Table 4. Natural Resources

Tax expenditures (in millions of dollars)	1968
Expensing of exploration and development costs	300 1/
Excess of percentage over cost depletion	1,300 1/
Capital gains treatment of royalties on coal and iron ore	5
Total	1,605

Budget outlays plus tax expenditures (in billions of dollars)

	1968	1969	1970
Budget outlays:			
Expenditures	1.7	1.9	1.9
Net lending	*	*	*
Total	1.7	1.9	1.9
Tax expenditures	1.6	1.7	1.7
Total budget outlays plus tax expenditures	3.3	3.6	3.6
Tax expenditures as percent of budget outlays	94%	90%	90%

1/ In the absence of the expensing of exploration and development costs and percentage depletion, the first year revenue effect would be $750 million and $1.5 billion, respectively. The difference from the estimates shown which are based on long-run effect is due to the fact that taxpayers with mineral properties would initially have little or no tax basis because of deductions in prior years.

*Less than $50 million.