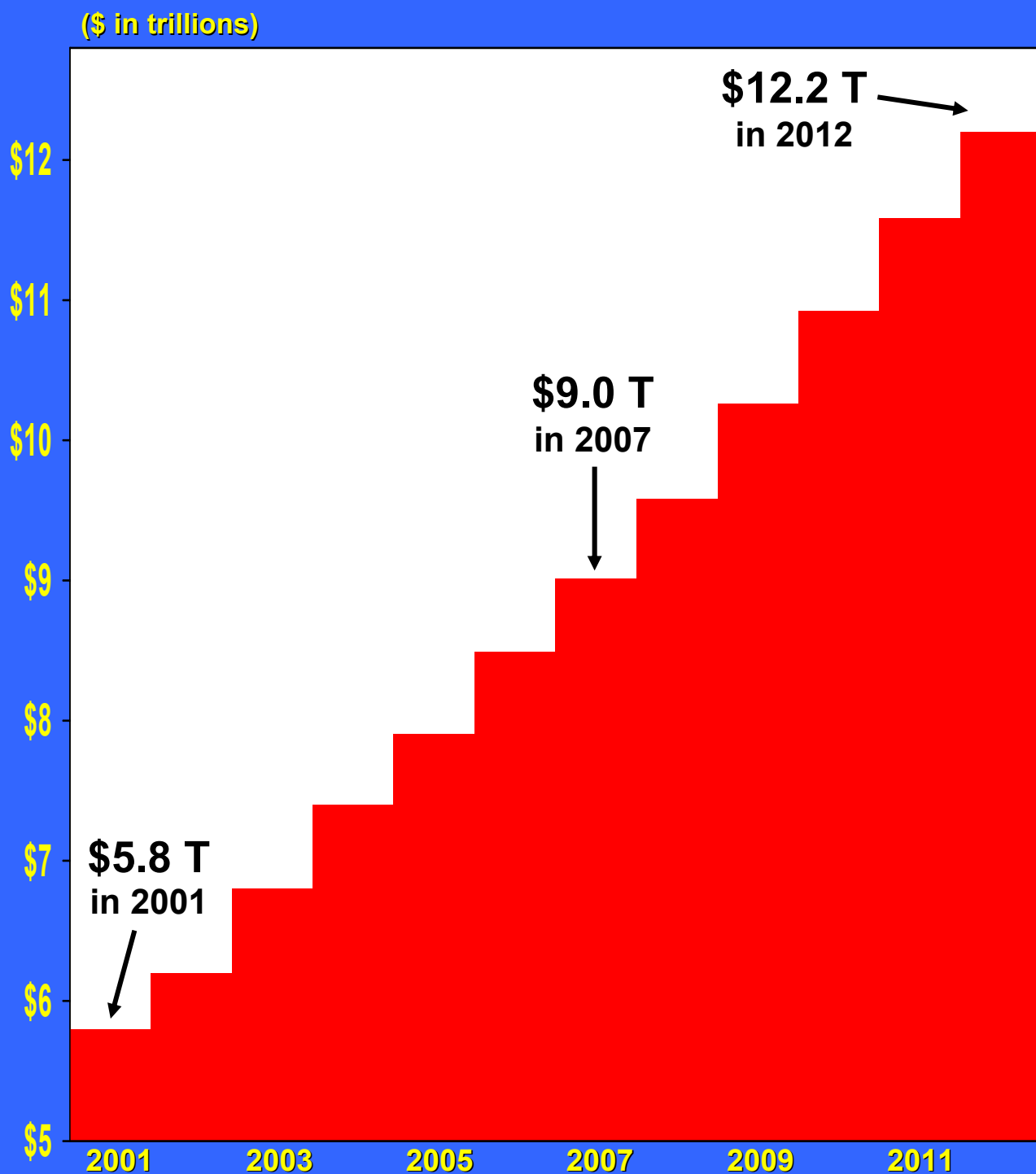


Building a Wall of Debt

Gross Federal Debt Soars

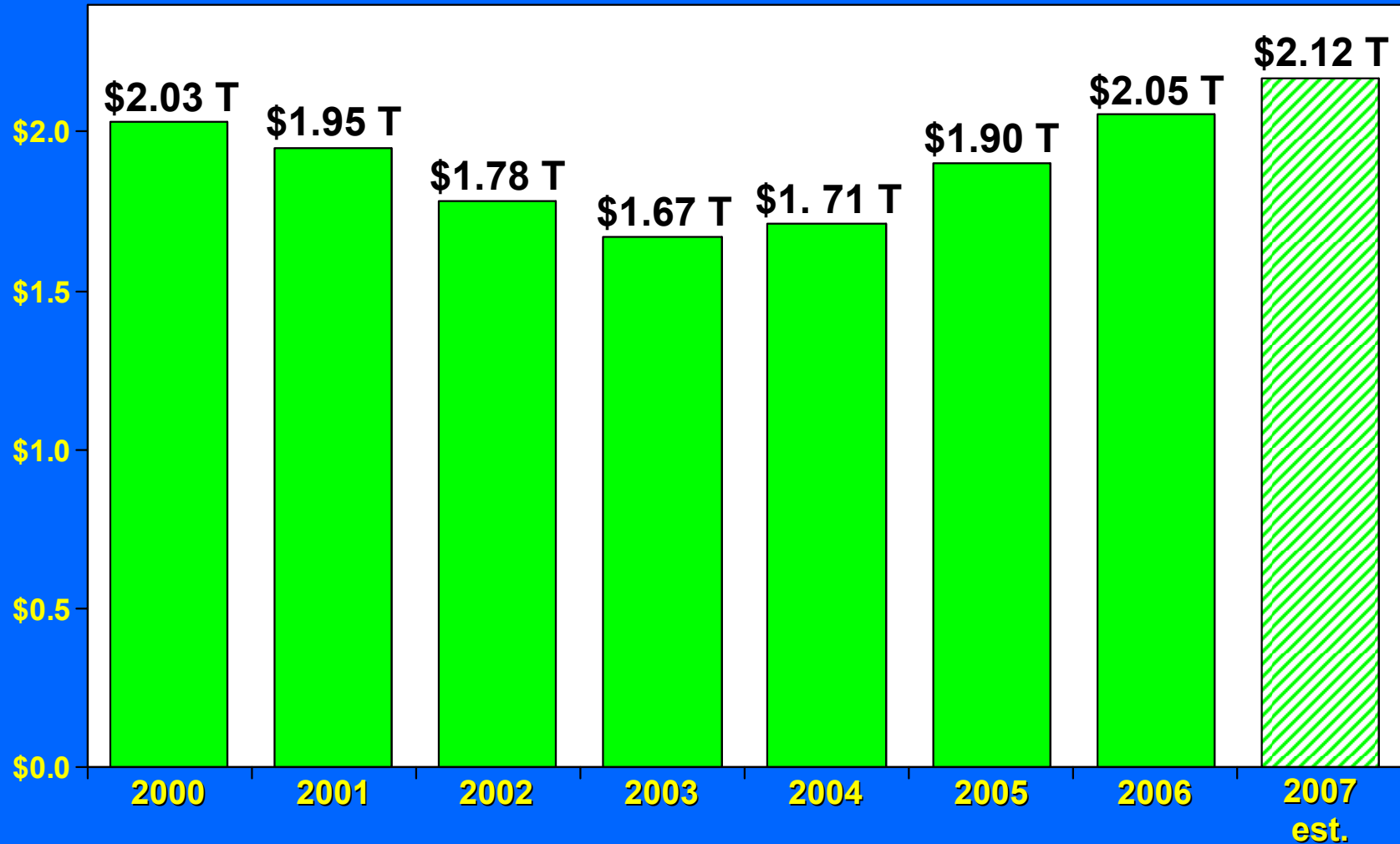


Source: OMB, CBO and SBC Democratic staff

Note: Bush FY 2008 budget extended over ten years with AMT reform and ongoing war costs.

Real Revenues Only Recently Exceeded 2000 Level

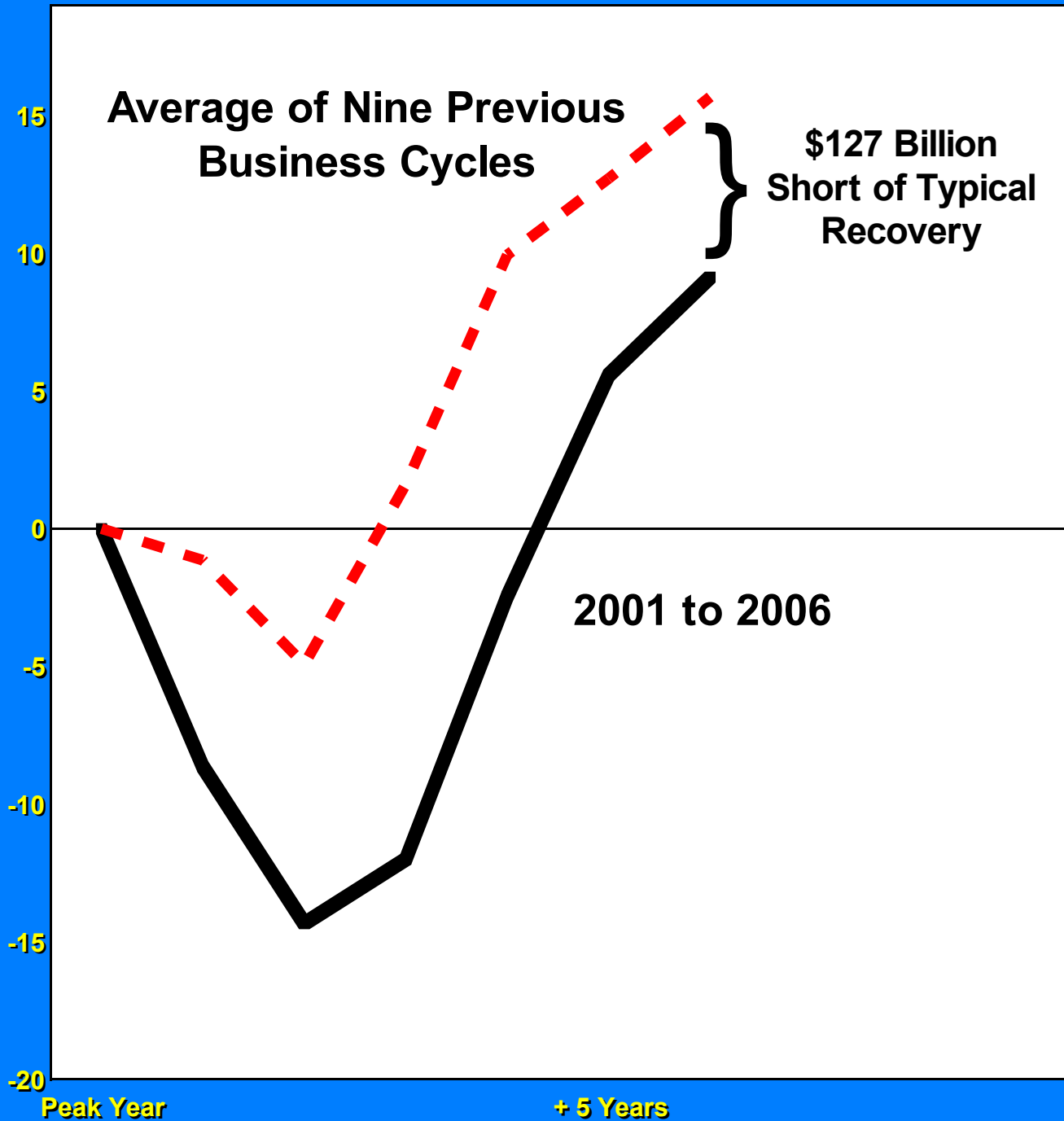
(Trillions of 2000 \$)



Source: OMB, CBO

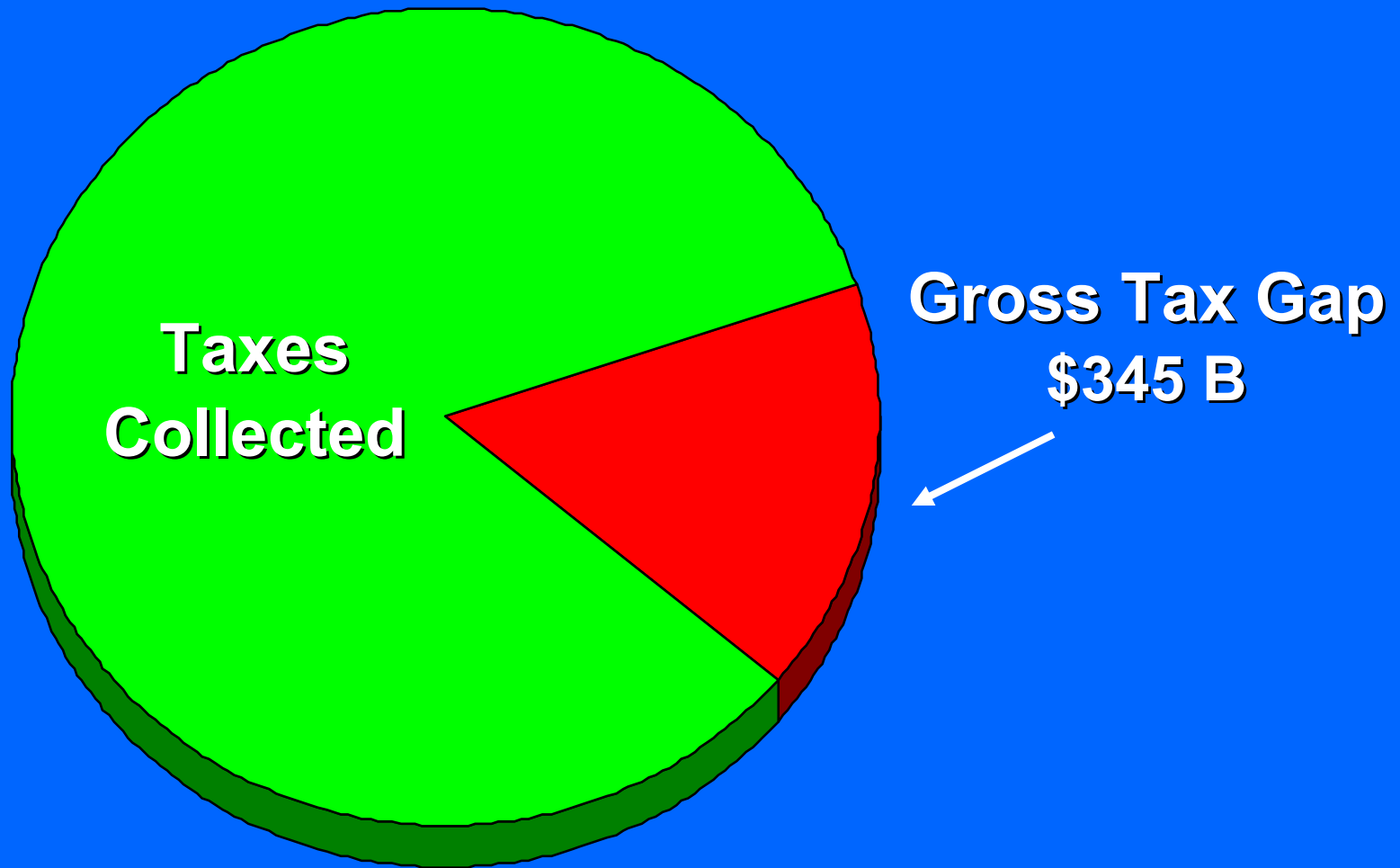
Real Revenues Lag Typical Recovery Even with Recent Revenue Gains

(Inflation-Adjusted Federal Revenues, Percent Change from Business-Cycle Peak)



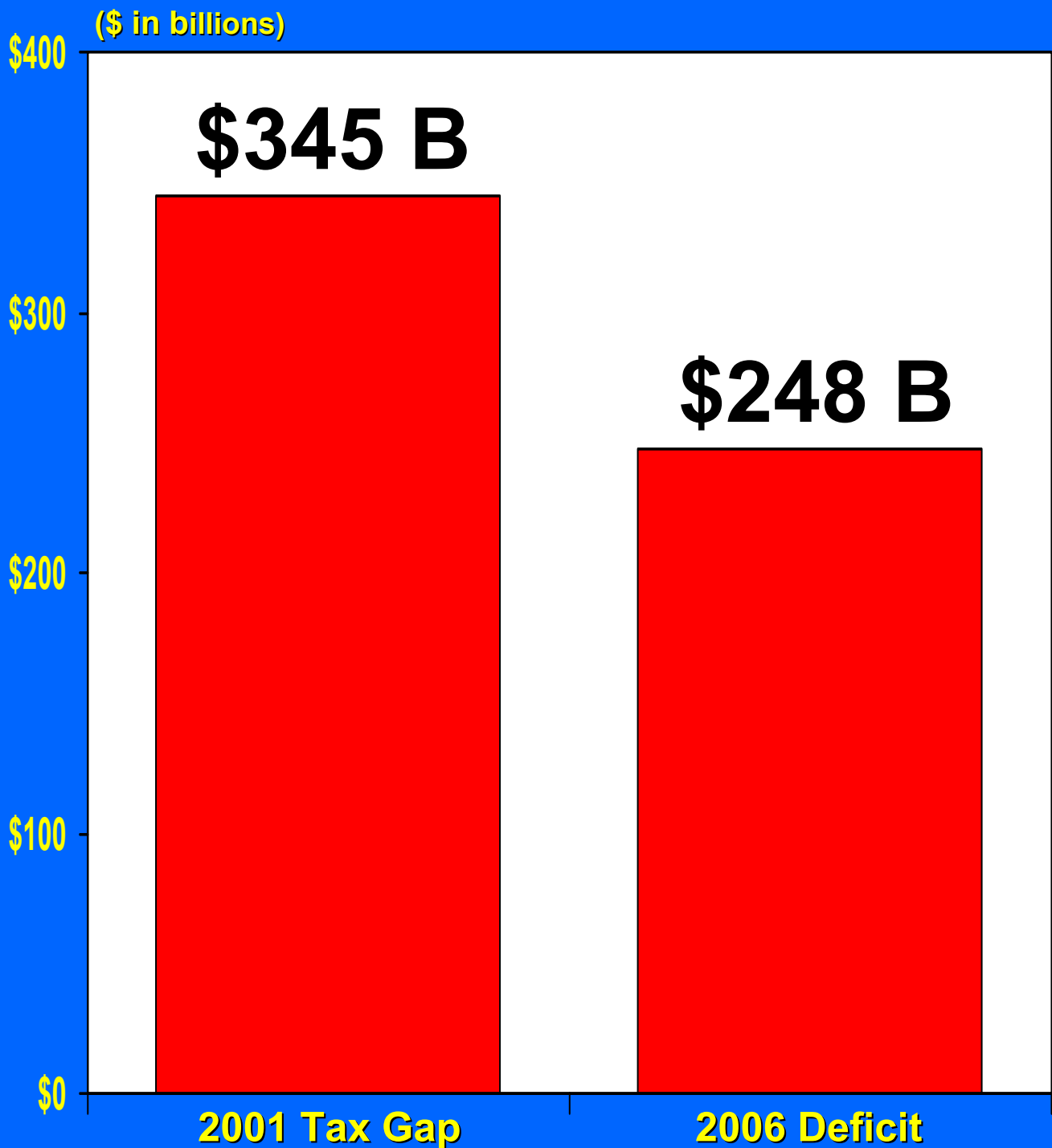
Source: CBO, OMB

IRS Estimates \$345 Billion Annual Tax Gap



Source: IRS estimate of 2001 tax gap, February, 2006

Size of Tax Gap Compared to Size of Deficit in 2006



Source: IRS, CBO

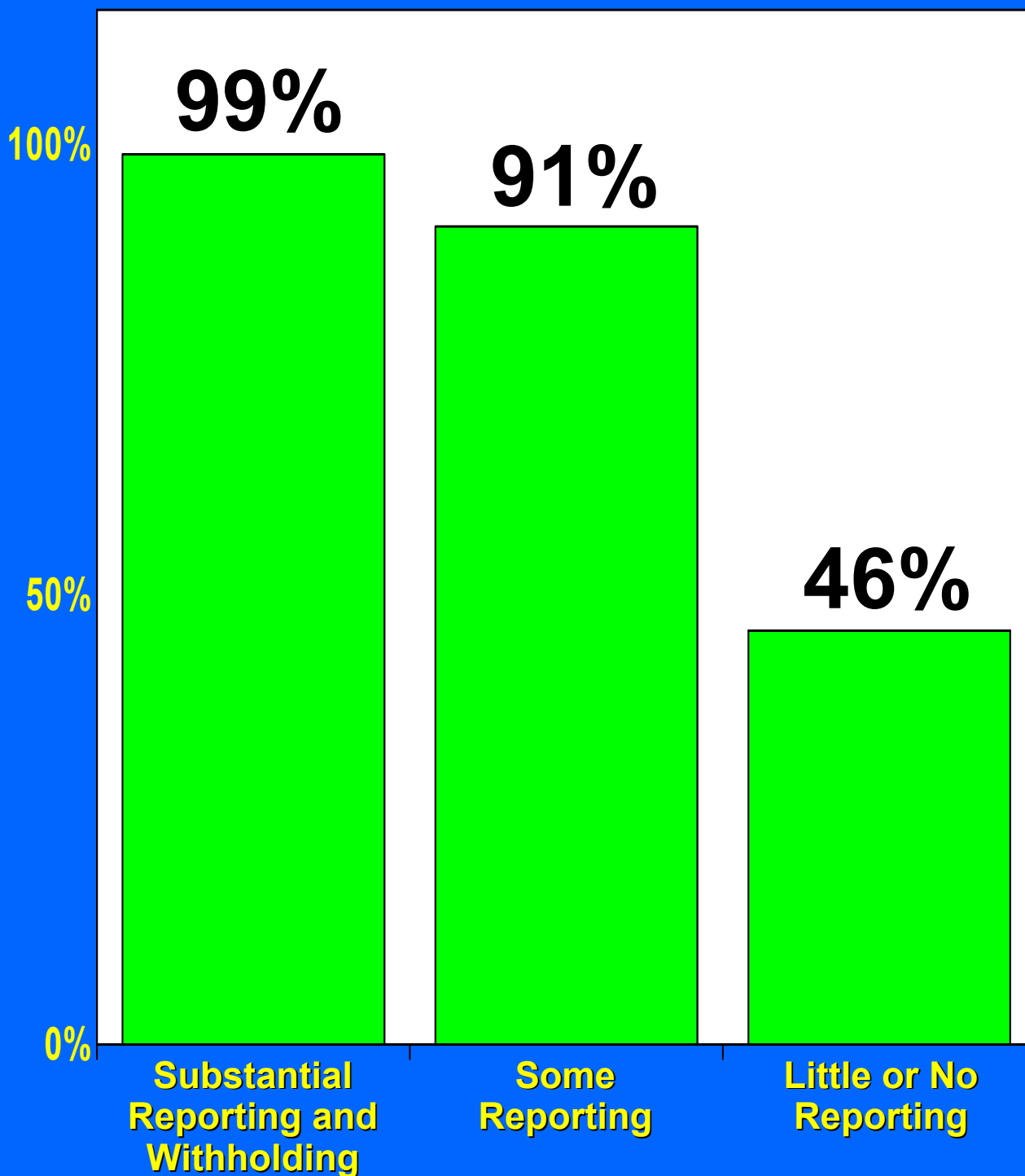
National Taxpayer Advocate Finds Tax Gap Adding More Than \$2,000 to Average Household Tax Bill

“Compliant taxpayers pay a great deal of money each year to subsidize noncompliance by others. ... [E]ach household was effectively assessed an average ‘surtax’ of about \$2,680 to subsidize noncompliance [in 2001]. That is not a burden we should expect our nation’s taxpayers to bear lightly.”

**–National Taxpayer Advocate Nina E. Olson
2006 Annual Report to Congress
January 9, 2007**

Taxpayer Compliance Improves Dramatically with Increased Reporting and Withholding

(percent of net income correctly reported)



Source: GAO, IRS

Five-Story Cayman Islands Building That 12,748 Companies Call Home

