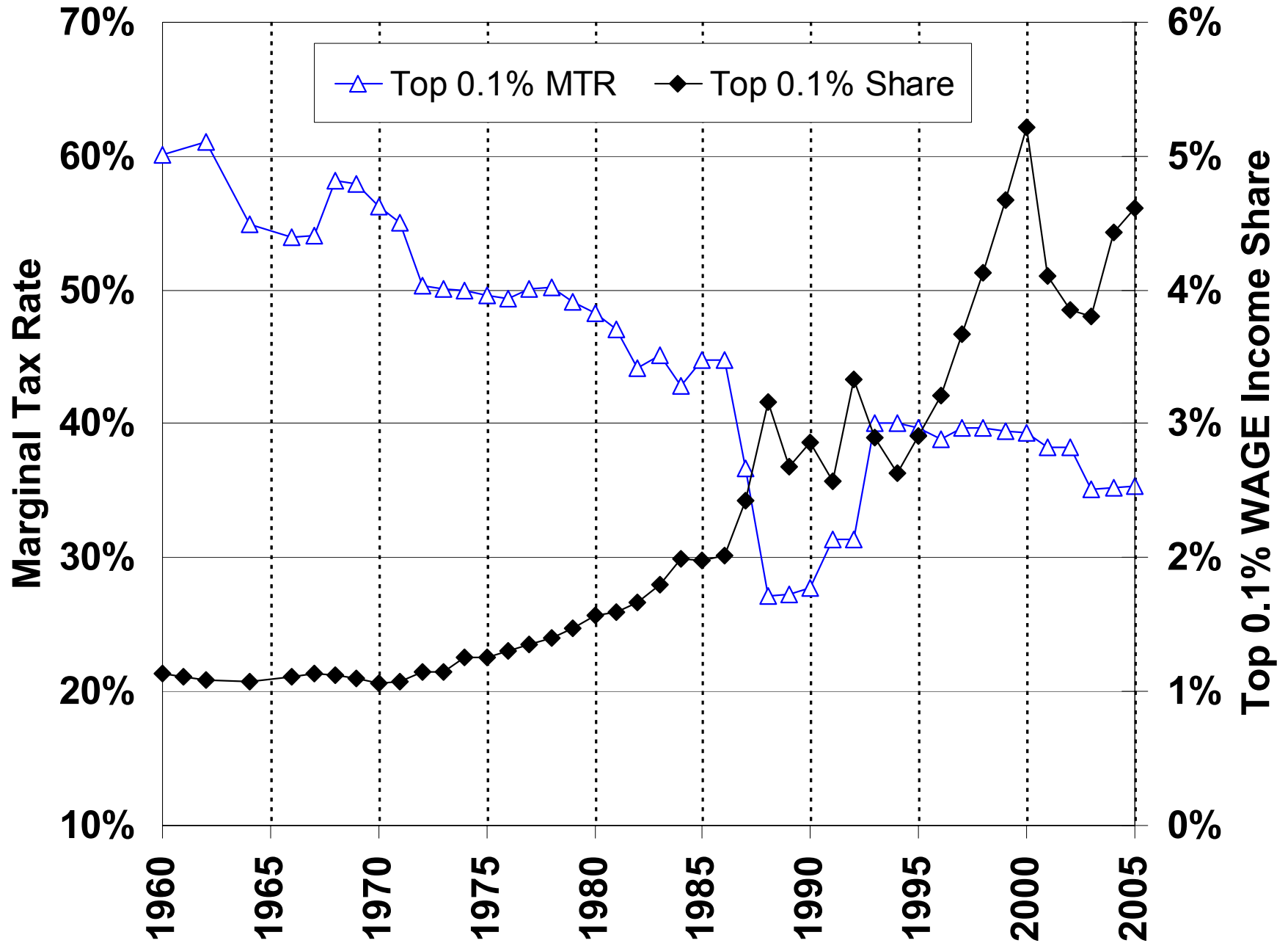


US Top 0.1% Income Share and Composition



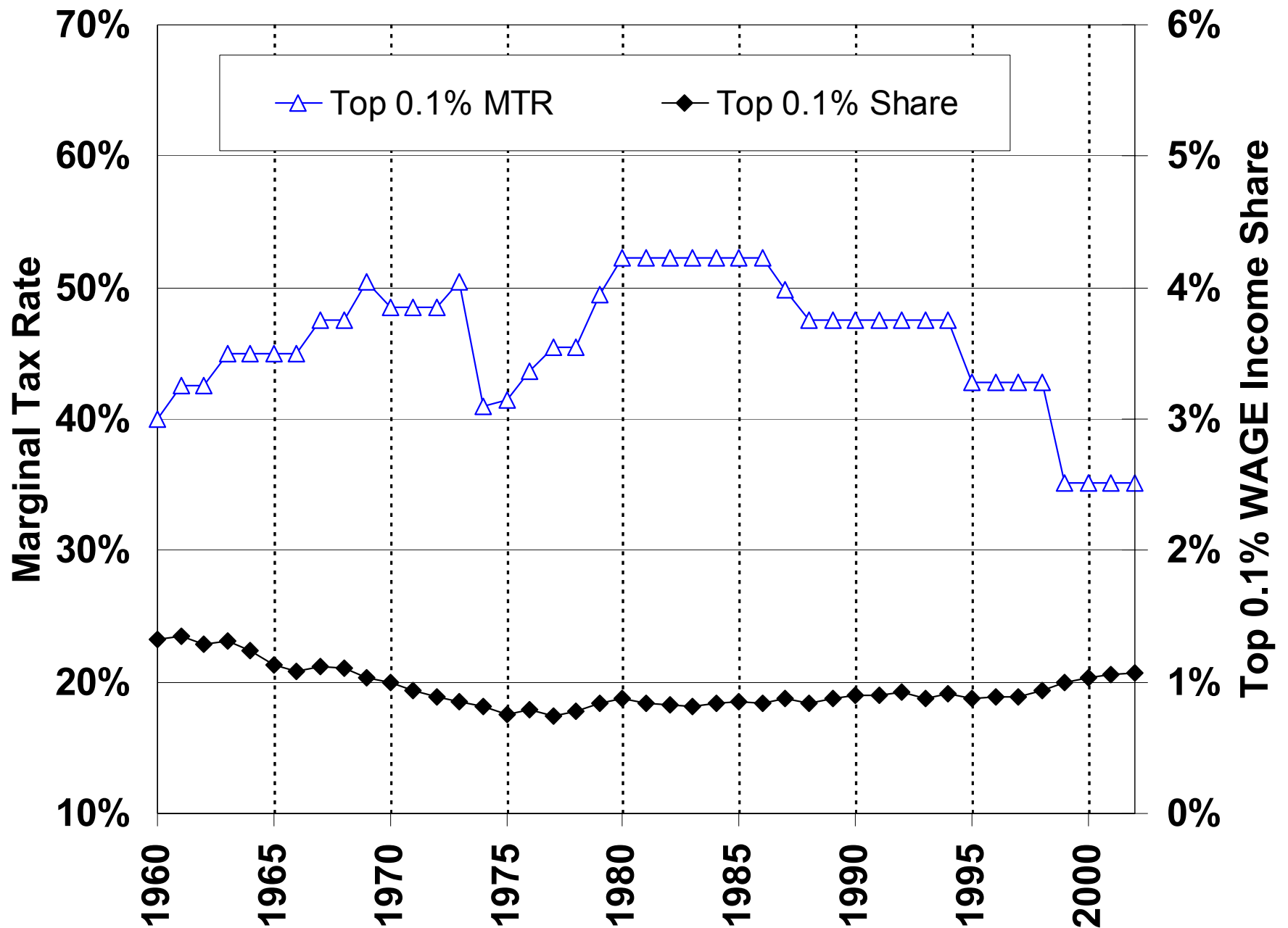
Source: Piketty and Saez QJE'03, updated to 2007

Top 0.1% WAGE Share and Marginal Tax Rate in US



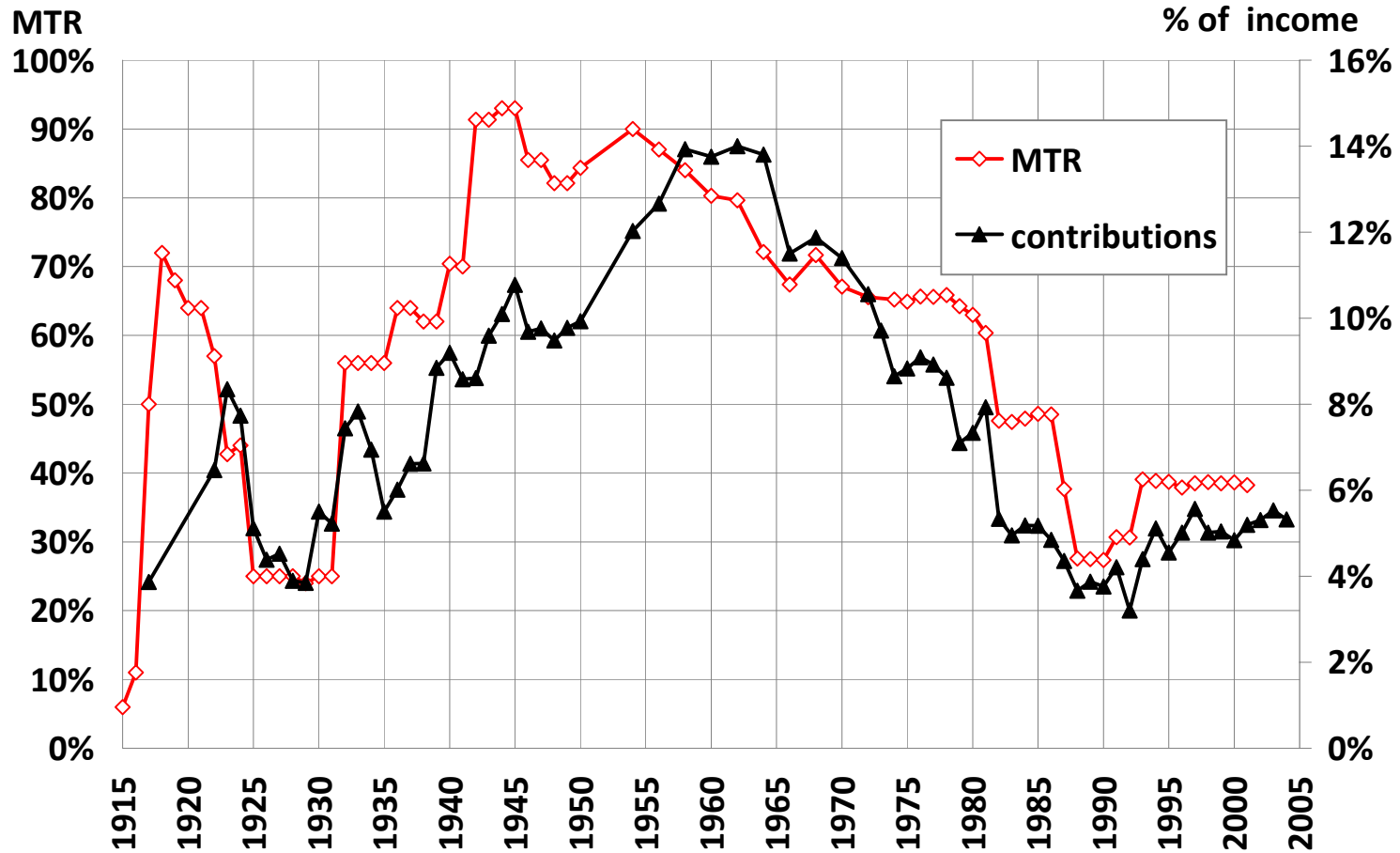
Source: statistics computed by the author

Top 0.1% WAGE income Share and MTR in Japan



Source: statistics computed by the author

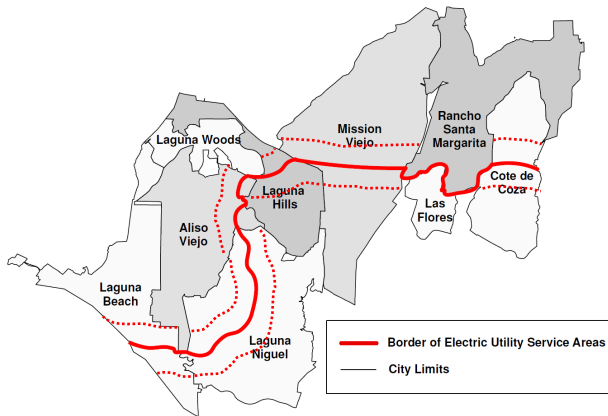
SOURCE IS LANDAIS '09
Charitable contributions as a % of total income and MTR on ordinary income
Top .01% tax units, United States, 1915-2005
(fractiles computed by total income excluding capital gains)



Note: MTR is for Federal Income Tax only

I specifically focus on households located within 1 mile of the utility border

Edison (Southern California Edison) provides electricity for the north side

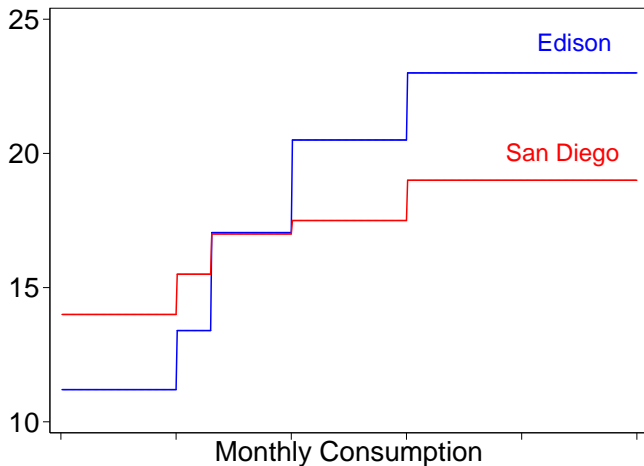


San Diego (San Diego Gas & Electric) provides electricity for the south side

Source: Ito, (2011)

In contrast, they experience substantially different nonlinear pricing

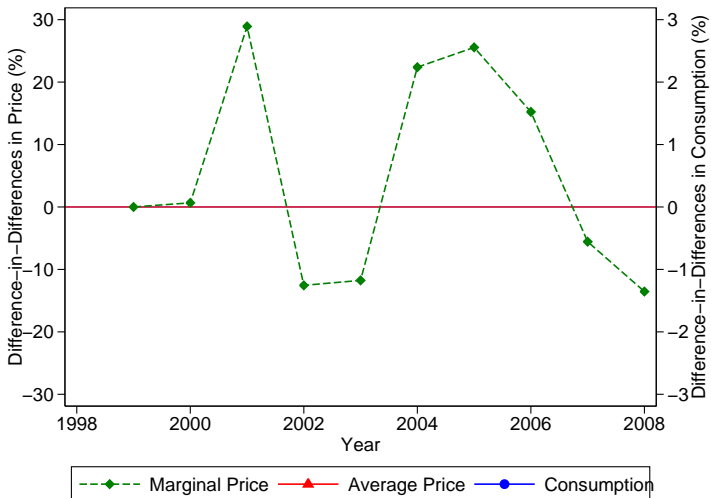
- Edison and San Diego: Cents per kWh in 2002



Source: Ito, 2011

- DD = (mean % change in San Diego) - (mean % change in Edison)
- Relative changes for SDG&E customers relative to SCE customers.

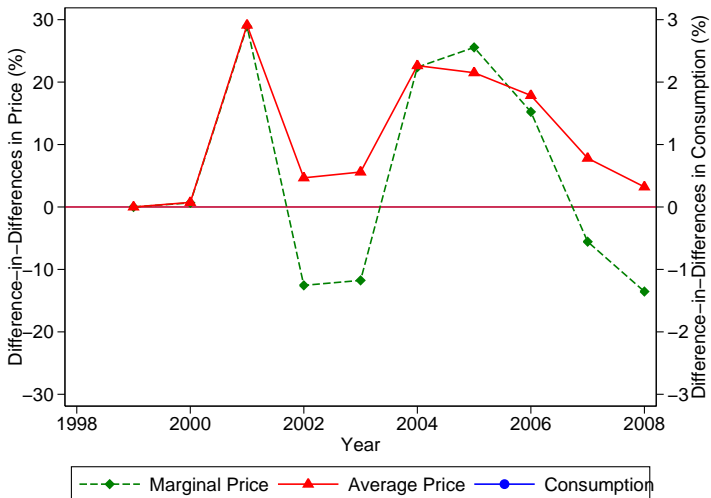
Panel A: Top Decile (90% - 100%) of Consumption Distributions



Source: Ito, 2011

- DD = (mean % change in San Diego) - (mean % change in Edison)
- Relative changes for SDG&E customers relative to SCE customers.

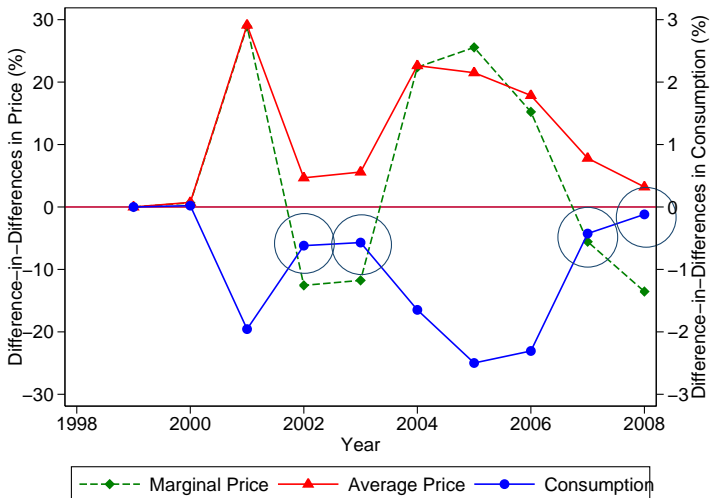
Panel A: Top Decile (90% - 100%) of Consumption Distributions



Source: Ito, 2011

- DD = (mean % change in San Diego) - (mean % change in Edison)
- Relative changes for SDG&E customers relative to SCE customers.

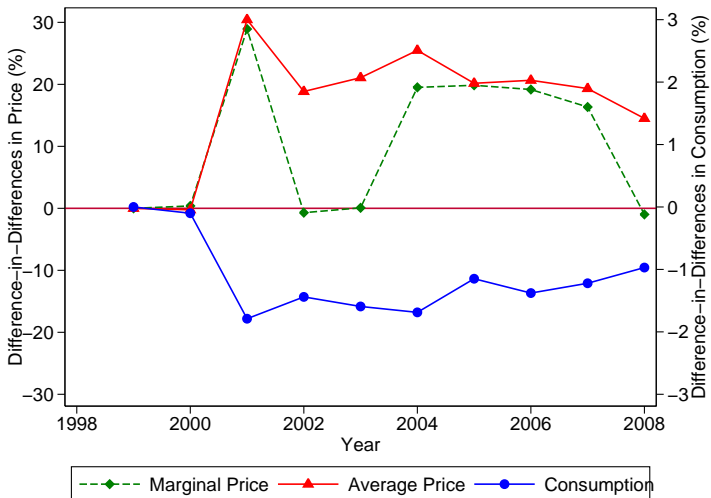
Panel A: Top Decile (90% - 100%) of Consumption Distributions



Source: Ito, 2011

- DD = (mean % change in San Diego) - (mean % change in Edison)
- Relative changes for SDG&E customers relative to SCE customers.

Panel B. Fifth Decile (40% - 50%) of Consumption Distributions



Source: Ito, 2011

Estimation results: Marginal Price v.s. Average Price

2SLS Estimates: Marginal Price vs. Average Price

Distance from border	1 mile			0.5 mile		
	(1)	(2)	(3)	(4)	(5)	(6)
ln(MP)	-0.087 (.007)		-0.007 (.015)	-0.092 (.011)		-0.009 (.020)
ln(AP)		-0.112 (.006)	-0.108 (.013)		-0.121 (.011)	-0.114 (.017)
Observations	6,513,600			3,520,320		

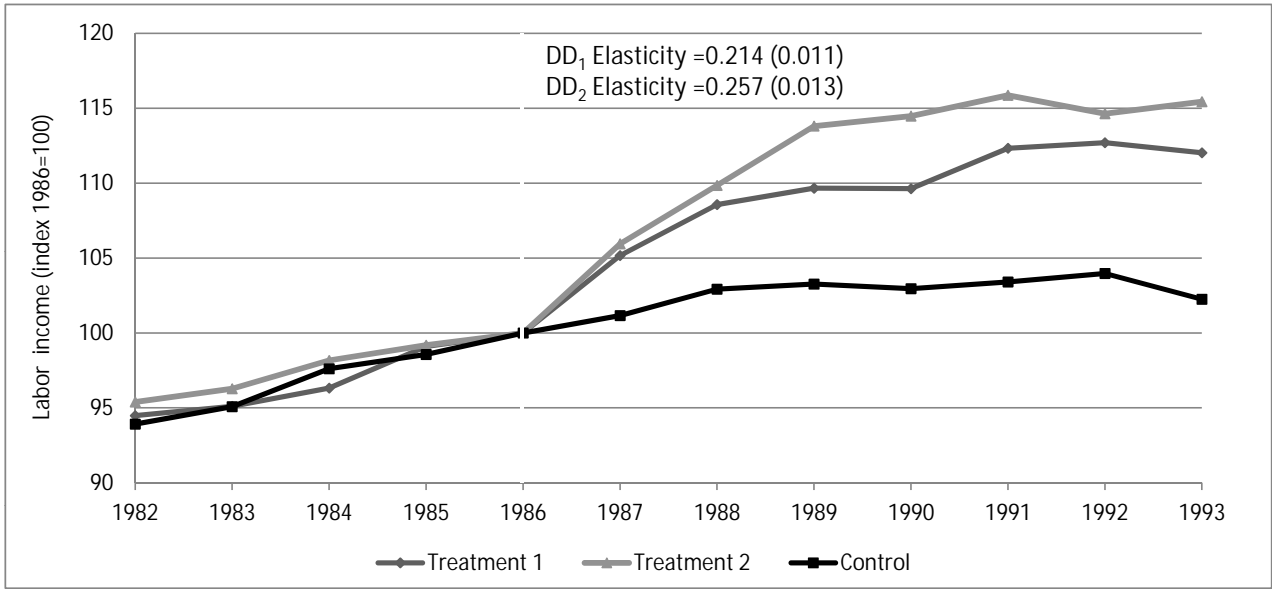
- Dependent variable: ln(Electricity consumption)
- Standard errors are clustered at city-deciles levels

Source: Ito, 2011

Figure 6. Graphical Evidence on the Effects of the 1987 reform on Taxable Income

Source: Kleven and Schultz '12

Panel A. Labor Income



Panel B. Positive Capital Income

