

FEDERAL DATA FOR 2004

Almost all sources of Adjusted Gross Income (AGI) rose more than 6% in tax year 2004, with AGI growing by 7.68%. Wages, which are the largest part by far, grew 6.24%, but interest fell by 5.77%. Taxable pensions are the second largest component and grew by 6.95%. Capital gains were the fastest growing part at over 45%, a rate that of course cannot be sustained. And the almost 21% growth in Partnership income will not be sustained either. Both of these are probably mainly due to coming off several bad years.

Federal taxes grew by almost 5.6% after three successive years of decline, but are still almost 15% below the 2002 peak. As a share of AGI they continued to decrease and are below 10% for the second straight year.

Total itemized deductions rose by 6.64%, but when the limit on itemized deductions is considered they only rose by 5.72%. Interest in 2004 fell by .56%, reflecting falling interest rates for the several preceding years, but still remained in first place. Charitable contributions rose by 9.89%. (See the detailed page.) The ratio of itemized deduction to AGI actually fell for the second straight year.