



CONGRESSIONAL BUDGET OFFICE
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Director

October 12, 1999

Honorable John R. Kasich
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Thank you for your letter of October 12, which asked about the level of current tax collections and how it compares, as a percentage of GDP, with collections in previous years. Your letter also asked how much revenues have grown over the past five years and how much they are expected to grow during the next five and 10 years.

Our preliminary estimate of receipts for fiscal year 1999 (as reported in CBO's October *Monthly Budget Review*) is \$1,826.5 billion, or 20.6 percent of projected GDP for 1999. (Actual GDP for the final quarter of the fiscal year is not yet available.) Those receipts represent the highest percentage of GDP in four decades (see Table 1).

Over the past five years, revenues have increased by 45.1 percent, or 7.7 percent per year on average. Within that average, however, growth over the past five years has varied. Revenues grew by 6.1 percent in fiscal year 1999, down from the 8.1 percent average growth rate of the previous four years. In addition, the five-year figure begins with fiscal year 1994, a time when the economy had not fully recovered from the contraction of 1990 and 1991. CBO expects revenues to grow by 20.4 percent (3.8 percent per year) during the next five years and by 49.2 percent (4.1 percent per year) during the next decade. Those projections begin with economic activity high relative to its sustainable potential, leaving less room for economic growth. Nevertheless, as a percentage of GDP, revenues are expected to remain above 20 percent during the next decade.

Sincerely,

Dan L. Crippen

Enclosure

TABLE 1. HISTORICAL FEDERAL REVENUES (By fiscal year)

	Revenue Level (Billions of dollars)	Revenues as a Percentage of GDP
1960	92.5	17.8
1961	94.4	17.8
1962	99.7	17.6
1963	106.6	17.8
1964	112.6	17.6
1965	116.8	17.0
1966	130.8	17.3
1967	148.8	18.4
1968	153.0	17.6
1969	186.9	19.7
1970	192.8	19.1
1971	187.1	17.4
1972	207.3	17.6
1973	230.8	17.6
1974	263.2	18.3
1975	279.1	18.0
1976	298.1	17.2
1977	355.6	18.0
1978	399.6	18.0
1979	463.3	18.5
1980	517.1	19.0
1981	599.3	19.7
1982	617.8	19.2
1983	600.6	17.5
1984	666.5	17.4
1985	734.1	17.9
1986	769.2	17.6
1987	854.4	18.5
1988	909.3	18.3
1989	991.2	18.5
1990	1,032.0	18.2
1991	1,055.0	18.0
1992	1,091.3	17.7
1993	1,154.4	17.8
1994	1,258.6	18.4
1995	1,351.8	18.8
1996	1,453.1	19.3
1997	1,579.3	19.8
1998	1,721.8	20.5
1999 ^a	1,826.5	20.6

SOURCES: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis.

a. Revenues for 1999 are as projected by CBO in its October 1999 *Monthly Budget Review*. GDP for 1999 is as projected by CBO in its July 1, 1999, baseline.
