



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
July 13, 2005

ECONOMIC EXPANSION BOOSTS REVENUES AND REDUCES BUDGET DEFICIT

Press Release #109-30
Contact: Christopher Frenze
Executive Director
(202) 225-3923

WASHINGTON, D.C. – Strong economic growth in recent quarters is a key reason for the surge in federal revenues and the decline in the projected 2005 budget deficit, Chairman Jim Saxton said today. Today the Office of Management and Budget released its budget projections that included an upward revision of \$87 billion in federal revenues for fiscal 2005, contributing to a 14 percent increase in revenues over fiscal 2004. The projected 2005 deficit was reduced to \$333 billion, or about 2.7 percent of GDP. The Congressional Budget Office (CBO) also is expected to significantly reduce its 2005 budget deficit projection later this year.

“The Administration’s projections of sharply higher revenues and lower deficits in 2005 are to be expected given the strength of the economy,” Saxton said. “Private forecasters also project a similar trend for the current fiscal year.

“The improvement in the 2005 budget situation demonstrates once again the pivotal impact of economic performance on the budget. The 2003 tax relief legislation, along with accommodative monetary policy, made significant contributions to the faster pace of economic expansion in recent years. Continued good economic and revenue growth, combined with restraint of federal spending increases, can further improve the budget outlook in the future,” Saxton concluded.

For more information on economic trends, please visit our website at www.house.gov/jec