



ANNUAL REPORT
ON THE
UNITED STATES GOVERNMENT
1999



House Policy Committee
Christopher Cox, Chairman

Statement of Revenues and Expenses

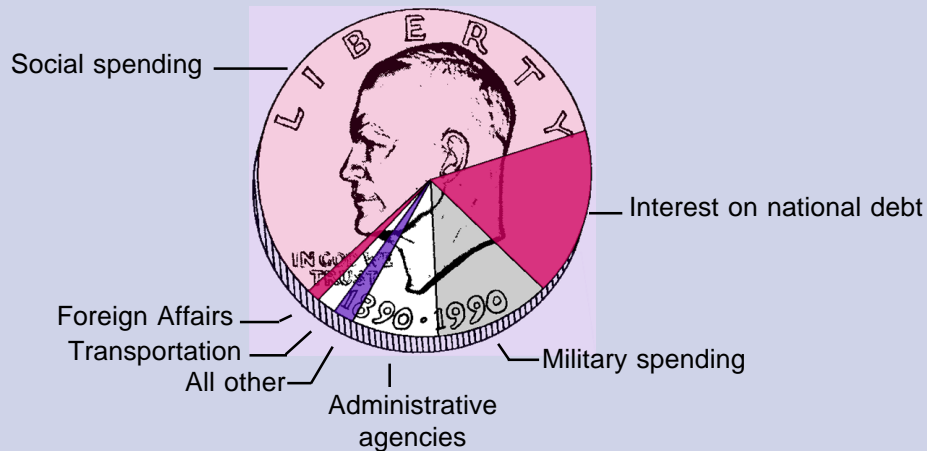
Revenues	<i>Fiscal Year</i> ¹		<i>Percent of Total 1999</i>
	<i>1998</i>	<i>1999</i>	
Individual income taxes	\$ 828,587,000,000	\$ 879,480,000,000	40%
Social insurance taxes ²	571,834,000,000	611,831,000,000	28%
User fees, earmarked taxes and receipts ³	382,340,000,000	394,954,000,000	18%
Corporation taxes	188,677,000,000	184,680,000,000	8%
Excise taxes and customs duties	75,966,000,000	88,735,000,000	4%
Miscellaneous receipts	32,325,000,000	34,777,000,000	2%
Death taxes	24,076,000,000	27,782,000,000	1%
Total Revenues	\$ 2,103,805,000,000	\$ 2,222,239,000,000	
Expenses			
Social spending ⁴	\$ 1,117,987,000,000	\$ 1,174,978,000,000	56%
Interest on national debt	363,824,000,000	353,511,000,000	17%
Military spending	253,896,000,000	257,949,000,000	13%
Administrative agencies ⁵	176,663,000,000	187,155,000,000	9%
Transportation	44,179,000,000	47,028,000,000	2%
State and foreign affairs ⁶	31,432,000,000	30,632,000,000	1%
Environment, fish, wildlife, parks and interior ⁷	26,351,000,000	27,692,000,000	1%
NASA	14,206,000,000	13,664,000,000	1%
Judiciary	3,506,000,000	3,840,000,000	*
Congress	1,494,000,000	1,591,000,000	*
The President	1,025,000,000	1,456,000,000	*
Total Expenses	\$ 2,034,563,000,000	\$ 2,099,496,000,000	
Surplus ⁸	\$ 69,242,000,000	\$ 122,743,000,000	

* Less than 1%

Notes

1. The U.S. Government fiscal year begins on October 1 and ends on September 30.
2. 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.
3. 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).
4. 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).
5. 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.
6. Includes outlays for Department of State, Peace Corps, OPIC, AID, foreign military sales, and other international assistance programs.
7. 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.
8. 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. The Clinton administration, however, has elected to include the Social Security Trust Fund in their deficit and surplus calculations, which has the effect of increasing the reported surplus by \$86 billion in 1998 and by \$124.7 billion in 1999.

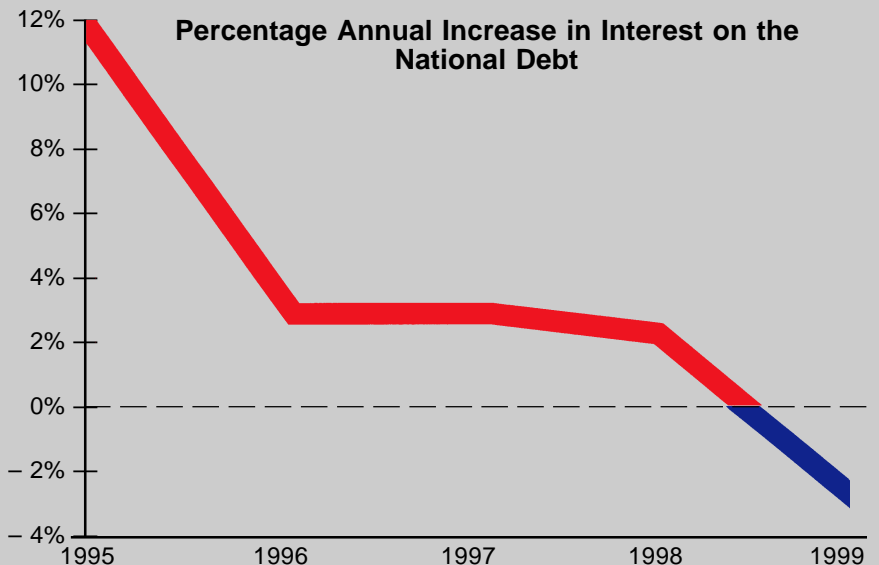
Composition of Federal Spending, 1999



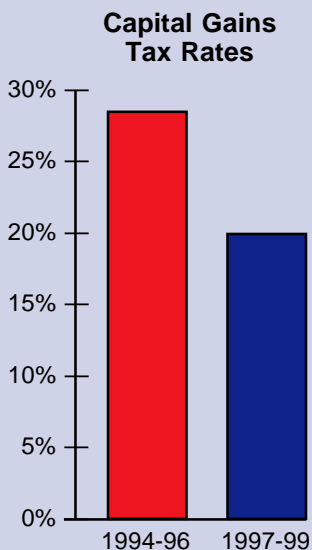
Interest on the National Debt, 1995-1999

During 1999, interest payments on the national debt declined for the first time since 1961. During the last four decades, interest cost had risen steadily from 7% of total expenses in 1960 to 18% in 1998. In 1999, interest as a share of total expenses decreased by 6%, representing a savings of \$10 billion.

Declining interest costs also contributed to the federal government's first budget surplus since 1960. As a result of this surplus, the amount of publicly-held debt will actually decline in 2000, the first time this has happened in three decades.



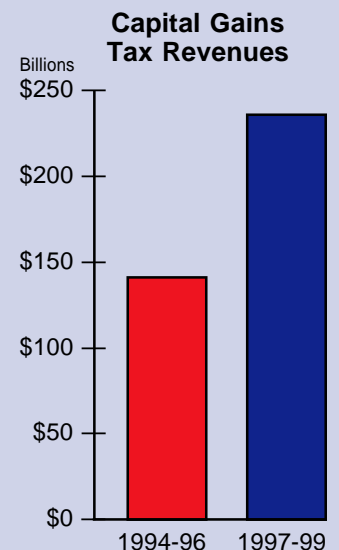
Effect of Changes in Capital Gains Tax Rates, 1994-1999



In 1995, Congress passed legislation cutting the rate of tax on so-called capital gains from 28% to 20%. This tax applies to the sale of assets such as houses, stocks, and retirement funds, as well as other kinds of productive investment. This capital gains rate cut was, however, vetoed by President Clinton. In 1997, Congress again reduced the tax from 28% to 20%, and President Clinton signed it into law.

The federal government received 30% higher capital gains revenue in 1999 than in 1996, the last year of the higher 28% tax. Capital gains revenues have increased every year since the tax rate cut took effect.

Congress passed legislation to further reduce the rate of tax on capital gains from 20% to 18%, but it was vetoed by President Clinton in September 1999.





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

Dear Taxpayer:

In 1999 the federal government turned a corner. For the first time since 1961, the cost of interest on the national debt declined. At the same time, last year's \$122 billion surplus was by far the largest in American history. But more progress toward fiscal health and spending discipline is needed.

The Congressional leadership has determined to balance the budget this year — for the first time ever — without counting Social Security payroll taxes. Recently, the Congress voted to do this, creating a Social Security “lockbox” to set aside every penny of Social Security taxes. The new discipline is already working: even with this more conservative accounting, the Congressional Budget Office is predicting the largest-ever surplus for the fiscal year ending September 30, 2000.

Many other important facts 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.

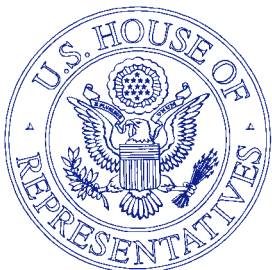
Sincerely,

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