RECEIPTS

Federal cash receipts are estimated to rise sharply, especially from fiscal 1966 to 1967. Increases in receipts for fiscal 1966 reflect mainly growth in the economy, while collections in fiscal 1967 are expected to reflect changes in tax laws as well as growth.

Cash receipts in fiscal 1966 are expected to be $128.2 billion, up $8.5 billion from fiscal 1965. This increase (table III) reflects the excise tax cut in the summer of calendar 1965, restoration of excise taxes on automobiles and telephone service in the first half of calendar 1966, speedup of corporate and individual income taxes early in calendar 1966 and the social security tax increase that went into effect on January 1, 1966. The net effect of these and other minor tax changes is expected to be an increase of $.9 billion in receipts. The bulk of the remaining $7.6 billion increase in receipts can be explained by growth in the economy.

TABLE III.—*Changes in Federal receipts*

[In billions of dollars]

	Fiscal 1965 to fiscal 1966	Fiscal 1966 to fiscal 1967
Changes due to changes in tax law:		
Excise tax reduction	−1.8	−1.2
Reimposed excise taxes	+.1	+1.2
Individual income tax speedup	+.1	+.4
Corporate income tax speedup	+1.0	+3.2
Social security tax increase	+1.6	+5.2
Social security tax speedup (self-employed)	+.1	+.1
Other tax changes	−.2	
Total	+.9	+8.9
Changes due to growth in economy and other factors [1]	+7.6	+8.4
Total change in receipts	+8.5	+17.3

[1] Includes receipts from estate and gift taxes, customs, other miscellaneous sources (e.g., sales of Government property), trust fund receipts from sources other than social security and excise taxes, and adjustments for intragovernmental transactions.

Source: Estimated by Federal Reserve Bank of St. Louis from the *Budget of the United States Government for the Fiscal Year ending June 30, 1967.*

The tax program designed for fiscal 1967 is somewhat different from that for fiscal 1966. Receipts are expected to rise by $17.3 billion. Changes in tax legislation, primarily a speed-up of corporate tax collections and an increase in social security tax rates scheduled for January 1, 1967, are expected to provide over half of the increase. The restoration of auto and telephone excise taxes has the effect of offsetting the decline in collections that would have been experienced in the absence of legislation. Continued growth in the economy is expected to provide the bulk of the remaining $8.4 billion increase.

SUMMARY

Federal budget expenditures and receipts are both estimated to rise sharply in the 18-month period ending June 30, 1967. The cash budget deficit is expected to increase in fiscal 1966 but turn toward surplus in fiscal 1967. The basis for such a projection lies in an estimate of expected increases in receipts, mainly from increased social security tax collections and growth in the economy. In addition, certain "one-shot" proposals—tax speedup and sales of financial