

ESTIMATES OF FEDERAL RECEIPTS FOR  
FISCAL YEARS 1959 AND 1960

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## ESTIMATES OF FEDERAL RECEIPTS FOR FISCAL YEARS 1959 AND 1960

The staff of the Joint Committee on Internal Revenue Taxation estimates that budget receipts for the fiscal years 1959 and 1960 will be \$66.9 billion and \$75.8 billion, respectively. This receipts figure for the fiscal year 1959 is the same as the staff's estimate of May 1958, since collections to date suggest that this is still a good estimate. If the expenditure estimates in the budget for the fiscal years 1959 and 1960 should prove correct, the staff estimates of receipts would indicate deficits of \$14 billion for the fiscal year 1959 and \$1.2 billion for the fiscal year 1960. On the other hand, if certain expenditure increases which appear likely occur in the fiscal year 1960 and if there is a shift of expenditures for the International Monetary Fund from the fiscal year 1959 (as provided in the budget) to the fiscal year 1960, then expenditures for both the fiscal year 1959 and the fiscal year 1960 would reach \$80 billion. If this should occur, the staff estimates of receipts would mean deficits of \$13.1 billion and \$4.2 billion, respectively, for the fiscal years 1959 and 1960. The effect of the staff revenue estimates with these two expenditure patterns is shown in table 1.

TABLE 1.—*Receipts, expenditures, and surplus or deficit of the Federal Government, estimates for the fiscal years 1959 and 1960 and actual for the fiscal year 1958*

[Billions of dollars]

Fiscal years	Receipts	Expenditures	Surplus (+) or deficit (-)
Staff receipt estimates combined with budget expenditure levels:			
1959 .....	66.9	80.9	-14.0
1960 .....	75.8	77.0	-1.2
Staff receipt estimates combined with \$80 billion expenditure level:			
1959 .....	66.9	80.0	-13.1
1960 .....	75.8	80.0	-4.2
January budget estimates:			
1959 .....	68.0	80.9	-12.9
1960 .....	77.1	77.0	+0.1
Actual 1958 .....	69.1	71.9	-2.8

The receipts estimate of \$66.9 billion for the fiscal year 1959 is \$2.2 billion less than actual receipts in the fiscal year 1958. This decline in receipts has been due to the business recession. Recent trends of the various business indicators, however, suggest that a substantial increase in receipts can be expected for the fiscal year 1960 over those estimated for 1959. The assumptions made in this respect are set forth below. Based upon these assumptions, receipts are expected to increase to a level of \$75.8 billion in the fiscal year 1960, an increase of almost \$9 billion over the estimates for the fiscal year 1959.

*Assumptions as to income levels*

Economic indicators in recent months have shown substantial recovery from the recession which occurred in the forepart of the calendar year 1958. The estimates of receipts made by the staff have assumed that this improvement in economic levels will continue throughout the entire calendar year 1959, although at perhaps not as rapid a rate in the latter part of this year.

As a result, for the calendar year 1959, it is assumed that the personal income level will be \$371 billion and that corporate profits before taxes for the calendar year will amount to \$48 billion. It is also assumed that personal income levels will continue rising in the first 6 months of the calendar year 1960 and will during this period average \$384 billion on an annual basis. The corporate profits assumed here represent a substantial increase over the average for 1958 of \$36.4 billion but represent a much smaller increase over the corporate profits now estimated for the fourth quarter of 1958, namely, \$44 billion (on an annual rate and seasonally adjusted).

The levels of business activity assumed by the staff were reached after consultation with a number of persons engaged in economic forecasting, both persons from private industry and those employed by the Federal Government. In general, there seems to be a broad area of agreement among the forecasts at this time, the differences falling within a relatively narrow range. The estimates used in preparing the January budget estimates also differ only slightly from the estimates used by the staff. The personal income level assumed for the calendar year 1959 in the January budget estimates was \$374 billion while the corporate profit level assumed for the calendar year 1959 was \$47 billion.

*Details of receipt estimates for 1960*

Table 2, which follows, shows by major sources the estimated 1960 fiscal year receipts both as estimated by the staff and as estimated in the budget this last January. The table also shows by major revenue sources the difference between the January budget estimates and the staff estimates. The table shows receipts before and after reduction for amounts earmarked for various trust funds and amounts payable as refunds.

Under present law the rates of the income tax on corporations and of certain excise taxes are scheduled to be reduced on July 1, 1959. The estimated receipts for the fiscal year 1960, both the staff estimates and the budget estimates, are based on the assumption that these reductions will be postponed for at least 1 year. In addition, the budget estimates reflect proposed legislation to (a) increase the tax on gasoline and diesel fuel from 3 cents to 4½ cents per gallon, (b) tax all aviation fuel at 4½ cents per gallon, (c) retain the amounts collected from the tax on aviation fuel in the general fund rather than transferring these amounts to the highway trust fund as at present. The staff estimates are based on the assumption of the continuation of the present 3-cent tax rates with no changes being made in the present treatment for transfers to the highway trust fund.

TABLE 2.—*Estimates of receipts of the Federal Government for fiscal 1960*

[Millions of dollars]

Source	Estimates in January budget	Staff estimates	Differences
Individual income taxes.....	45,000	43,700	-1,300
Corporation income taxes.....	<sup>1</sup> 22,048	<sup>1</sup> 22,225	+177
Excises.....	<sup>2</sup> 11,941	<sup>3</sup> 11,100	-841
Estate and gift taxes.....	1,430	1,400	-30
Employment taxes.....	11,135	11,325	+190
Customs.....	918	950	+32
Miscellaneous receipts <sup>4</sup> .....	3,354	3,250	-104
Total.....	95,826	93,950	-1,876
Deduct:			
Transfers to old-age and survivors insurance and disa- bility trust funds.....	10,216	10,400	+184
Transfers to railroad retirement trust fund.....	575	575	0
Transfers to highway trust fund.....	2,906	2,225	-681
Refunds of receipts.....	5,029	5,000	-29
Net budget receipts.....	77,100	75,750	-1,350

<sup>1</sup> Assumes continuation of present rates.<sup>2</sup> Assumes (a) increase in tax on gasoline and diesel fuel to 4½ cents per gallon, (b) taxation of all aviation fuel at 4½ cents per gallon, (c) continuation of present rates of all other excises.<sup>3</sup> Assumes continuation of present rates for all excises.<sup>4</sup> Includes taxes not elsewhere classified.