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(H. Doc. 322)
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- ✓ 13. Summary of the Revenue Bill of 1962 As
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- ✓ 20. Summary of the Provisions of the Self-
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ESTIMATES OF FEDERAL RECEIPTS FOR THE FISCAL YEAR 1962

PREPARED BY THE
STAFF OF THE JOINT COMMITTEE ON
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ESTIMATES OF FEDERAL RECEIPTS AND EXPENDITURES FOR THE FISCAL YEAR 1962

The staff of the Joint Committee on Internal Revenue Taxation estimates that budget receipts for the fiscal year 1962 will be \$80.9 billion. In testimony last month on the public-debt-limit bill, administration officials used \$81.4 billion as the estimate of receipts, \$85.1 billion as the estimates of expenditures, and \$3.7 billion as the estimated deficit for fiscal 1962. Their expenditure estimate, however, assumes enactment of postal rate increases recommended by the President; and, if such legislation is not enacted, the postal deficit would increase budget expenditures by \$0.7 billion to \$85.8 billion. The staff estimate of \$80.9 billion for receipts coupled with \$85.8 billion for expenditures results in an estimated deficit for fiscal 1962 of \$4.9 billion.

TABLE 1.—*Receipts, expenditures, and surplus or deficit of the Federal Government, fiscal years 1960 and 1961 actual, fiscal year 1962 estimated*

[In billions]

	1960 actual	1961 actual ¹	1962 estimates	
			Staff	Adminis- tration
Receipts.....	\$77.8	\$77.6	\$80.9	\$81.4
Expenditures.....	76.5	81.5	² 85.8	85.1
Surplus (+) or deficit (—).....	+1.2	—3.9	—4.9	—3.7

¹ Preliminary.

² The administration estimate of \$85.1 billion increased by \$0.7 billion for postal deficit, since postal rate increases have not yet been enacted.

Note.—Details may not add to totals because of rounding.

Expenditures by the Department of Defense in fiscal 1962 may be higher than the amount included in last month's estimate of budget expenditures, since a supplemental appropriation is being requested for defense. If the Congress approves an increase in the defense appropriation, the expenditure estimate for fiscal 1962 would be revised upward, and the estimate of the deficit increased. An increase in defense spending might bring increased economic activity, higher levels of income and profits than those assumed by the staff, and some increase in revenues in fiscal 1962, but it seems unlikely that the increase in revenues would be as great as the increase in expenditures.

The budget totals for fiscal 1961, which were recently released, show a deficit of \$3.9 billion. In June the Secretary of the Treasury stated that a deficit of \$3 billion was anticipated for the fiscal year 1961, based upon an expenditure estimate of \$81.2 billion and receipts of

\$78.2 billion. Actual expenditures were slightly higher than anticipated and revenues lower.

Assumptions as to income levels

In estimating receipts, the staff assumed a personal income level for the calendar year 1961 of \$415.6 billion. The actual 1960 level, as reported by the Department of Commerce, was \$402.2 billion. The level of corporate profits for 1961 used in the staff estimates is \$45 billion, which is the same as the actual 1960 level as reported by the Department of Commerce. The \$45 billion assumed for 1961 is considerably above the 1961 first quarter level of \$39.6 billion (on an annual basis) but the higher levels anticipated for the remainder of the year are expected to raise the year's average to \$45 billion. The staff assumptions were made after consultation with a number of persons engaged in economic forecasting both from private industry and from the Government.

Details of receipts estimates for fiscal year 1962

Table 2 shows by major sources the actual fiscal 1961 budget receipts and the staff estimates for fiscal 1962. Also shown are the transfers to the highway trust fund, interfund transfers, and amounts payable as refunds. The table also sets forth the differences between the actual 1961 data and the staff estimates for 1962. These estimates are based on existing law and do not reflect proposed changes in the revenue laws under consideration by the Congress at the present time.

Overall, the 1962 estimates indicate a gross increase in the listed revenue sources of \$3.9 billion over the amounts realized in fiscal 1961 with a \$3.3 billion increase in the individual income tax collections accounting for the major part of the increase. After transfers and refunds, the net budget receipts estimated for fiscal 1962 total \$80.9 billion as compared to \$77.6 billion in fiscal 1961, an increase of \$3.3 billion.

TABLE 2.—*Budget receipts, fiscal year 1961 actual, fiscal year 1962 estimated*

[In millions]

Source	1961 actual ¹	1962 staff estimate	Change, 1962 over 1961
Individual income taxes.....	\$46,144	\$49,400	+\$3,256
Corporation income taxes.....	21,765	21,600	-165
Excise taxes.....	12,069	12,870	+801
Estate and gift taxes.....	1,916	2,000	+84
Customs.....	1,008	² 1,134	+126
Miscellaneous receipts.....	4,001	² 3,809	-192
Total.....	86,903	90,813	+3,910
Deduct:			
Transfer to highway trust fund.....	2,923	3,248	+325
Refund of receipts.....	5,752	6,037	+285
Total less transfers and refunds.....	78,227	81,528	+3,301
Less interfund transactions.....	649	² 667	+18
Net budget receipts.....	77,578	80,861	+3,283

¹ Preliminary.

² As estimated in the 1962 budget.

NOTE.—Employment tax receipts are transferred to trust funds and do not enter into net budget receipts. Details may not add to totals because of rounding.