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JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

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ECONOMIC GROWTH FUELS REVENUE SURGE AND CUTS DEFICIT

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WASHINGTON, D.C. – A 12 percent jump in 2006 federal revenues exceeded projections and cut the 2006 budget deficit to an estimated \$248 billion, the Treasury Department announced today. The new deficit estimate is \$88 billion below the \$336 billion baseline level projected by the Congressional Budget Office (CBO) last March, and \$71 billion below its actual 2005 level. Chairman Jim Saxton made the following statement on the new budget data:

“According to the new budget figures released today, total federal revenues have surged to a level in excess of \$2.4 trillion. Strong economic growth, facilitated by Federal Reserve monetary policy and the 2003 investment tax incentives, has generated a tidal wave of revenue in recent years, washing away a good part of the deficit. Although more remains to be done, good progress has been made in reducing the deficit, which is currently less than 2 percent of GDP.

“Pro-growth economic policies have laid the foundation for a healthy and sustained economic expansion. The 2003 tax incentives sparked a rebound in investment activity, which has boosted the economy in recent years. This healthy economic growth has created 6.6 million jobs since August of 2003, and reduced the unemployment rate to 4.6 percent. Real total hourly compensation is up 10 percent since 2000. As the Fed has noted, the economy has performed well in recent years. In 2006, the economy is on track to expand at a rate in excess of 3 percent.”

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