



**ANNUAL REPORT**  
**ON THE**  
**UNITED STATES GOVERNMENT**  
**2000**



**House Policy Committee**  
**Christopher Cox, Chairman**

## Statement of Revenues and Expenses

### Revenues

	<i>Fiscal Year</i> <sup>1</sup>		<i>Percent of Total 2000</i>
	<i>1999</i>	<i>2000</i>	
Individual income taxes . . . . .	\$ 879,480,000,000	\$ 1,004,461,000,000	42%
Social insurance taxes <sup>2</sup> . . . . .	611,831,000,000	652,852,000,000	27%
User fees, earmarked taxes and receipts <sup>3</sup> . . . . .	395,835,000,000	394,989,000,000	16%
Corporation taxes . . . . .	184,680,000,000	207,288,000,000	9%
Excise taxes and customs duties . . . . .	88,748,000,000	88,779,000,000	4%
Miscellaneous receipts . . . . .	34,781,000,000	42,647,000,000	2%
Death taxes <sup>4</sup> . . . . .	27,782,000,000	29,010,000,000	1%
<b>Total Revenues</b>	<b>\$ 2,223,137,000,000</b>	<b>\$ 2,420,026,000,000</b>	

### Expenses

Social spending <sup>5</sup> . . . . .	\$ 1,173,847,000,000	\$ 1,214,292,000,000	56%
Interest on national debt . . . . .	353,511,000,000	362,118,000,000	17%
Military spending . . . . .	258,069,000,000	279,110,000,000	13%
Administrative agencies <sup>6</sup> . . . . .	187,194,000,000	194,262,000,000	9%
Transportation . . . . .	47,045,000,000	51,139,000,000	2%
State and foreign affairs <sup>7</sup> . . . . .	30,633,000,000	32,617,000,000	1%
Environment, fish, wildlife, parks and interior <sup>8</sup> . . . . .	27,572,000,000	28,381,000,000	1%
NASA . . . . .	13,665,000,000	13,442,000,000	1%
Judiciary . . . . .	3,840,000,000	4,134,000,000	*
Congress . . . . .	1,943,000,000	2,063,000,000	*
The President . . . . .	1,456,000,000	1,478,000,000	*
<b>Total Expenses</b>	<b>\$ 2,098,775,000,000</b>	<b>\$ 2,183,036,000,000</b>	

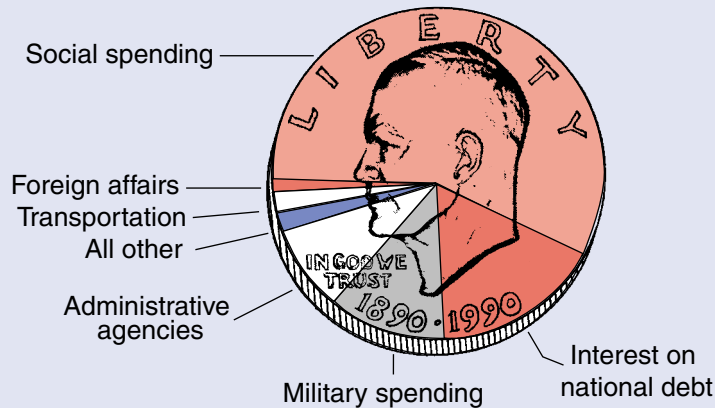
**Surplus<sup>9</sup>** **\$ 124,362,000,000**    **\$ 236,990,000,000**

\*Less than 1%

### Notes

- The U.S. Government fiscal year begins on October 1 and ends on September 30.
- Includes direct taxes and payroll taxes from individuals and employers for disability insurance, Social Security and other federal retirement programs, hospital insurance taxes, and unemployment insurance taxes.
- Represents receipts of federal departments and agencies netted from gross outlays in Treasury reports (such as proprietary receipts from the public, receipts from off-budget federal entities, and intrabudgetary transactions) and total undistributed offsetting receipts (including interest received by federal trust funds and rents and royalties on Outer Continental Shelf Lands).
- Repealed effective January 1, 2010, by Public Law 107-16 signed by President Bush on June 7, 2001.
- Includes arts, education, labor, health and human services, low income and public housing, WIC, welfare block grants, food stamps and other agricultural programs, and federal retirement programs (including Social Security).
- Includes SBA, GSA, DOE, GAO, Commerce, Corporation for Public Broadcasting, District of Columbia, EEOC, Export-Import Bank, FCC, FEMA, FTC, Government Printing Office, Justice, Library of Congress, National Archives and Records Administration, National Credit Union Administration, savings & loan and bank insurance, independent agencies.
- Includes outlays for Department of State, Peace Corps, OPIC, AID, foreign military sales, and other international assistance programs.
- Includes EPA, National Park Service, Fish and Wildlife Service, Bureau of Land Management, Forest Service, National Oceanic and Atmospheric Administration, and major environmental programs of federal agencies.
- For fiscal years 1991 and beyond, the excess of Social Security taxes over outlays for Social Security is excluded by law from deficit or surplus calculations. For the fiscal year ended September 30, 2000, however, the Clinton administration elected to include the Social Security Trust Fund in their deficit calculations, which had the effect of increasing the reported surplus by \$131 billion.

## Composition of Federal Spending, 2000

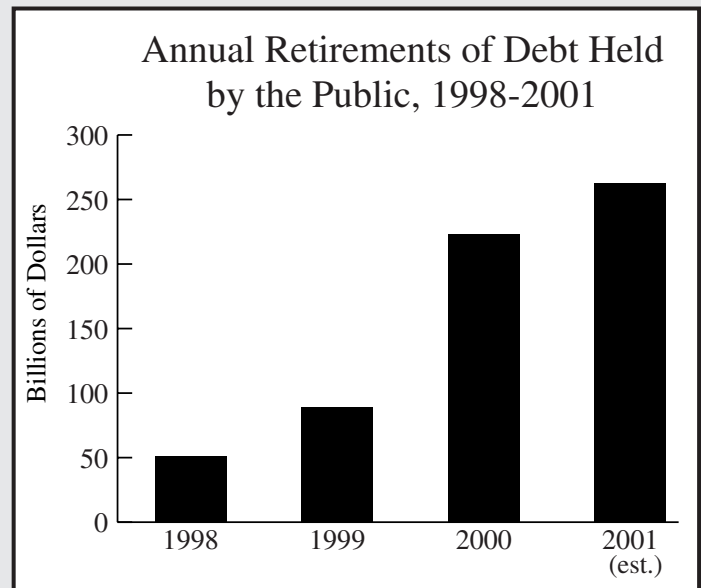


## Paying Down the National Debt

At the end of 1997, the public debt—the national debt of the U.S. government excluding intra-government obligations—stood at \$3.8 trillion. Beginning in 1998, with the enactment of the Balanced Budget Act, Congress began paying down the public debt for the first time in 30 years.

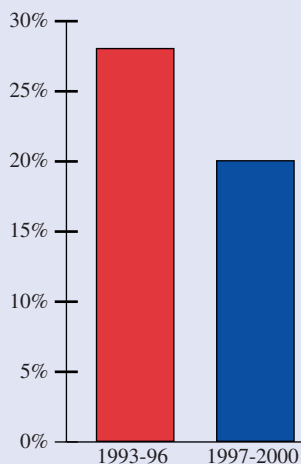
In 1998, 1999, and 2000, Congress retired \$363 billion of public debt. For fiscal 2001, total debt retirement is estimated by the Congressional Budget Office at \$262 billion. By 2010, under the terms of the Budget Resolution approved May 10, 2001, the only public debt that will remain outstanding will consist of debt instruments unavailable for redemption and which mature after 2010.

The public debt as a share of the economy has declined significantly. After reaching a peacetime high of 50% of the gross domestic product during fiscal 1993, the public debt has fallen to less than 35% of the gross domestic product today.



## Effects of Changes in Capital Gains Tax Rates, 1993-2000

### Capital Gains Tax Rates

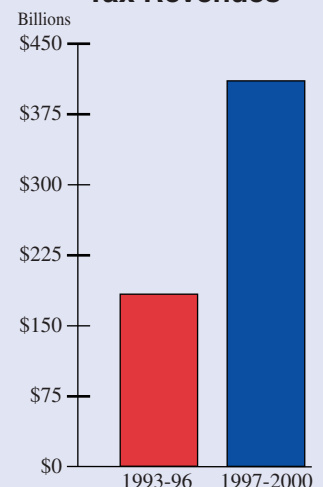


In 1997, Congress reduced the rate of tax on so-called "capital gains." This tax applies to the sale of assets such as houses, stocks, and retirement funds, as well as other kinds of productive investment. Congress, over the objections of then-President Clinton, lowered the capital gains tax rate from 28% to 20% in that year.

Since that tax rate reduction, capital gains revenues have increased nearly 53%. Moreover, capital gains revenues increased in every year since the tax rate reduction took effect. This follows the pattern of increasing revenues following the capital gains tax rate reductions of 1978 and 1981, and is consistent with the U.S. experience of significantly declining revenues after the capital gains tax rate increase of 1986. In recent years, moderating the rate of tax on savings and investment has correlated with higher voluntary capital gains realizations and higher revenues to the U.S. Treasury.

Congress attempted to further reduce the capital gains tax rate in 1999, but then-President Clinton vetoed that legislation.

### Capital Gains Tax Revenues





Congress of the United States  
House of Representatives  
Washington, DC 20515-0515

July 2001

Dear Taxpayer:

In 2000, the federal government recorded the largest tax surplus in our nation's history. Even after devoting 100% of Social Security payroll tax collections to the Social Security Trust Fund—a prudent practice not observed for nearly 30 years prior to 1999—and paying down over \$200 billion of publicly-held debt, the record tax surplus funded the highest one-year increase in federal spending in a decade.

Fiscal 2000 also marked the highest peacetime tax burden in history—both absolutely (reaching over \$2.4 trillion) and as a percentage of the economy (consuming 21% of America's gross domestic product).

These are just some of the important facts that can be gleaned from this year's Annual Report. Each year since 1989, I have provided this summary of the federal government's financial operations because, as a taxpayer, you are entitled to it. I hope you find it useful.

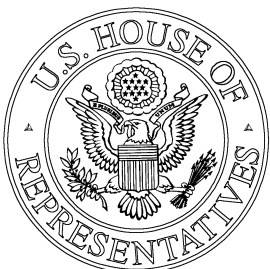
Sincerely,

Christopher Cox  
Chairman  
House Policy Committee

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

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**ANNUAL REPORT TO TAXPAYERS**