Secretary FOWLER. We applied a 19-percent marginal rate. I will come to that in a moment.

The CHAIRMAN. And 19 against the $627 billion or $625 billion?

Secretary FOWLER. This is the revision of that marginal rate, Mr. Chairman, that provides the substantial reduction in the revenue estimates on individual income.

The CHAIRMAN. So it is now 15½ percent you think?

Secretary FOWLER. That is right.

The CHAIRMAN. Fifteen and a half in place of 19. That makes a difference then in your revenue estimates of what amount?

Secretary FOWLER. The factor for reduced yield is $3 billion and because of the lower personal income with the new marginal rate we add $300 million to the figure.

The CHAIRMAN. So it is $3.3 billion then that we would take off of the $73.2 billion.

Secretary FOWLER. That is right. Now, then, you have two more factors. The delay in the enactment of the 6-percent surcharge on individuals from July 1, 1967, to October 1 reduces receipts by another $1 billion. However, as a fourth figure the increase in the surcharge from 6 percent effective October 1, 1967, to a 10 percent effective on that date would increase receipts by $1.6 billion.

The CHAIRMAN. You then add back to the subtotal that $1.6 billion?

Secretary FOWLER. Right, and the total reduction in fiscal 1968 receipts in this individual income account is $2.7 billion, which subtracted from the $73.2 billion figure in the January budget gives you the $70.5 billion in the new estimate.

The CHAIRMAN. Let's look to the area from which we get our next largest return.

Secretary FOWLER. The corporate side.

The CHAIRMAN. Corporate income.

Secretary FOWLER. The January estimate in the budget was revenue from corporate income tax of $33.9 billion.

The CHAIRMAN. Let's start out, if you will, on what prediction was of corporate profits in calendar 1967 from which we were to get revenue?

Secretary FOWLER. $83 billion.

The CHAIRMAN. $83 billion.

Secretary FOWLER. Yes, sir.

The CHAIRMAN. With a return of $33.9 billion in revenue.

Secretary FOWLER. That is correct.

The CHAIRMAN. All right.

Secretary FOWLER. Now certain revisions have been made. First, a restoration of the investment credit before January 1, 1968, reduces receipts by $800 million. Second, there has been a decline in corporate profits from the estimated levels in the January budget.

The CHAIRMAN. What are those figures now, Mr. Secretary?

Secretary FOWLER. We are now using, as indicated in the attachment to my statement, an estimate of $80 billion.

The CHAIRMAN. $80 billion.

Secretary FOWLER. Yes, sir.

The CHAIRMAN. You think that is a pretty good estimate?

Secretary FOWLER. Yes, sir.

The CHAIRMAN. I have been using a little lower figure.