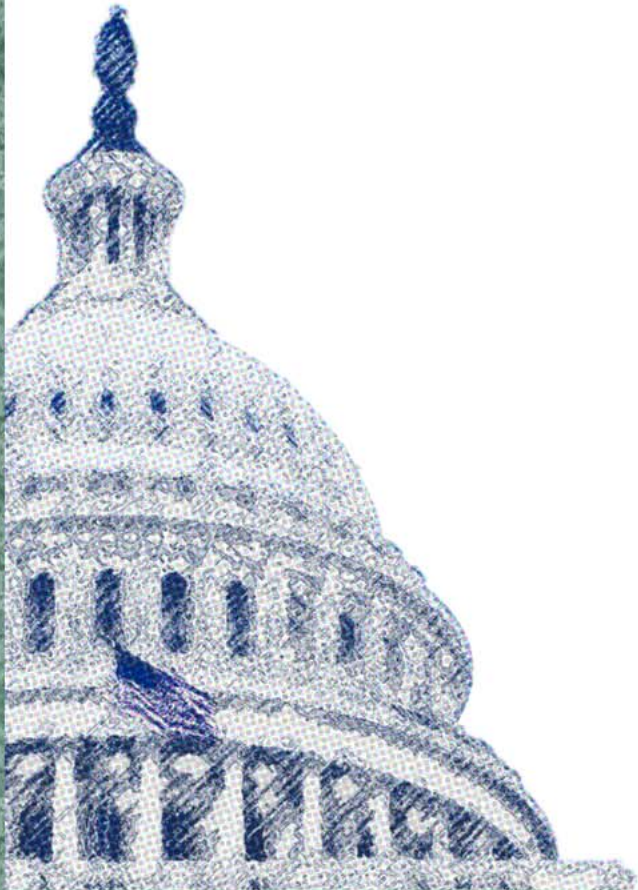


109th Congress
2nd Session



Senate Budget Committee Autumn Recess Packet



September 27, 2006

Prepared by the

U. S. Senate Budget Committee

Republican Staff

<http://budget.senate.gov/republican>

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United States Senate

COMMITTEE ON THE BUDGET

WASHINGTON, DC 20510-6100

SCOTT B. GODES, MAJORITY STAFF DIRECTOR
MARY ANN NAYLOR, STAFF DIRECTOR

<http://budget.senate.gov>

September 27, 2006

Dear Republican Colleague:

With less than five weeks until Election Day, I want to share some helpful information about the positive impact that Republican pro-growth tax policies have had on the economy.

The attached charts clearly show that the tax cuts have worked to strengthen and expand our economy. Tax revenues are 12 percent higher than a year ago; 5.7 million new jobs have been created since 2003; and the economy has grown an average of 3.7 percent annually since 2003.

The charts also prove that liberal rhetoric about tax policy is misleading and inaccurate. Contrary to what our colleagues across the aisle claim, the highest-income Americans continue to shoulder the greatest share of the tax burden, while the lowest-income people pay virtually no taxes. In fact, under the Bush Administration, high-income people are paying more in income taxes now than they were under President Clinton. Low-income people are paying less now than under President Clinton, and in many cases, are actually receiving payments through the tax system.

If you have any questions regarding the information in this packet, please contact my communications staff at 202-224-6011.

Sincerely,



Judd Gregg
Chairman

Republican Tax Policies Have Produced 18 Consecutive Quarters of Economic Growth

Tax cuts enacted by President Bush and a Republican Congress have strengthened the economy:

- The economy has expanded for 18 consecutive quarters, growing an average of 3.7 percent annually since 2003.

Facts on Jobs and Quality of Life:

- 5.7 million new jobs have been created since 2003, in 36 straight months of gains.
- Higher paying jobs drove much of the 2001-2005 job growth.
- Both worker compensation and real compensation per hour are higher now than at the same point in the Clinton Presidency
- Household net worth is at a record high
- Homeownership is near record levels
- Energy prices are dropping.

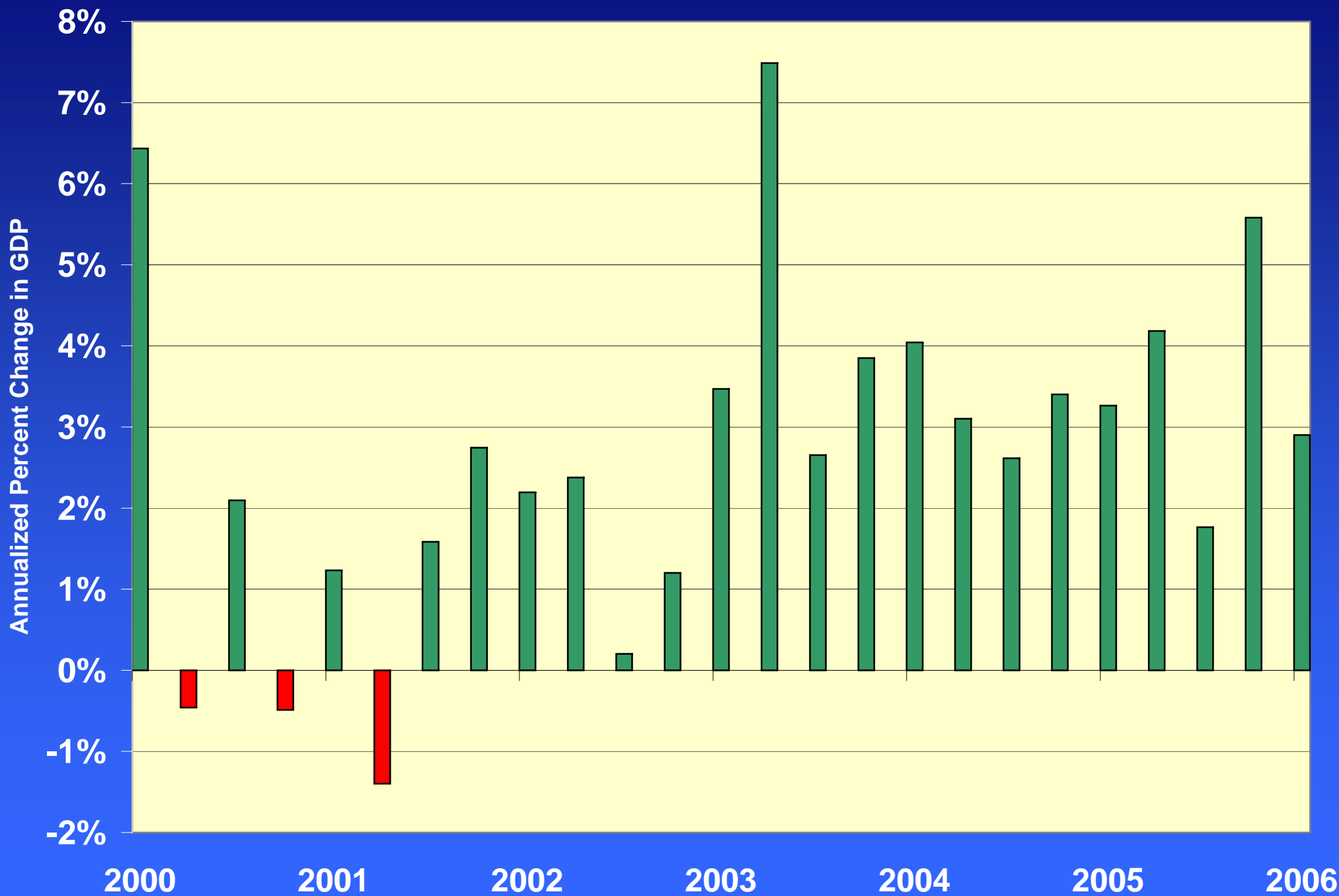
Facts on Tax Revenues:

- Year-to-date tax revenues are nearly 12 percent higher than they were a year ago.
- Revenues are rising back to historic average of GDP.
- Nearly 20 percent more revenue is collected now than was collected in 2000.
- Corporate tax revenue has nearly tripled since 2003.
- In the three years following the 2003 tax cuts, total tax receipts and individual income tax receipts increased at a faster compound annual rate than when taxes were raised in 1993.

Facts on Tax Payments:

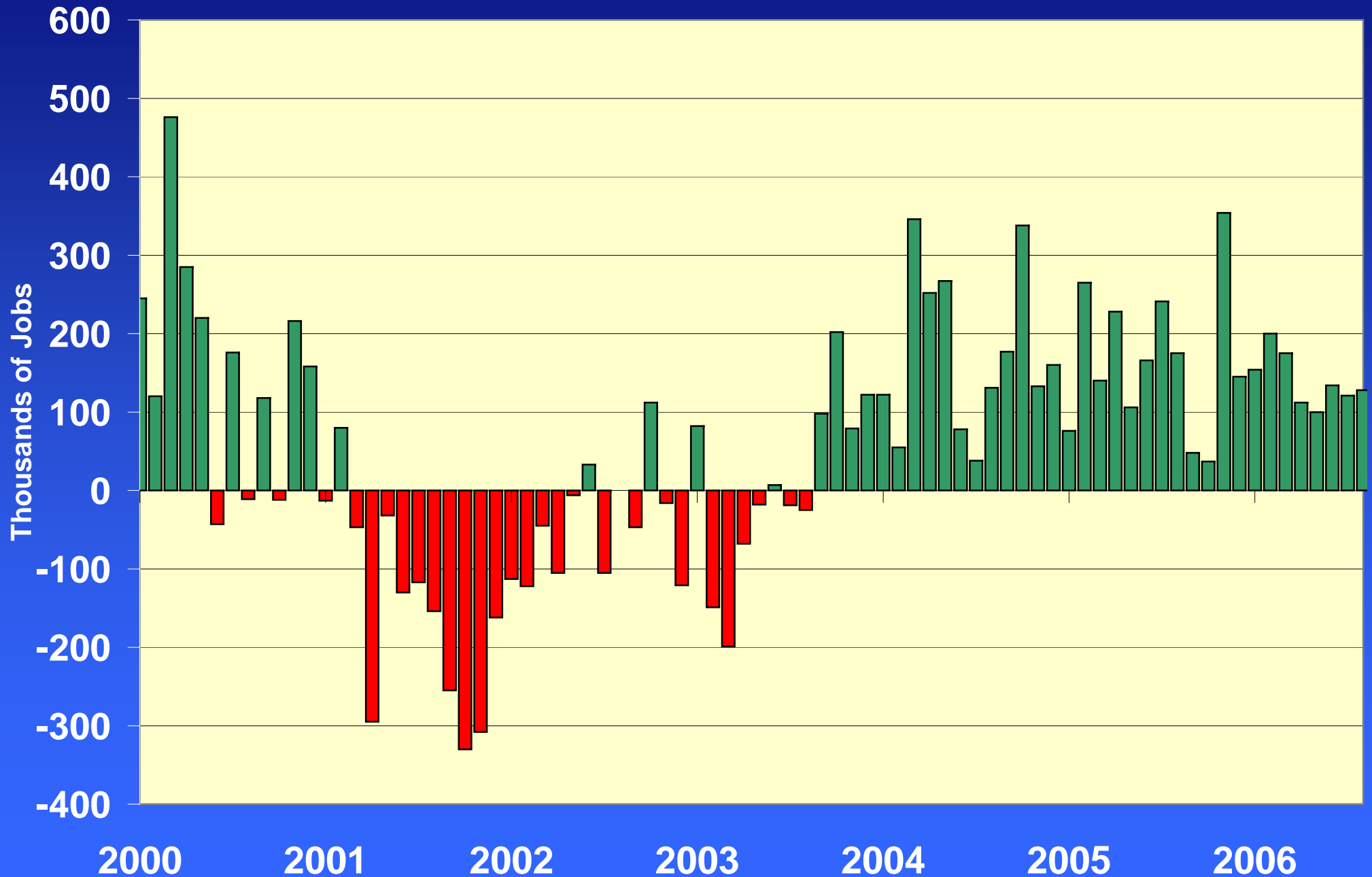
- Highest-income Americans continues to shoulder the greatest share of the tax burden: 84.9 percent of all individual income tax is paid by Americans earning an average of \$184,500/year. 14.6 percent is paid by those earning an average of \$77,300/year. 4.6 percent is paid by those earning an average of \$51,900/year.
- Low-income Americans pay virtually no income taxes, and in many cases actually receive payments through the tax system.
- High-income earners pay more income tax under President Bush than they did under President Clinton, while low-income earners pay less under President Bush than they did under President Clinton.
- Americans must work an average of 77 days per year to pay their federal taxes – more than the average number of days they work to pay for housing and household expenses (62 days) or health and medical care (52 days). They must work an average of 39 days per year to pay their state and local taxes – more than the average number of days they work to pay for food (30 days).
- Total taxes are a growing burden on American families and businesses.

18 Consecutive Quarters of Economic Growth



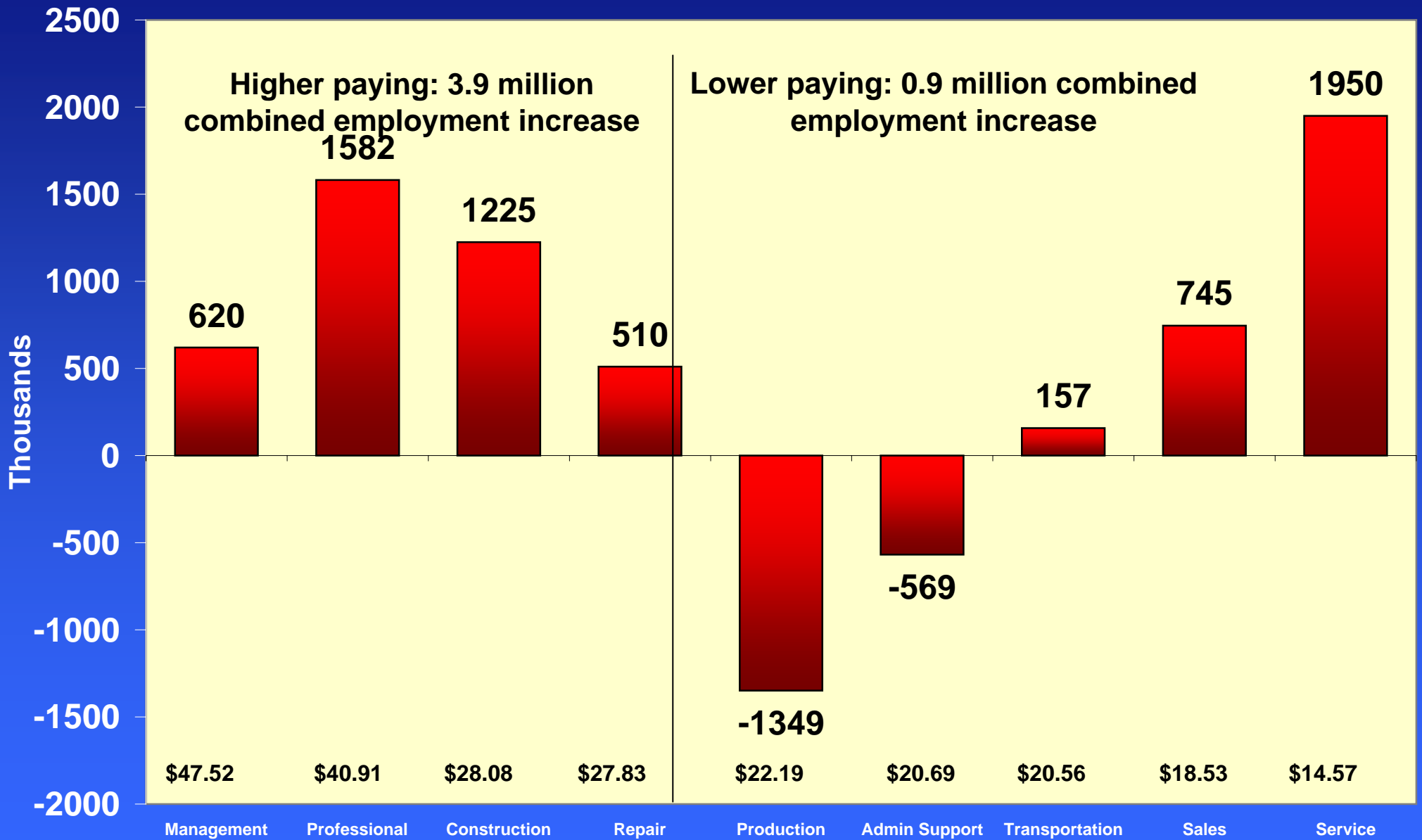
Source: BEA

More Than 5.7 Million Jobs Created in Last 36 Months

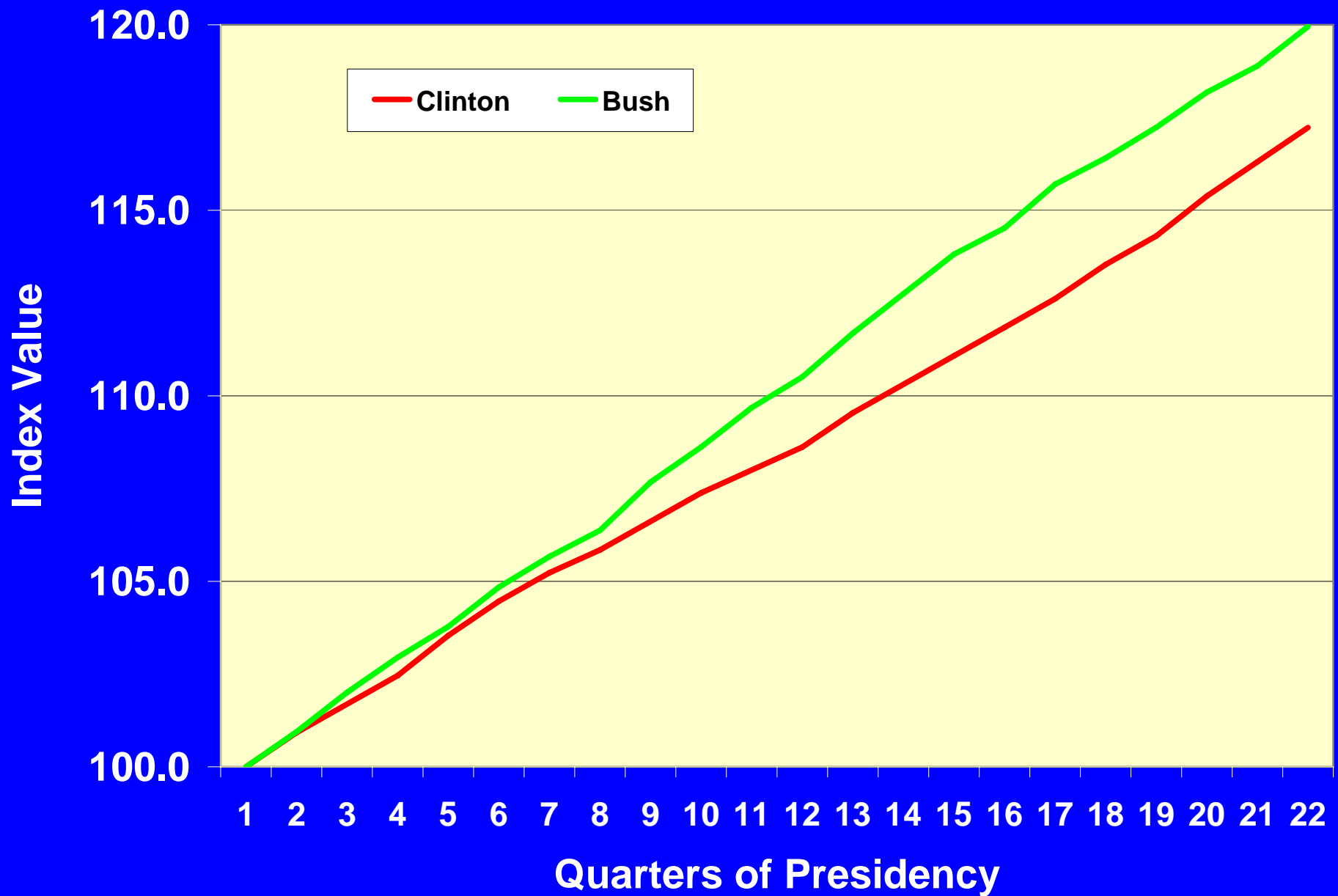


Source: BLS

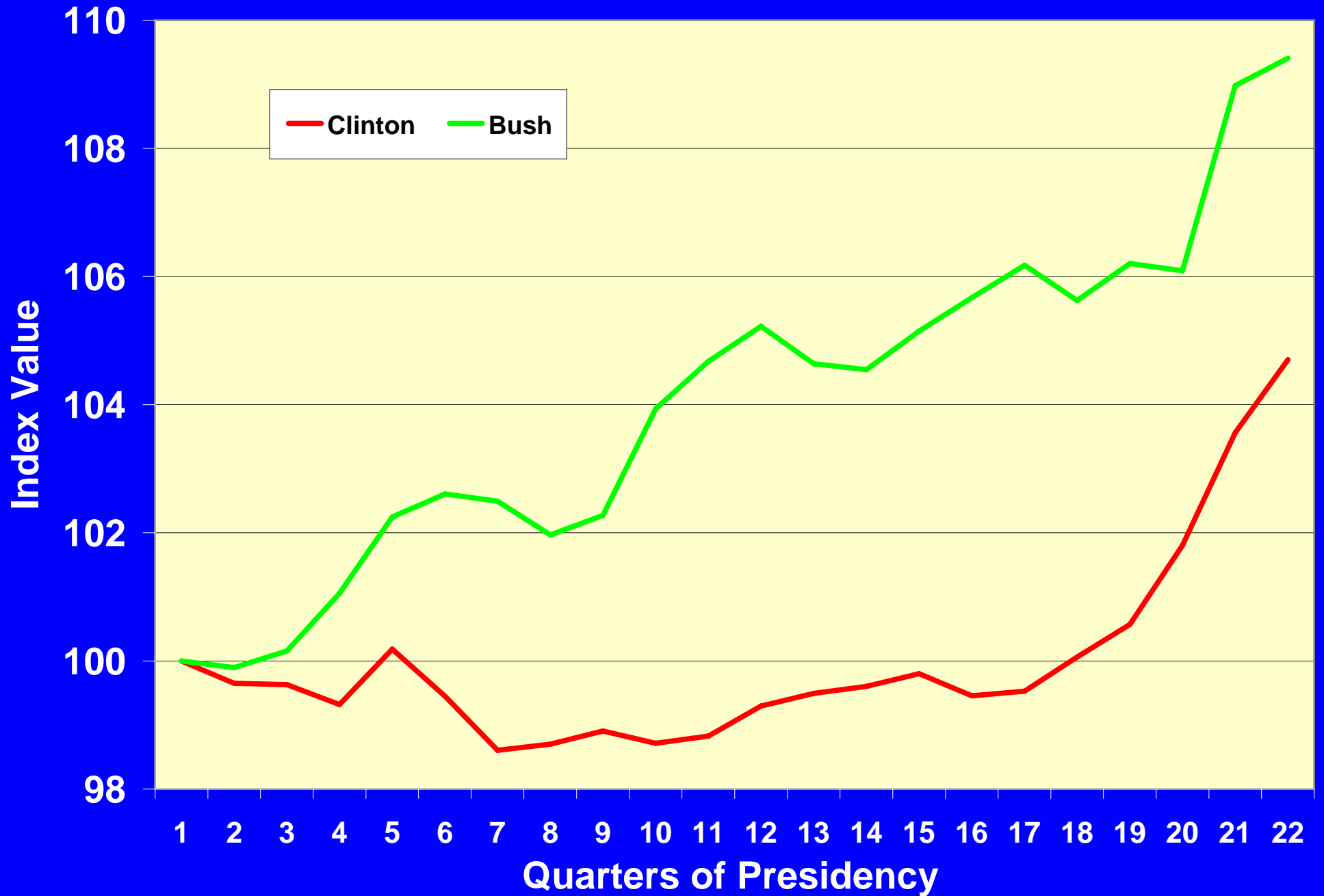
Higher Paying Jobs Drove Much of 2001-2005 Employment Growth



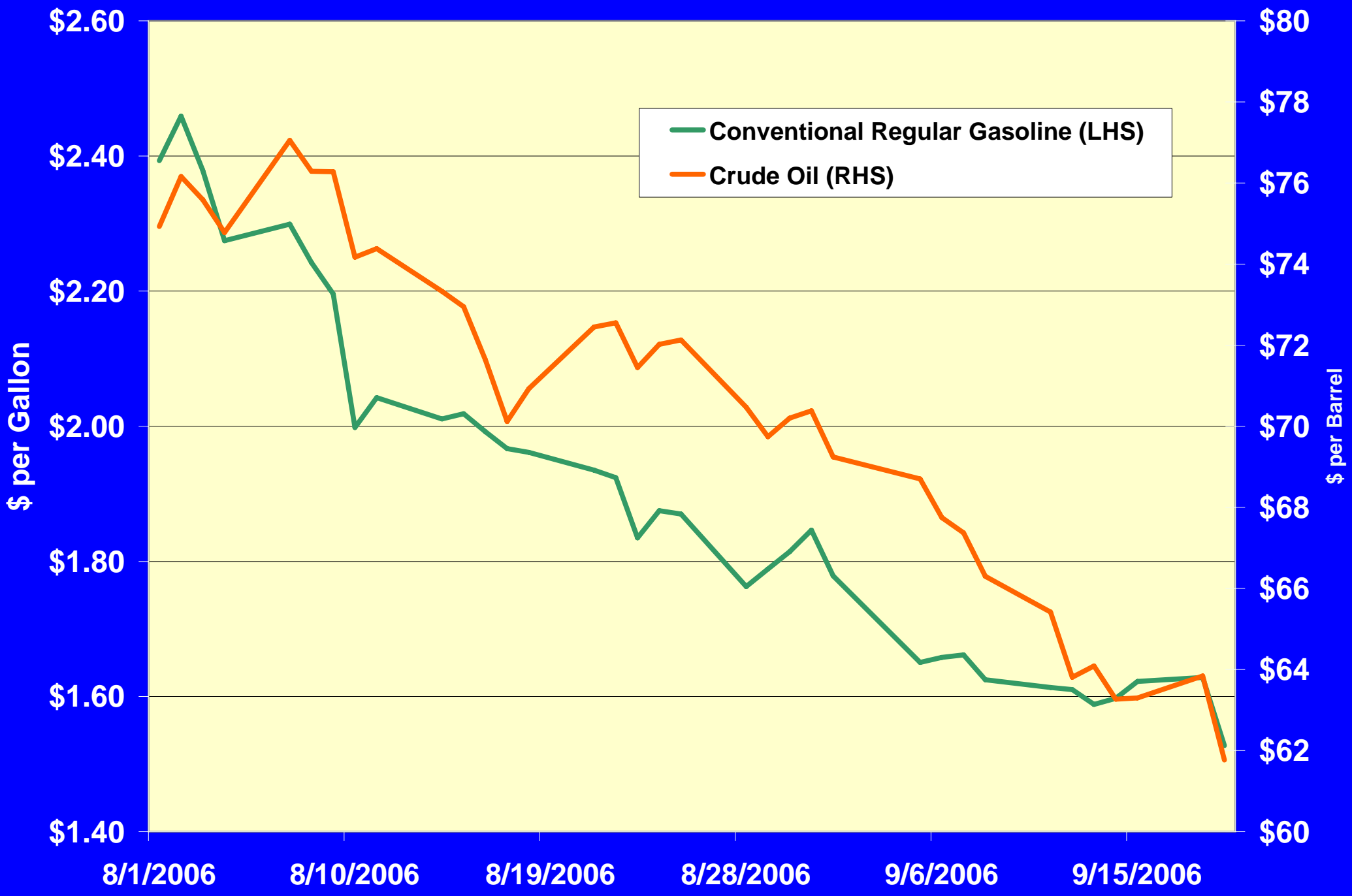
Worker Compensation Higher Now Than At Same Point Under President Clinton



Real Compensation Per Hour Higher Now than Under President Clinton

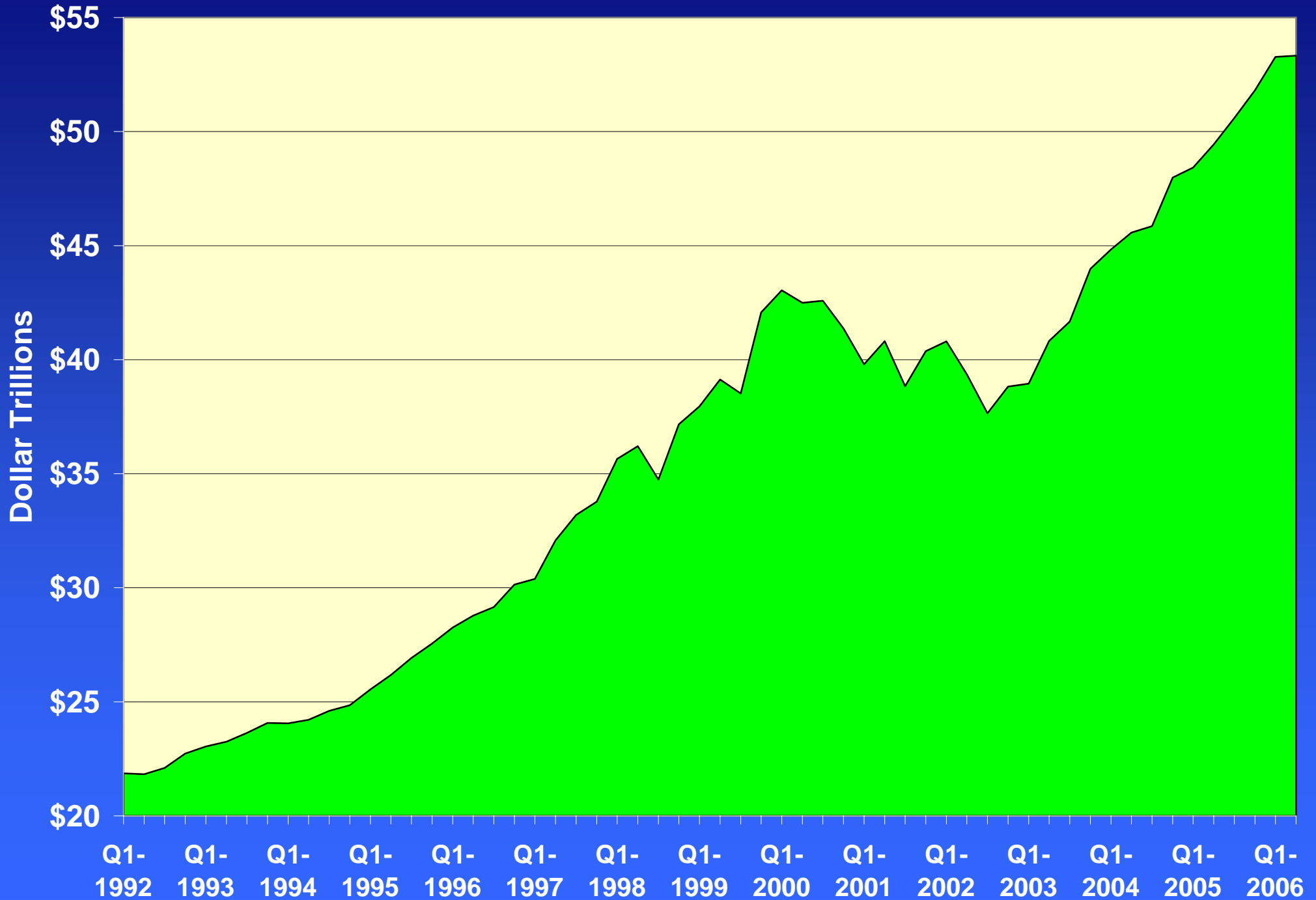


Energy Prices Drop



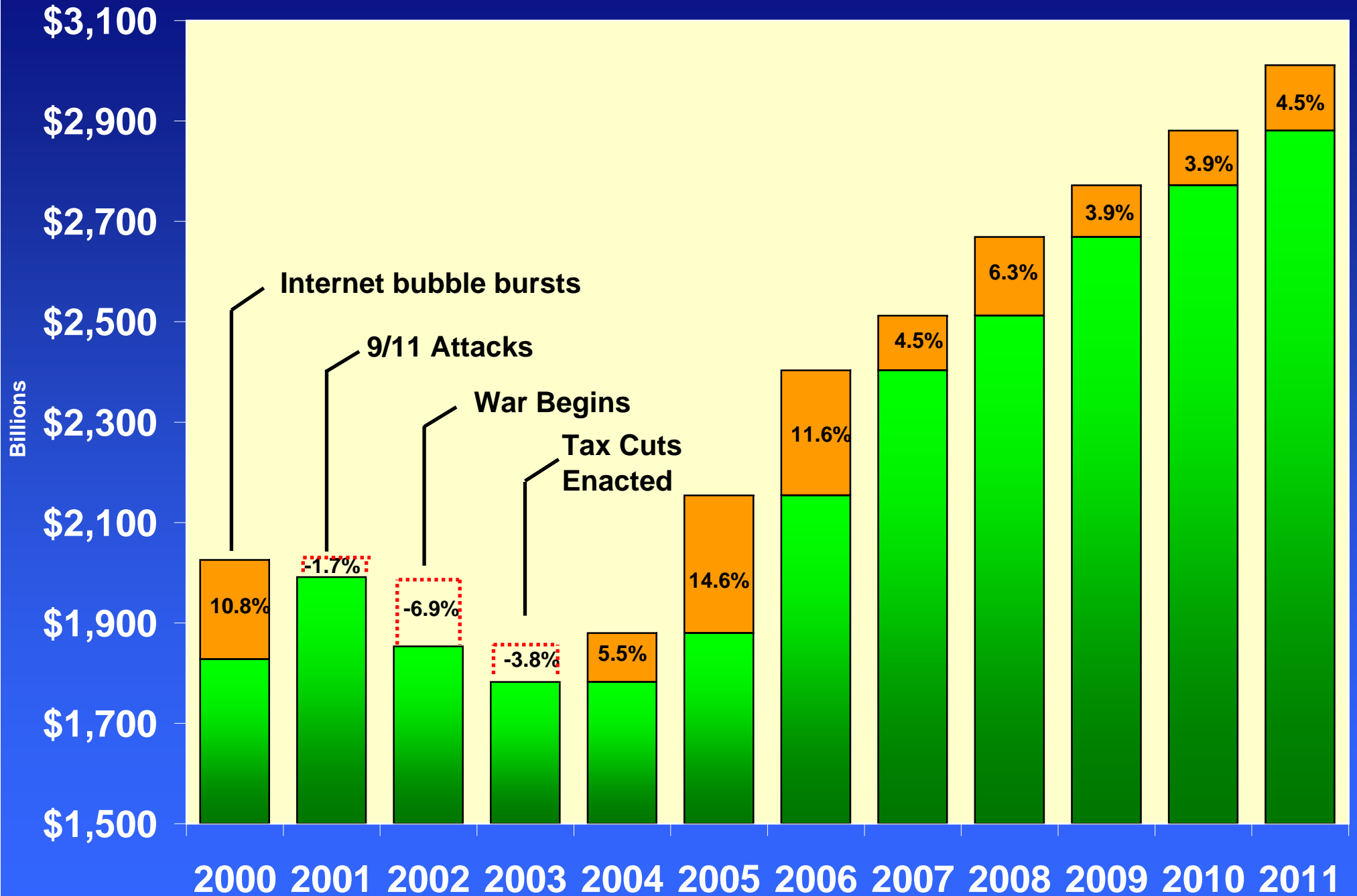
Source: EIA

Household Net Worth At A Record High



Source: Federal Reserve Board

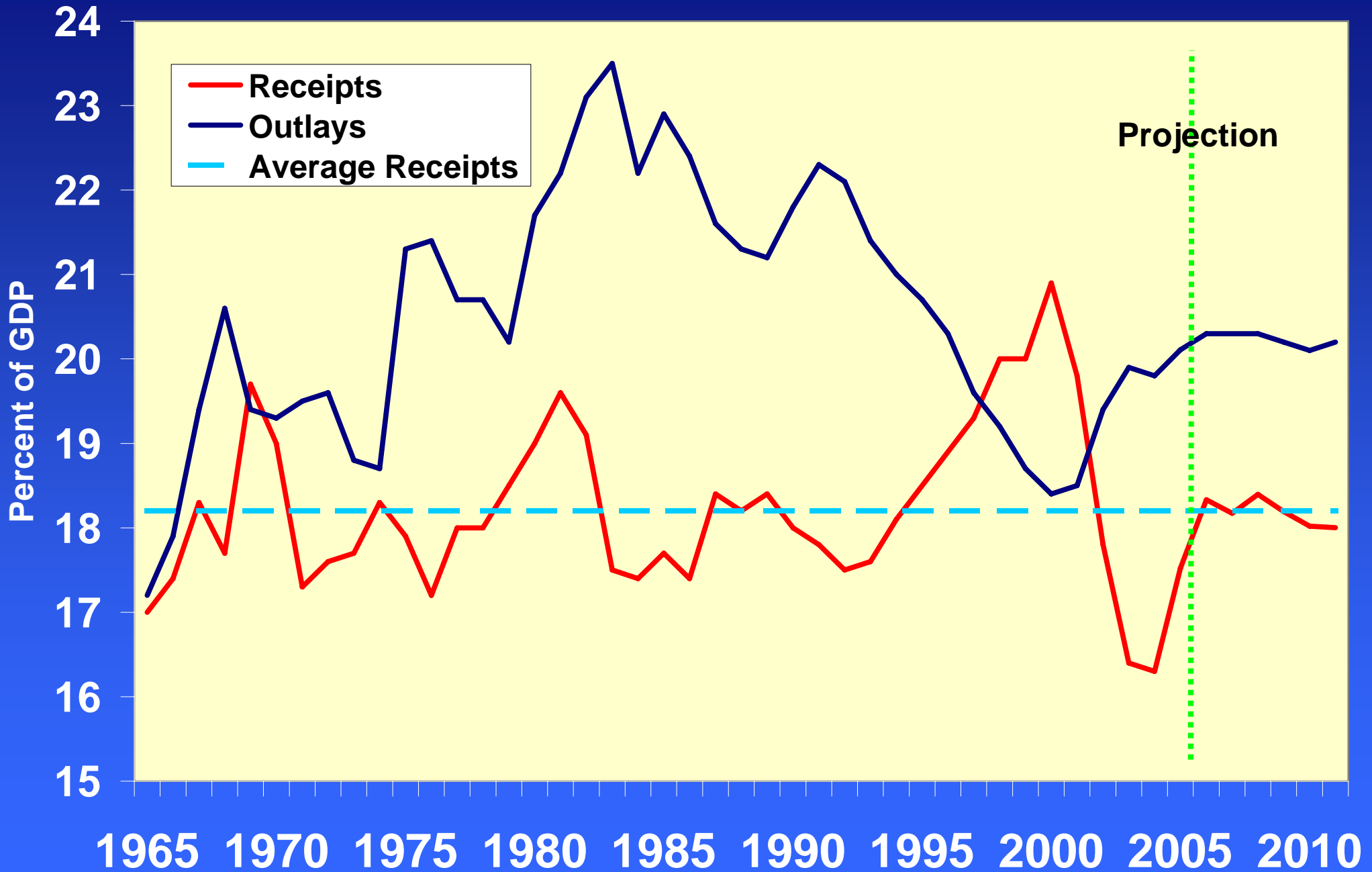
Economic Growth Propels Revenues



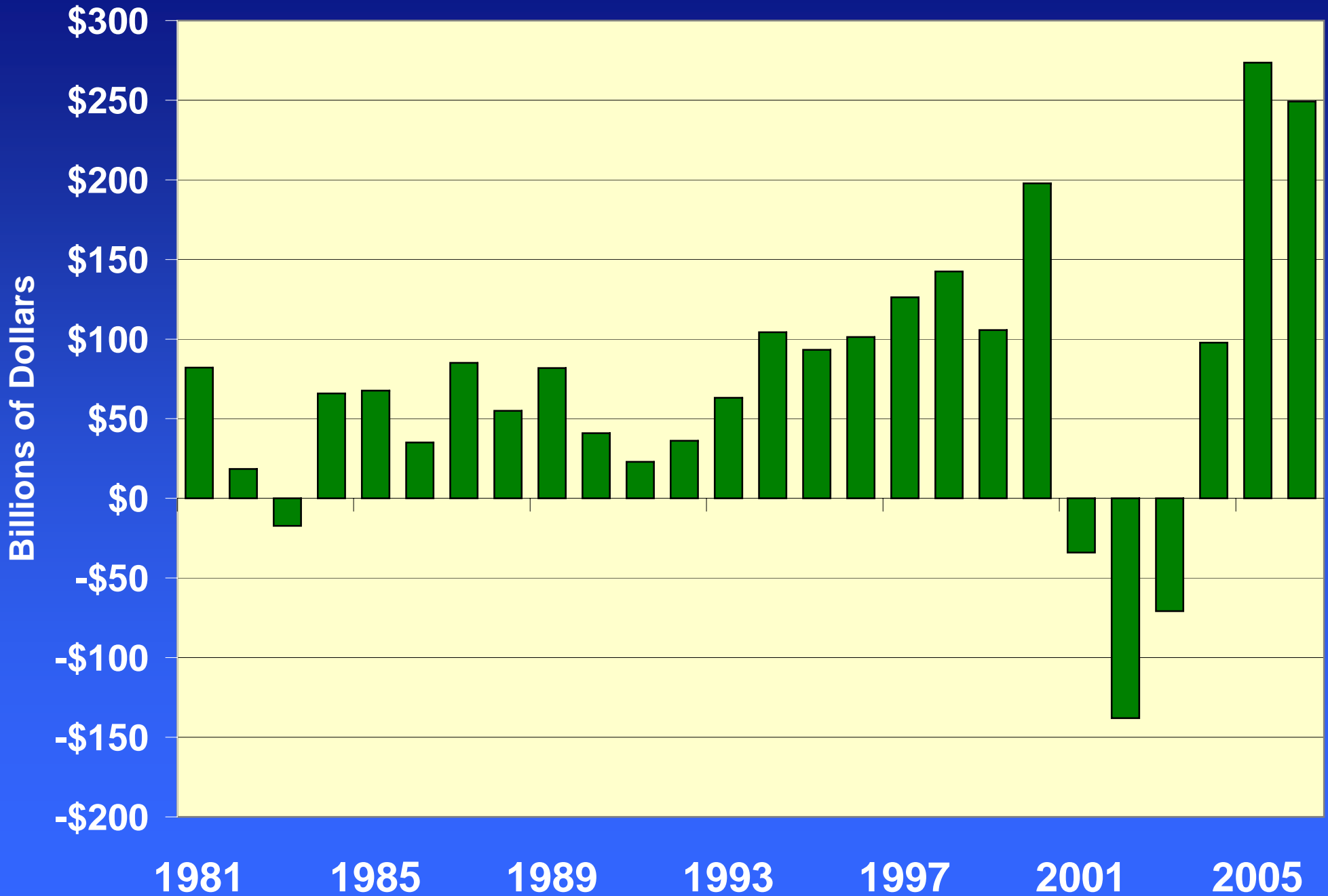
Source: Budget Committee Analysis of CBO Data

Revenues Rising back to Historic Average

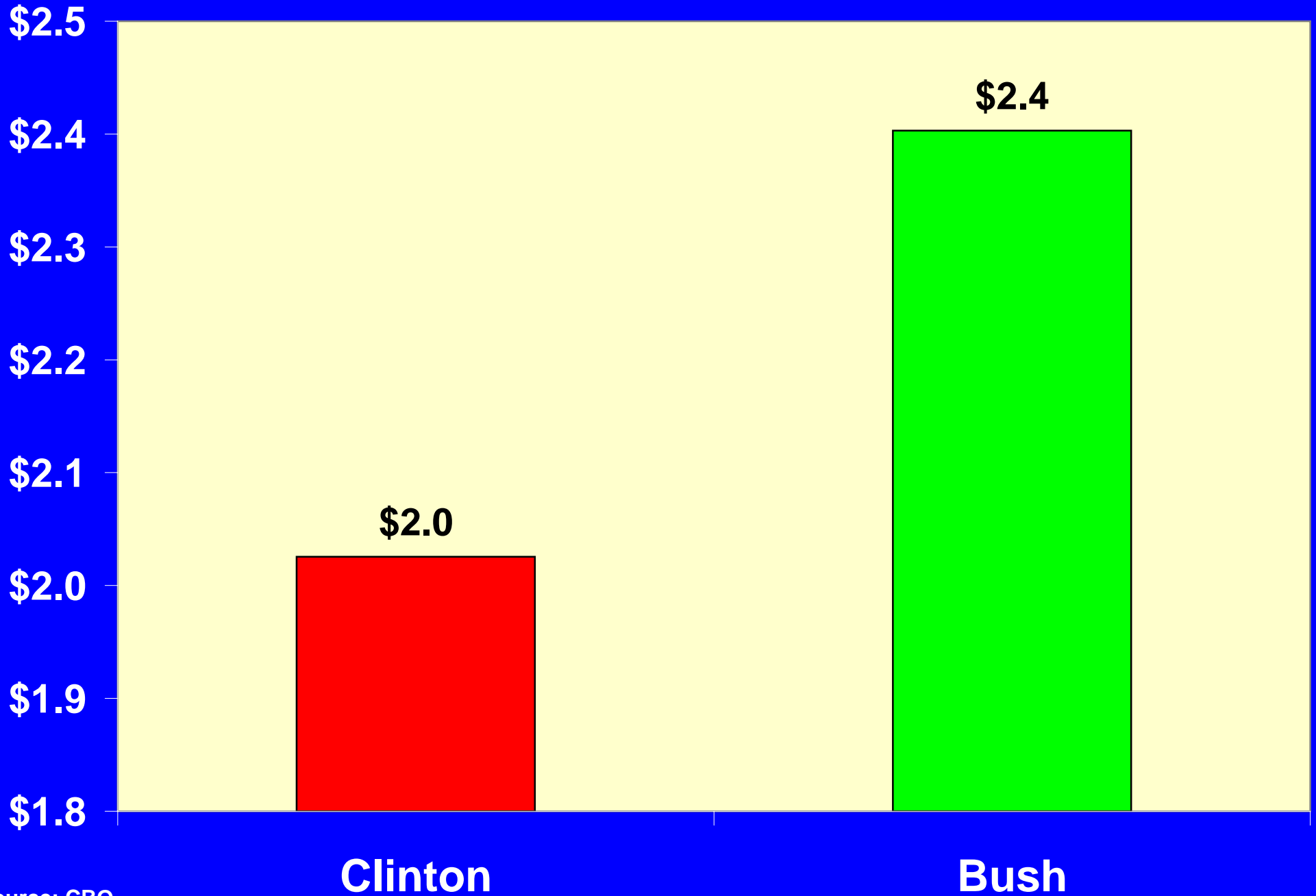
(Still below spending levels)



Two Consecutive Record Revenue Increases

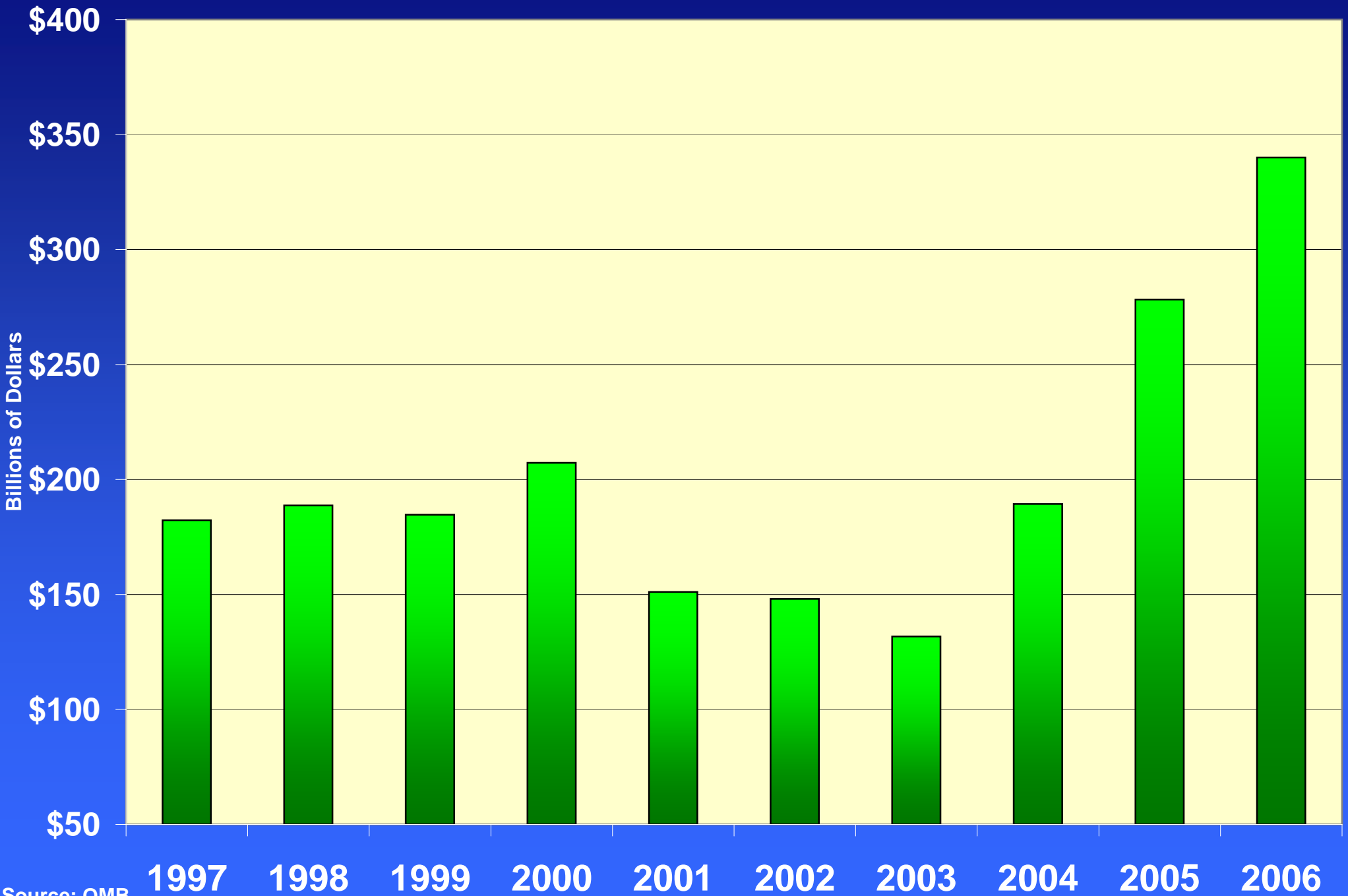


Nearly 20% More Revenue Collected Now Than in 2000



Source: CBO

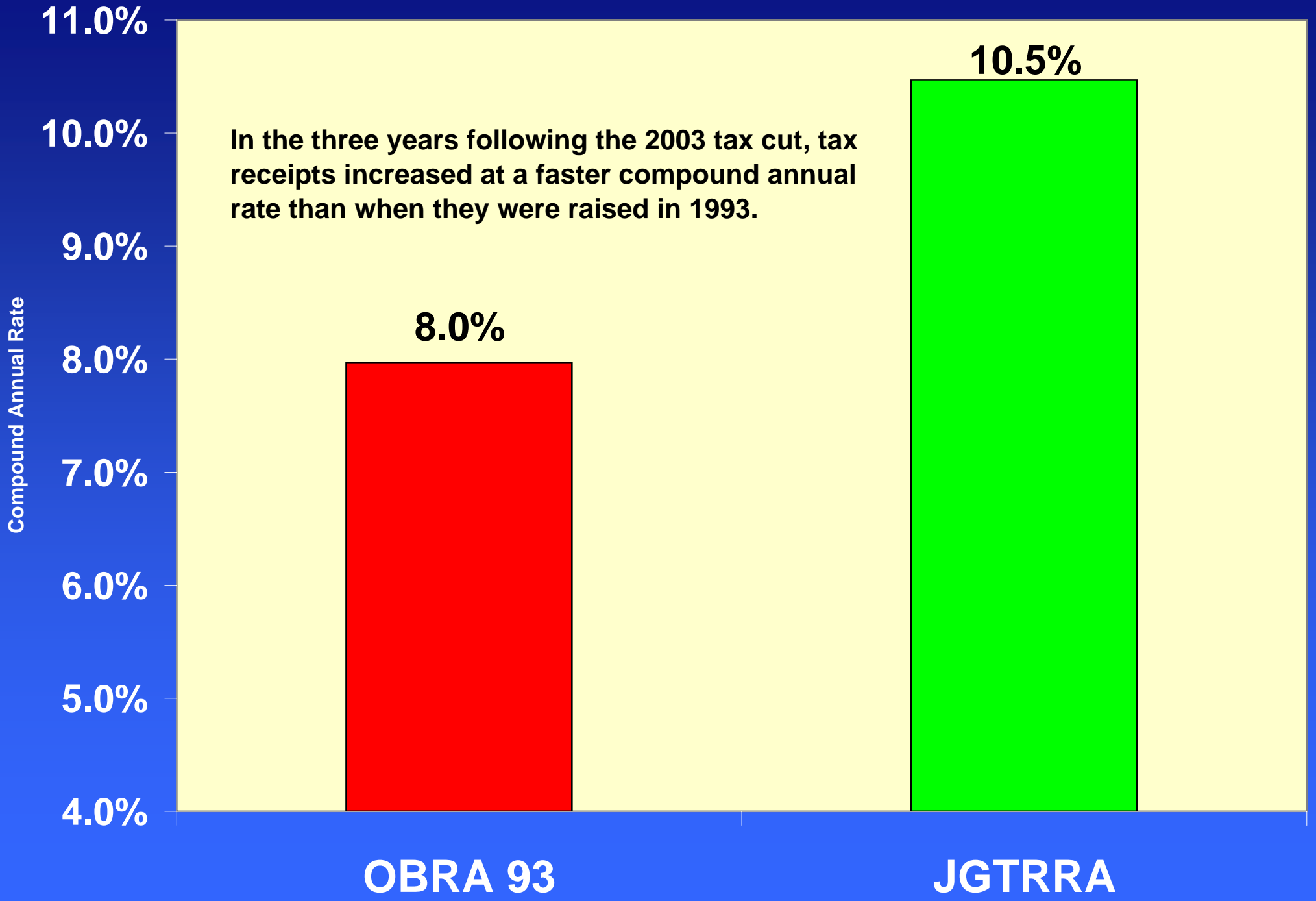
Corporate Tax Revenue Has Tripled



Source: OMB

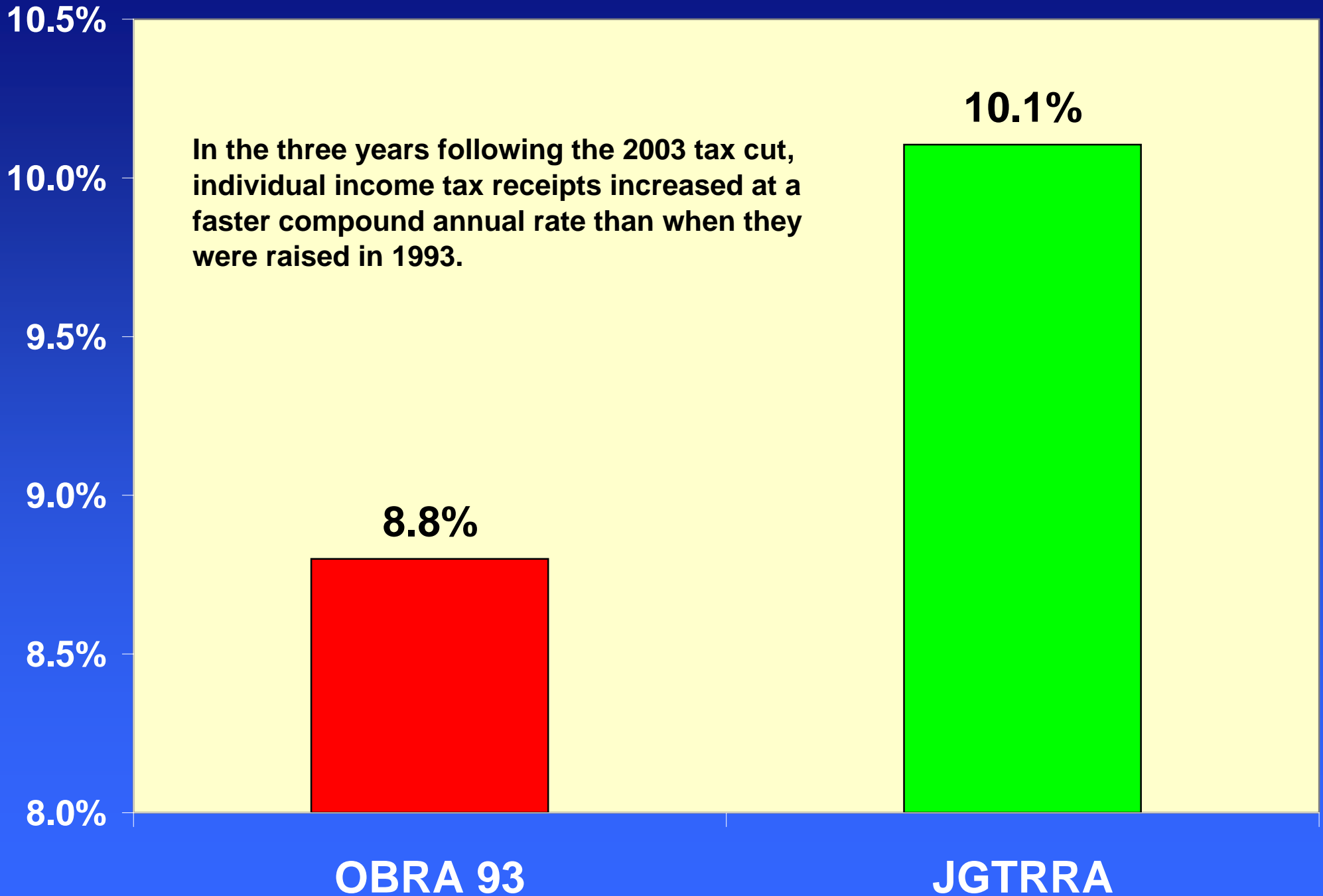
Note: data for fiscal year to date

A Tale of Two Tax Bills

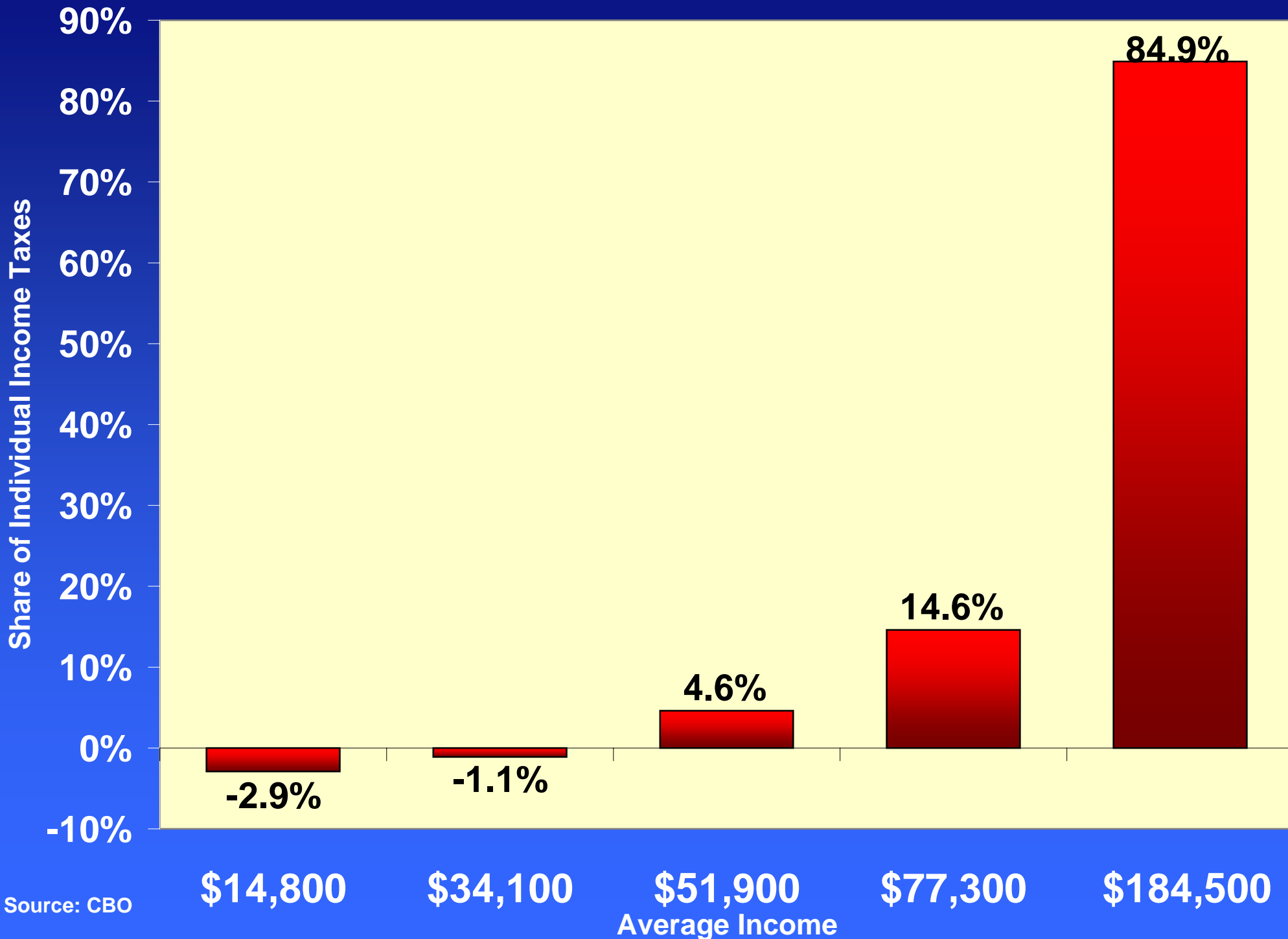


A Tale of Two Tax Bills

In the three years following the 2003 tax cut, individual income tax receipts increased at a faster compound annual rate than when they were raised in 1993.

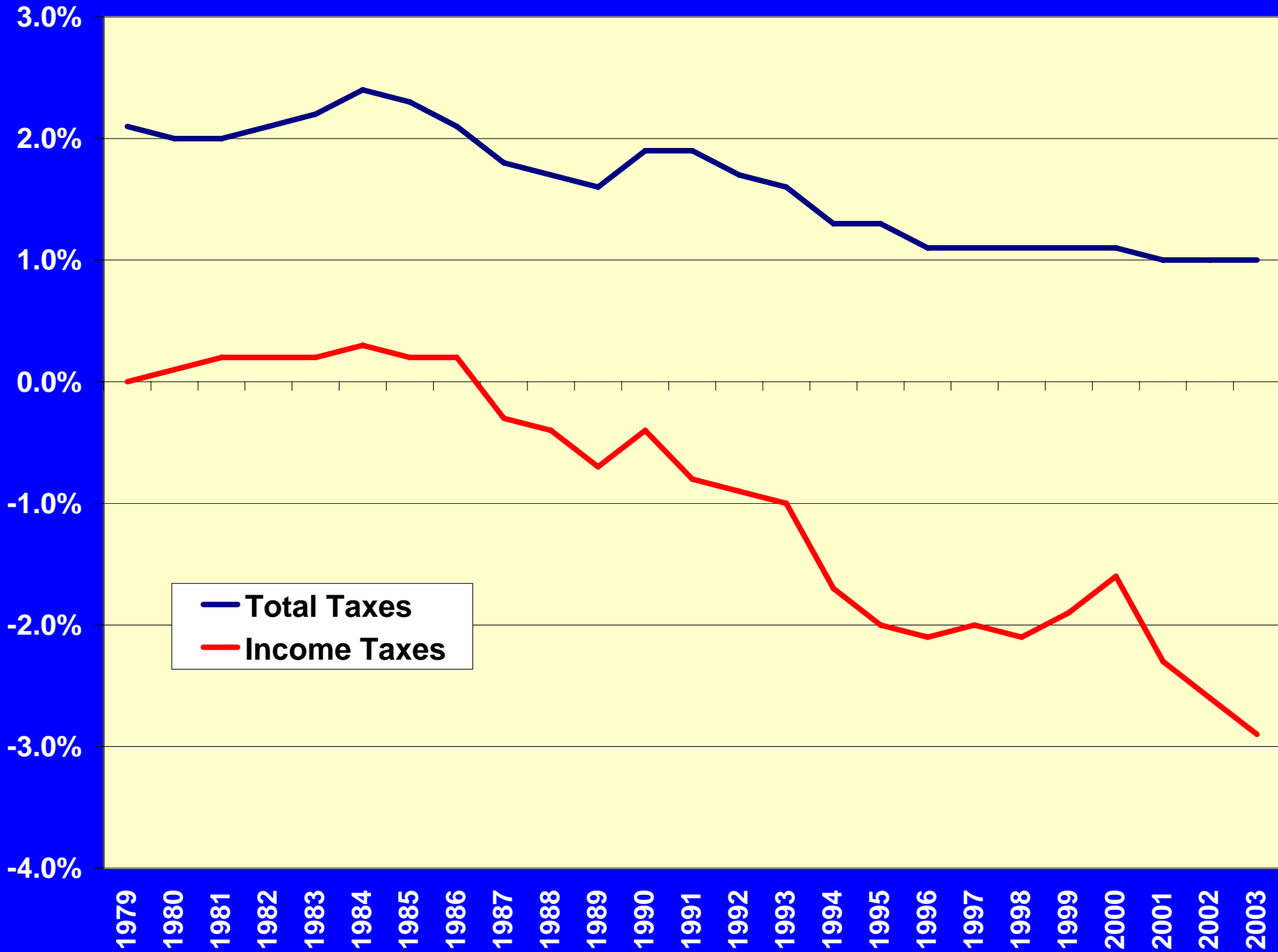


Who Pays Individual Income Taxes?

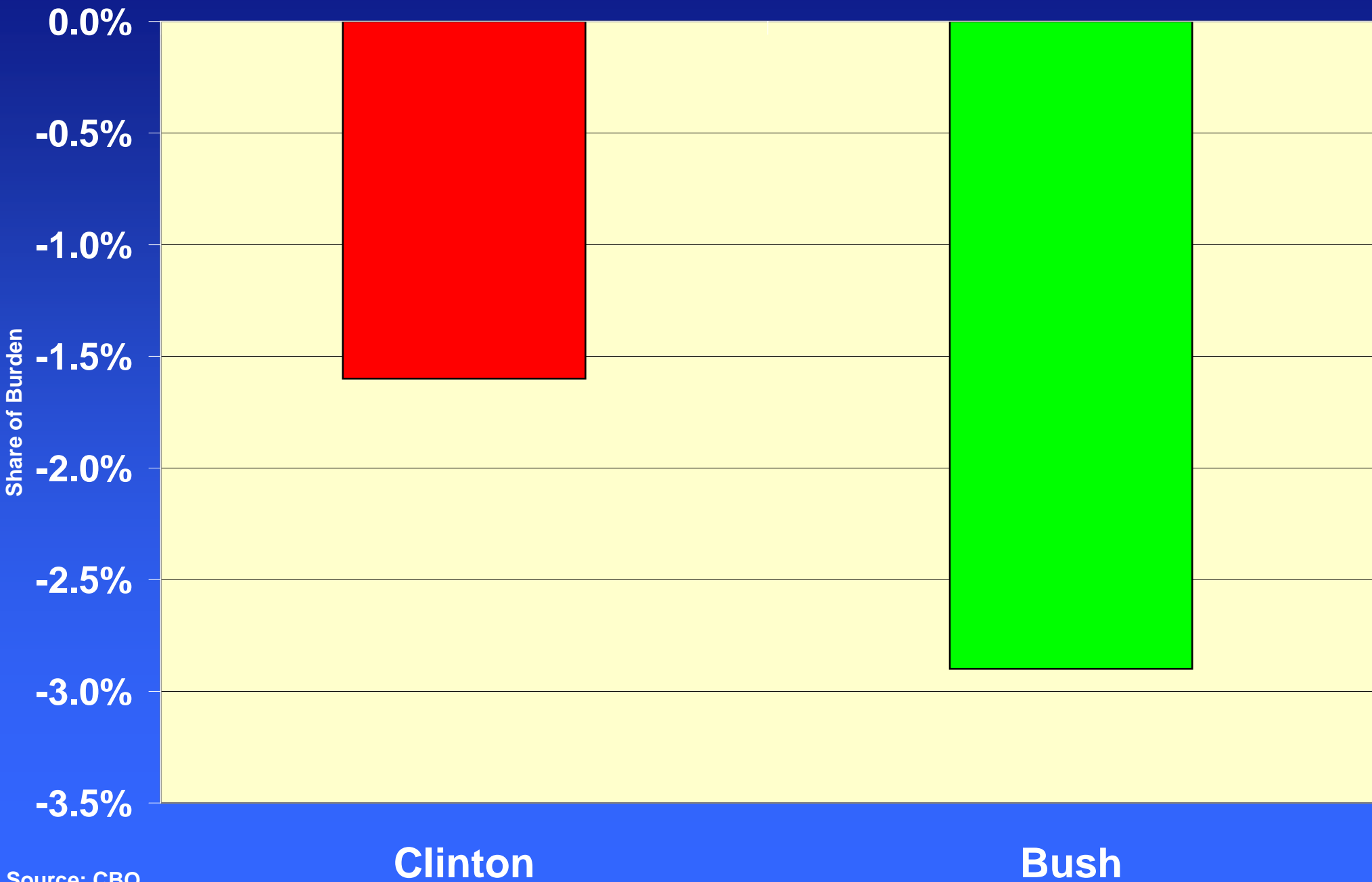


Source: CBO

Low Income People Pay Virtually No Taxes

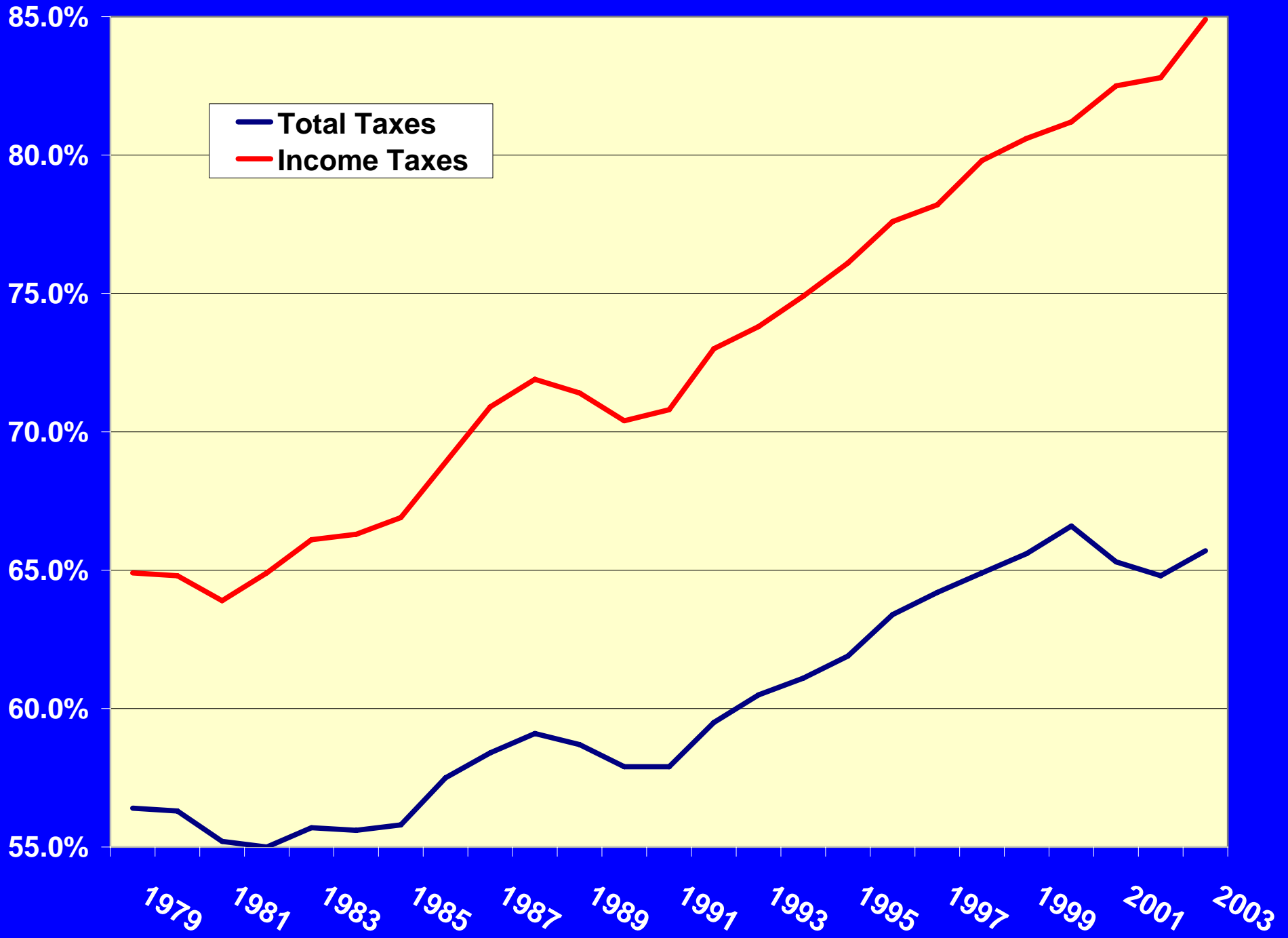


POOR RECEIVE MONEY THROUGH INDIVIDUAL INCOME TAX SYSTEM



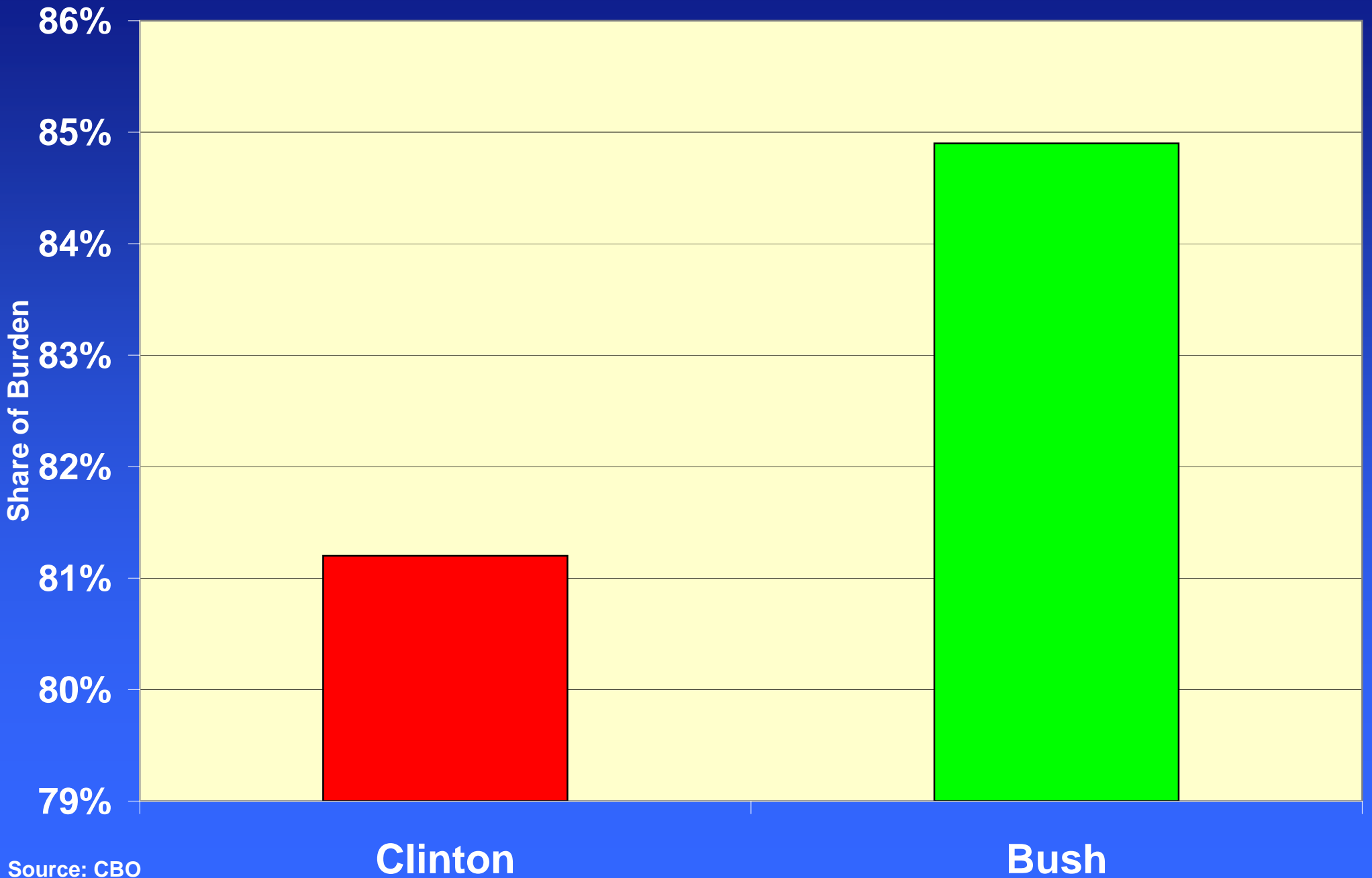
Source: CBO

High Income People Pay Most of Our Taxes



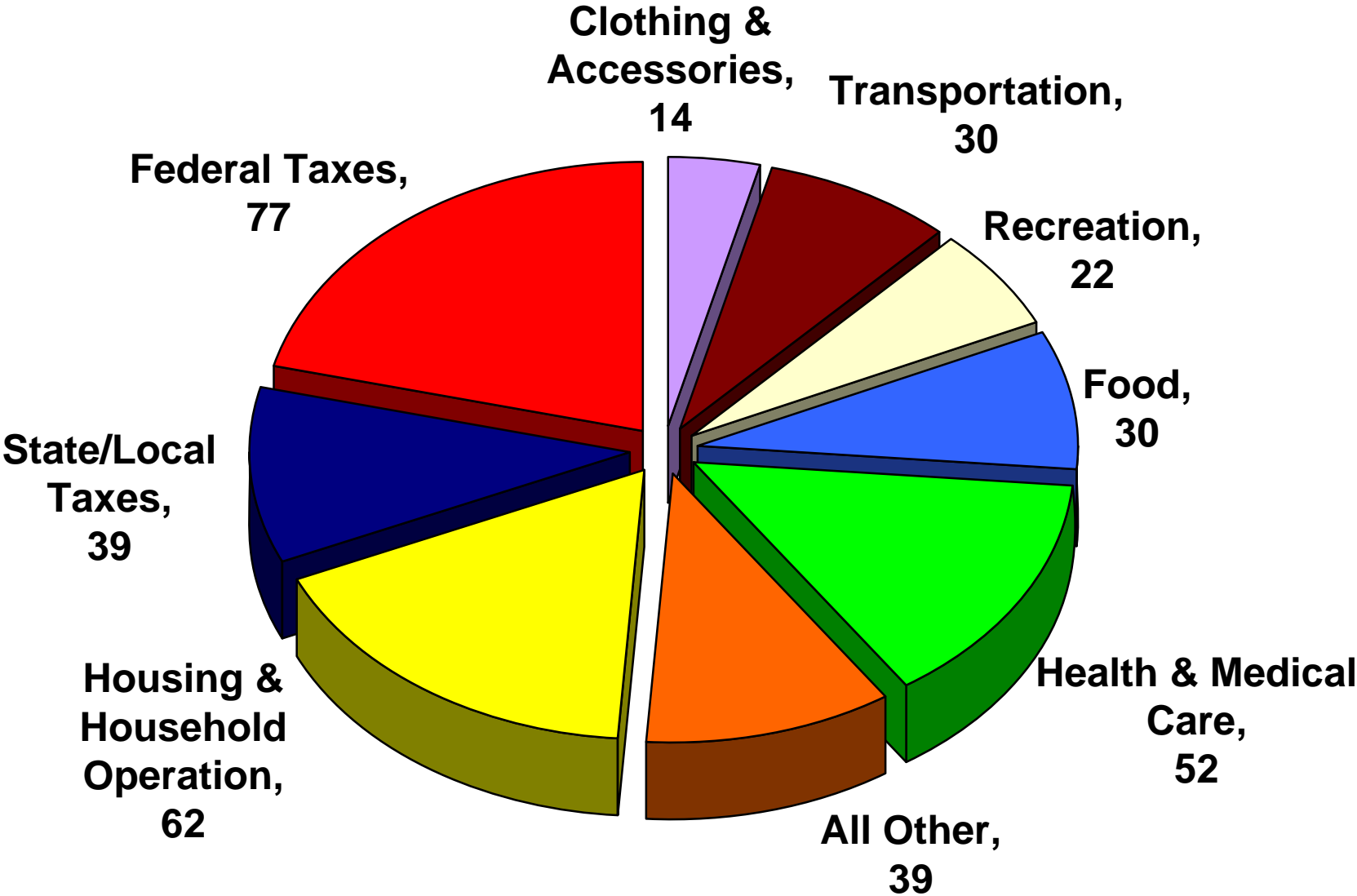
Source: CBO

HIGH INCOME TAX PAYERS BEAR A GREATER BURDEN UNDER BUSH



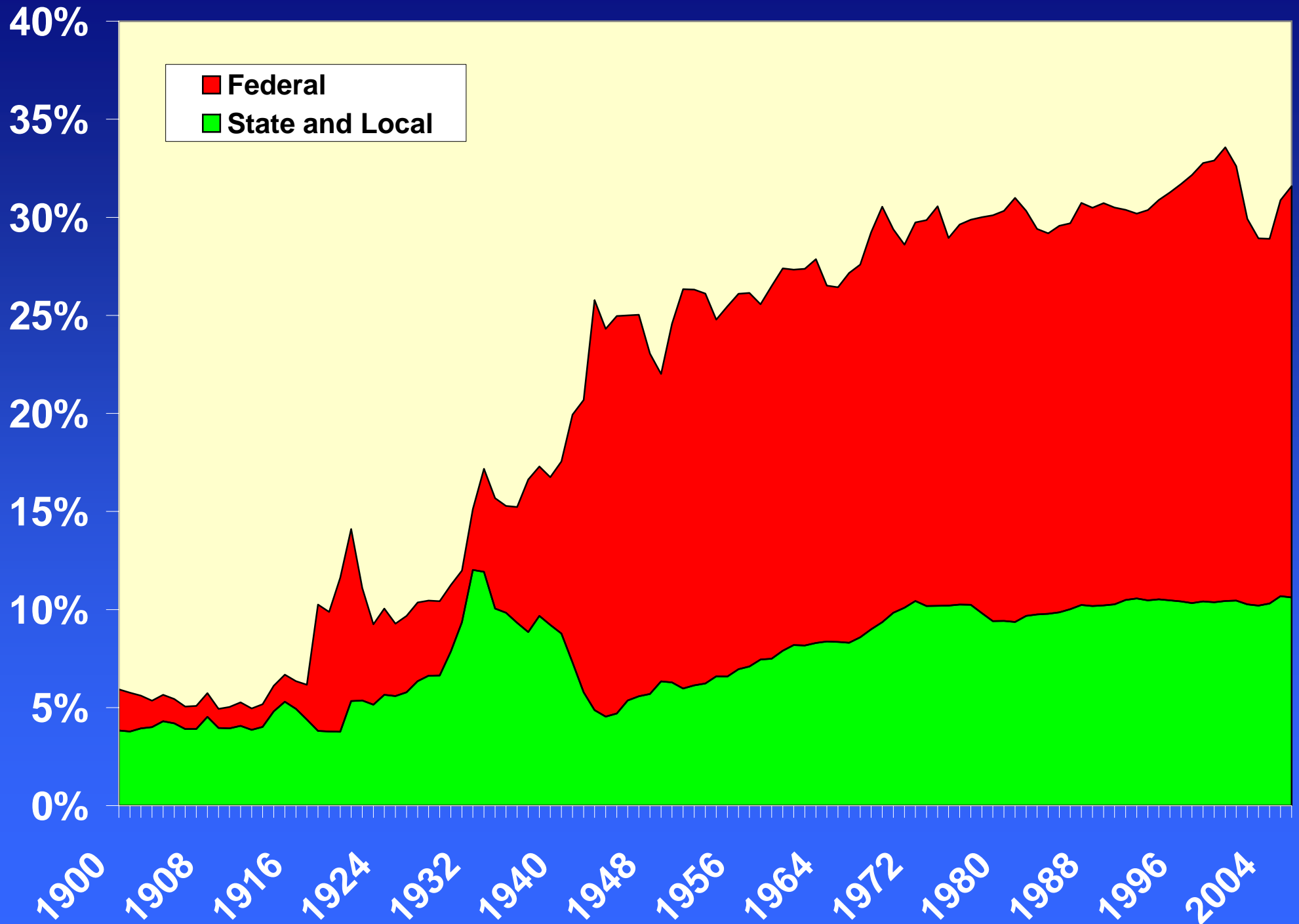
Source: CBO

How Many Days Per Year America Works to Pay Taxes Compared to Other Major Spending Categories, 2006



Source: Tax Foundation

Total Taxes a Growing Burden



Source: Tax Foundation