

Receipts.—About \$11.9 billion of the estimated \$198.7 billion receipts in 1970 depends upon the passage of legislation. Of this—

- \$9.0 billion would come from extension of the 10-percent tax surcharge;
- \$500 million from extension of current excise tax rates;
- \$300 million from a shift to quarterly collections of unemployment taxes;
- \$1.7 billion from higher social security taxes; and
- \$0.4 billion in proposed user charges—airways, highways, and so forth.

Our administration's current position is to support the proposed extension of the surcharge and the excise taxes. The remaining proposed legislation, which would produce \$2.4 billion, is currently being reviewed. The proposed social security and user charges legislation would also increase outlays by \$1.7 billion, and those were not in the figures we were talking about before. Thus, \$700 million of the estimated 1970 surplus of \$3.4 billion is contingent on the passage of legislation affecting receipts from other than the surcharge and excises.

We call attention to the fact that these receipts are contingent on new legislation merely to emphasize the uncertainties associated with the 1970 receipts estimates. We do not mean to imply opposition to these proposals. The administration will develop its position on the proposed legislation during the course of its review of all the legislative proposals in the 1970 budget.

Your committee is well aware that budget receipts and expenditures are heavily dependent on the behavior of the economy. If the rate of economic expansion is slower than was forecast when the budget was submitted, receipts in fiscal 1970 would almost certainly be lower than was estimated at that time. The effects on expenditures would be mixed, but the net result is quite likely to be higher. On balance, there would almost certainly be a reduction in the surplus for fiscal 1970. Moreover, even aside from the problem of forecasting economic activity, as I have said before, there is always some uncertainty in the estimates of receipts.

We are just beginning our task of reviewing the financial condition of the world's biggest enterprise. It is an awesome task, combining challenges of organization, management, planning, and fiscal responsibility which are without parallel. We shall do our best, and we know you will help us in every way you can. That goes in both directions.

Senator PROXMIRE (presiding). Thank you very much, Mr. Mayo.

You say that if the tax surcharge is not extended by early April there will be a postponement of about \$500 million in receipts from fiscal 1969 to fiscal 1970. Now, do I take it from that that the administration may urge the enactment of the surtax shortly? After all, if we are going to act by April, it is going to take a position on the part of the administration within the next week or two, I would think.

Mr. MAYO. Well, two points on that. First of all, I am describing in that context the budget of the outgoing administration, which assumed that the surtax extension would occur before April 15. Some revenue will be lost to fiscal year 1969 if extension does not occur before April 15; an additional amount will be lost to fiscal 1969 unless the surcharge is extended before June 15. To realize the one-half billion claimed in the budget as revenue for fiscal year 1969, you would