

ESTIMATES OF FEDERAL RECEIPTS  
FOR THE FISCAL YEARS  
1971 AND 1972

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### ESTIMATES OF FEDERAL RECEIPTS IN THE FISCAL YEARS 1971 AND 1972

For the fiscal year which ends June 30, 1971, the staff of the Joint Committee on Internal Revenue Taxation estimates that *unified* budget receipts under present law will total approximately \$193.1 billion. This, together with the \$212.8 billion of *unified* budget expenditures projected for fiscal year 1971 in the administration's 1972 budget document implies a budget deficit of \$19.7 billion for fiscal year 1971. If revenue which would be derived from the administration's legislative proposals is added to the staff receipts estimates, fiscal year 1971 receipts will be increased by \$176 million to an estimated overall level of \$193.3 billion, implying a deficit of \$19.5 billion for fiscal year 1971.<sup>1</sup>

The staff's estimates of the *Federal funds* budget receipts for the fiscal year 1971 are \$138.4 billion under present law. Combining this with the administration's estimates of expenditures suggests a budget deficit in the *Federal funds* budget for fiscal year 1971 amounting to \$26.3 billion. The administration's legislative proposals for fiscal year 1971 do not affect *Federal funds* budget receipts.

For the fiscal year 1972, the staff estimates that *unified* budget receipts under present law will total about \$208.5 billion. On the basis of the \$229.2 billion expenditure level contained in the 1972 budget estimates, this implies a deficit of \$20.7 billion for fiscal 1972.<sup>1</sup> If revenue which would be derived from administration's legislative proposals is added to the staff receipts estimates, it is estimated that this will increase receipts by \$3.0 billion to an overall level of \$211.5 billion. Combining this with the administration's estimate of the *unified* budget expenditures of \$229.2 billion implies a deficit of \$17.7 billion.<sup>1</sup>

The staff estimates *Federal funds* receipts for the fiscal year 1972 at \$148.2 billion based upon present law and at \$148.3 billion taking into account the administration's legislative proposals for revenue increases. Combining these figures with the administration's estimate of *Federal funds* expenditures implies a deficit of \$28.7 billion based upon present law receipts or \$28.6 billion if the administration's revenue proposals are included.<sup>1</sup>

Table 1 compares the staff estimates under the *unified* budget for the fiscal year 1971 and the fiscal year 1972 with the administration's budget estimates and also shows actual receipts and expenditures for the fiscal year 1970.

<sup>1</sup> The staff has made estimates only for budget receipts. The expenditure estimates are those of the administration. The inclusion of the expenditure estimates in this pamphlet is not intended to imply that the staff believes that these estimates will necessarily be realized.

TABLE 1.—RECEIPTS AND EXPENDITURES IN THE UNIFIED BUDGET, FISCAL YEAR 1970 ACTUAL, AND FISCAL YEARS 1971 AND 1972 ESTIMATES<sup>1</sup>

[In billions of dollars]

	1970 actual	1971 estimates		1972 estimates	
		Staff	Budget <sup>2</sup>	Staff	Budget <sup>1</sup>
Excluding proposed receipts legislation:					
Receipts.....	193.7	193.1	194.0	208.5	214.6
Expenditures.....	196.6	212.8	212.8	229.2	229.2
Deficit.....	2.8	19.7	18.7	20.7	14.7
Including proposed legislation:					
Receipts.....	193.7	193.3	194.2	211.5	217.6
Expenditures.....	196.6	212.8	212.8	229.2	229.2
Deficit.....	2.8	19.5	18.6	17.7	11.6

<sup>1</sup> The staff has made estimates only for budget receipts. The expenditure estimates are those of the administration. Details may not add due to rounding.

<sup>2</sup> As indicated in the budget document for fiscal year 1972.

For purposes of comparability table 1 shows the staff estimates and the administration estimates both excluding and including the revenue effect of proposed receipts legislation. Table 2 shows comparable data for the *Federal funds* budget.

TABLE 2.—FEDERAL FUNDS RECEIPTS AND EXPENDITURES, FISCAL YEAR 1970 ACTUAL, AND FISCAL YEARS 1971 AND 1972 ESTIMATES<sup>1</sup>

[In billions of dollars]

	1970 actual	1971 estimates		1972 estimates	
		Staff	Budget <sup>2</sup>	Staff	Budget <sup>2</sup>
Excluding proposed receipts legislation:					
Receipts.....	143.2	138.4	139.1	148.2	153.6
Expenditures.....	156.3	164.7	164.7	176.9	176.9
Deficit.....	13.1	26.3	25.5	28.7	23.3
Including proposed legislation:					
Receipts.....	143.2	138.4	139.1	148.3	153.7
Expenditures.....	156.3	164.7	164.7	176.9	176.9
Deficit.....	13.1	26.3	25.5	28.6	23.1

<sup>1</sup> Details may not add due to rounding. The staff has made estimates only for budget receipts. The expenditure estimates are those of the administration.

<sup>2</sup> As indicated in the budget document for fiscal year 1972.

The estimates of budget receipts prepared by the staff are based on a projected Gross National Product for the calendar year 1971 of \$1,055 billion measured in current prices. The personal income level assumed for the calendar year 1971 is \$860 billion. Corporate profits before taxes for the calendar year 1971 are projected at \$93 billion without taking into consideration the liberalized depreciation rules applying to business equipment acquired after 1970, as announced by the Treasury in January of 1971.<sup>2</sup>

The estimates by the staff imply a quickening pace of general economic activity in calendar year 1971 which it is assumed will carry over into the first half of calendar 1972. However, the staff estimates assume a more moderate pace of economic activity than the administration assumed for purposes of its receipts estimates.

The administration's receipts estimates are based on a Gross National Product level of \$1,065 billion for the calendar year 1971, a personal income level of \$868 billion and a corporate profits level of \$98 billion (without taking into account the liberalized depreciation rules) for the same period.

<sup>2</sup> The staff's estimate of corporate profits before taxes for calendar 1971 is \$88.5 billion after taking these liberalized depreciation rules into account.

Table 3 shows the major sources of actual *unified* budget receipts in fiscal year 1970 and compares the staff and administration estimates of *unified* budget receipts for fiscal years 1971 and 1972. The staff and the administration estimates, for comparative purposes, are shown both excluding and including the effect of proposed receipts legislation.

TABLE 3.—UNIFIED BUDGET RECEIPTS: ACTUAL FOR FISCAL YEAR 1970, ESTIMATED FOR FISCAL YEARS 1971 AND 1972  
[In millions of dollars]

Source	1970 actual	Estimates for 1971		Estimates for 1972	
		Staff	Budget <sup>1</sup>	Staff	Budget <sup>1</sup>
<b>Excluding proposed legislation:</b>					
Individual income taxes.....	90,412	88,200	88,300	92,300	93,700
Corporation income taxes.....	32,829	29,500	30,100	33,000	36,900
Social insurance taxes and contributions.....	45,298	48,900	48,803	54,200	54,703
Excise taxes.....	15,705	16,594	16,794	17,300	17,362
Estate and gift taxes.....	3,644	3,700	3,730	5,300	5,300
Customs.....	2,430	2,500	2,490	2,600	2,700
Miscellaneous receipts.....	3,424	3,700	3,800	3,800	3,906
<b>Total.....</b>	<b>193,743</b>	<b>193,094</b>	<b>194,017</b>	<b>208,500</b>	<b>214,571</b>
<b>Including proposed legislation:</b>					
Individual income taxes.....	90,412	88,200	88,300	92,300	93,700
Corporation income taxes.....	32,829	29,500	30,100	32,800	36,700
Social insurance taxes and contributions.....	45,298	49,070	48,973	57,056	57,559
Excise taxes.....	15,705	16,600	16,800	17,438	17,500
Estate and gift taxes.....	3,644	3,700	3,730	5,300	5,300
Customs.....	2,430	2,500	2,490	2,600	2,700
Miscellaneous receipts.....	3,424	3,700	3,800	4,028	4,134
<b>Total.....</b>	<b>193,743</b>	<b>193,270</b>	<b>194,193</b>	<b>211,522</b>	<b>217,593</b>

<sup>1</sup> As indicated in the budget document for fiscal year 1972.

The administration has made a number of proposals for changes in receipts from various revenue sources. These proposals, together with the revenue estimates made by the administration are shown in Table 4 for the fiscal years 1971 and 1972.

TABLE 4.—REVENUE ESTIMATES OF PROPOSED LEGISLATION, FISCAL YEARS 1971 AND 1972  
[In millions of dollars]

Proposal	Budget revenue estimates <sup>1</sup>
<b>Fiscal year 1971:</b>	
Increase in social security wage base and railroad retirement.....	170
Airway user taxes.....	6
<b>Total, 1971.....</b>	<b>176</b>
<b>Fiscal year 1972:</b>	
Increase in social security wage base and railroad retirement.....	2,856
DISC.....	-200
Extension of interest equalization tax.....	85
Airway user taxes.....	53
Retirement of old currency, etc.....	228
<b>Total, 1972.....</b>	<b>3,022</b>

<sup>1</sup> As indicated in the budget document for fiscal year 1972.





