



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Congressional Budget Office revenue projections
Da: Thursday, Aug. 17, 2006

Today the Congressional Budget Office released a report projecting that the revenue baseline for FY 2006 to FY 2010 will average 18.3 percent of the Gross Domestic Product, at the post-World War II historic average. That percentage is relatively unaffected by extending the alternative minimum tax ("AMT") patch. This means that with the 2001-2003 bipartisan tax relief plans in full effect, the revenue base has been sustained in terms of historic average. Sen. Chuck Grassley, chairman of the Committee on Finance, with jurisdiction over taxes, made the following comment on today's findings.

“It’s pretty obvious that the critics of tax relief will ignore this report because it refutes their point. The critics like to say tax relief guts the revenue base and causes rising deficits. But the report clearly doesn’t support that assertion. In fact, the report shows that positive revenue changes to the baseline in the FY 2006 and FY 2007 budgets far exceeded the revenue loss from the reconciled and non-reconciled tax relief approved in this Congress. Spending is the problem, not tax relief.”