Figure 22-1a

Statutory Burdens are **Not** Real Burdens

- **P**, Price per gallon
- **S₁**
- **D**
- **P₁ = $1.50**
- **Q₁ = 100**

Q, Quantity in billions of gallons

Image by Jaki King (designbyjaki.com) for MIT OpenCourseWare
Figure 22-1b

Statutory Burdens are **Not** Real Burdens

<table>
<thead>
<tr>
<th>Price per gallon</th>
<th>Quantity in billions of gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>$P_1 = $1.50</td>
<td>$Q_1 = 100$</td>
</tr>
<tr>
<td>$P_2 = $2.00</td>
<td>$Q_2 = 80$</td>
</tr>
<tr>
<td>$P_3 = $1.80</td>
<td>$Q_3 = 90$</td>
</tr>
</tbody>
</table>

- **Consumer Burden**: $0.30
- **Producer Burden**: $0.20

**Tax**: $0.50

Image by Jaki King (designbyjaki.com) for MIT OpenCourseWare
Who Bears Taxes?

- $P_1 = $1.50
- $P = $1.00
- Tax = $0.50
- $Q_2 = 80$
- $Q_1 = 100$

Producer Burden = $0.50

Image by Jaki King (designbyjaki.com) for MIT OpenCourseWare
Figure 22-3a

Who Bears Taxes?

$P_1 = $1.50$

$P_2 = $2.00$

$Q_1 = 100$

Tax = $0.50$

Consumer Burden = $0.50$

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Figure 22-4

Earned Income Tax Credit

Earned Income Tax Credit (EITC)

$5,548

Slope = 0.40

$13,870

$18,110

Slope = 0.27

$44,454

Earned Income

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