

ESTIMATES OF FEDERAL RECEIPTS
FOR THE FISCAL YEARS
1970 AND 1971

PREPARED BY THE
STAFF OF THE JOINT COMMITTEE ON
INTERNAL REVENUE TAXATION



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(II)

ESTIMATES OF FEDERAL RECEIPTS IN THE FISCAL YEARS 1970 AND 1971

For the fiscal year which ends June 30, 1970, the staff of the Joint Committee on Internal Revenue Taxation estimates that *unified* budget receipts under present law will total approximately \$195.8 billion. This, together with the \$198.2 billion of *unified* budget expenditures specified in the administration's May 19th revision of the fiscal year 1970 and 1971 budget estimates implies a budget deficit of \$2.4 billion for fiscal 1970. If revenue which would be derived from administration legislative proposals is added to the staff receipts estimates, fiscal year 1970 receipts will be increased by \$200 million to an estimated overall level of \$196.0 billion, implying a deficit of \$2.2 billion for fiscal 1970. The staff's estimates of the *Federal funds* budget receipts for the fiscal year 1970 are \$146.1 billion under present law and \$146.3 billion if revenue from administration legislative proposals is included.² Combining this with the administration's recent expenditure revision suggests a budget deficit in the *Federal funds* budget for fiscal 1970 amounting to \$11.3 billion under present law and \$11.1 billion if revenue from administration proposals is counted.¹

For the fiscal year 1971, the staff estimates that *unified* budget receipts under present law will total about \$196.4 billion. On the basis of the \$205.6 billion expenditure level contained in the recent administration revision of budget estimates, this implies a deficit of \$9.2 billion for fiscal 1971.¹ If revenue which would be derived from administration legislative proposals is added to the staff receipt estimates, it is estimated that this will increase receipts by \$4.7 billion to an overall level of \$201.1 billion. Combining this with the administration's recent estimate of the *unified* budget expenditures of \$205.6 billion implies a deficit of \$4.5 billion.¹

The staff estimates *Federal funds* receipts for the fiscal year 1971 at \$142.1 billion based upon present law and at \$146.0 billion taking into account the administration's legislative proposals for revenue increases.² Combining these figures with the administration's recent *Federal funds* estimate of expenditures implies a deficit of \$17.5 billion based upon present law receipts or \$13.6 billion if the administration's revenue proposals are included.¹

As indicated above, the administration has made a number of proposals for changes in receipts from various revenue sources. These proposals, together with the revenue estimates of the administration and of the staff are shown on Table 1 for the fiscal years 1970 and 1971.

¹ The staff has made estimates only for budgetary 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. Preliminary study of the 1971 expenditure estimates suggests to the staff that the 1971 total in the recent administration analysis could well be exceeded.

² The estimates of receipts in the *Federal funds* portion of the budget are based on data that were contained in the May 19, 1970, *Revision of the fiscal year 1970 and 1971 Budget Estimates and Special Analysis B of the Budget of the United States for Fiscal Year 1971*.

Table 2 compares the staff estimates under the *unified* budget for the fiscal year 1970 and the fiscal year 1971 with the administration's recent budget revisions and also shows actual receipts and expenditures for the fiscal year 1969.

TABLE 1.—PROPOSED LEGISLATION AND REVENUE ESTIMATES, FISCAL YEARS 1970 AND 1971

[In millions of dollars]

Proposal	Revenue estimates	
	Staff	Budget ¹
Fiscal year 1970: Retirement of old currency.....	200	200
Fiscal year 1971:		
Increase in social security wage base.....	200	200
Increase in railroad retirement revenues.....	100	100
Increase in unemployment insurance taxes.....	200	200
Speedup in collection of estate and gift taxes.....	1,500	1,500
Tax on lead used in gasoline.....	1,800	1,600
Extension of present excise tax rates on automobiles and telephones.....	630	650
Inland waterways user tax.....	4	4
Highway user taxes.....	260	259
Total 1971.....	4,694	4,513

¹ Latest public estimates by the Bureau of the Budget.

TABLE 2.—RECEIPTS AND EXPENDITURES IN THE UNIFIED BUDGET, FISCAL YEAR 1969 ACTUAL, AND FISCAL YEARS 1970 AND 1971 ESTIMATES

[In billions of dollars]

	1969 actual	1970 estimates		1971 estimates	
		Staff	Budget ¹	Staff	Budget ¹
Excluding proposed legislation					
Receipts.....	187.8	195.8	196.2	196.4	199.8
Expenditures.....	184.6	198.2	198.2	205.6	205.6
Surplus or deficit (—).....	3.2	—2.4	—2.0	—9.2	—5.8
Including proposed legislation					
Receipts.....	187.8	196.0	196.4	201.1	204.3
Expenditures.....	184.6	198.2	198.2	205.6	205.6
Surplus or deficit (—).....	3.2	—2.2	—1.8	—4.5	—1.3

¹ Based on data in May 19, 1970, "Revision of the Fiscal Year 1970 and 1971 Budget Estimates."

TABLE 3.—FEDERAL FUNDS RECEIPTS AND EXPENDITURES, FISCAL YEAR 1969 ACTUAL, AND FISCAL YEARS 1970 AND 1971 ESTIMATES

[In billions of dollars]

	1969 actual	1970 estimates		1971 estimates	
		Staff	Budget ¹	Staff	Budget
Excluding proposed legislation					
Receipts.....	143.3	146.1	146.3	142.1	145.8
Expenditures.....	148.8	157.4	157.4	159.6	159.6
Deficit.....	—5.5	—11.3	—11.1	—17.5	—13.8
Including proposed legislation					
Receipts.....	143.3	146.3	146.5	146.0	149.6
Expenditures.....	148.8	157.4	157.4	159.6	159.6
Surplus or deficit (—).....	—5.5	—11.1	—10.9	—13.6	—10.0

¹ Based on data in May 19, 1970, "Revision of the Fiscal Year 1970 and 1971 Budget Estimates" and "Special Analysis B of the Budget of the United States for Fiscal Year 1971" and latest public estimates by the Bureau of the Budget.

For purposes of comparability both the staff estimates and the administration estimates are shown both excluding and including the revenue effect of proposed legislation. Table 3 shows comparable data for the *Federal funds* budget.

The estimates of budget receipts prepared by the staff are based on a projected Gross National Product for the calendar year 1970 of \$980 billion measured at current prices. The personal income level assumed for the calendar year 1970 is \$797 billion and corporate profits before taxes are projected at a level of \$85 billion for the calendar year 1970.

The estimates by the staff imply a quickening pace of general economic activity during the last half of calendar year 1970 which it is assumed will carry over into the first half of calendar 1971. The staff formulated these economic projections following a discussion with a panel of economists from private industry. The staff also benefited from discussions with government economists from Congress and the executive departments. The estimates, however, are those of the staff and not of any of those consulted.

It is understood that the administration's recent estimates are based upon a Gross National Product level of \$985 billion for the calendar year 1970 and a personal income level of \$800 billion and a corporate profits level of \$89 billion for the same period.

Table 4 shows the major sources of actual *unified* budget receipts in fiscal year 1969 and compares the staff and recent administration estimates of *unified* budget receipts for fiscal years 1970 and 1971. Both the staff and the administration estimates, for comparative purposes, are shown both excluding and including the effect of proposed legislation.

TABLE 4.—UNIFIED BUDGET RECEIPTS: ACTUAL, FOR FISCAL YEAR 1969, ESTIMATED, FOR FISCAL YEARS 1970 AND 1971

[In millions of dollars]

Source	1969 actual	Estimates for 1970		Estimates for 1971		
		Staff	Budget ¹	Staff	Budget ¹	
Excluding proposed legislation						
Individual income taxes	87,249	91,800	92,200	89,600	90,500	
Corporation income taxes	36,678	34,400	34,000	32,200	34,000	
Social insurance taxes and contributions	39,918	44,600	44,800	48,300	48,800	
Excise taxes	15,222	15,650	15,700	16,706	16,587	
Estate and gift taxes	3,491	3,600	3,500	3,600	3,600	
Customs	2,319	2,370	2,500	2,300	2,500	
Miscellaneous receipts	2,916	3,400	3,500	3,700	3,800	
Total	187,792	195,820	196,200	196,406	199,787	
Including proposed legislation						
Individual income taxes	87,249	91,800	92,200	89,600	90,500	
Corporation income taxes	36,678	34,400	34,000	32,200	34,000	
Social insurance taxes and contributions	39,918	44,600	44,800	48,800	49,300	
Excise taxes	15,222	15,650	15,700	19,400	19,100	
Estate and gift taxes	3,491	3,600	3,500	5,100	5,100	
Customs	2,319	2,370	2,500	2,300	2,500	
Miscellaneous receipts	2,916	3,600	3,700	3,700	3,800	
Total	187,792	196,020	196,400	201,100	204,300	

¹ As revised by the Bureau of the Budget, May 19, 1970.

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