

104TH CONGRESS
2D SESSION

S. J. RES. 57

Requiring the Congressional Budget Office and the Joint Committee on Taxation to use dynamic economic modeling in addition to static economic modeling in the preparation of budgetary estimates of proposed changes in Federal revenue law.

IN THE SENATE OF THE UNITED STATES

JULY 26, 1996

Mr. ASHCROFT introduced the following bill; which read twice and referred jointly pursuant to the order of August 4, 1977, to the Committees on the Budget and Governmental Affairs, with instructions that if one committee reports, the other committee have thirty days to report or be discharged

JOINT RESOLUTION

Requiring the Congressional Budget Office and the Joint Committee on Taxation to use dynamic economic modeling in addition to static economic modeling in the preparation of budgetary estimates of proposed changes in Federal revenue law.

- 1 *Resolved by the Senate and House of Representatives*
- 2 *of the United States of America in Congress assembled,*
- 3 **SECTION 1. SENSE OF CONGRESS.**
- 4 It is the sense of Congress that it is necessary to en-
- 5 sure that Congress is presented with reliable information
- 6 from the Congressional Budget Office and the Joint Com-

1 mittee on Taxation as to the dynamic macroeconomic feed-
2 back effects to changes in Federal law and the probable
3 behavioral responses of taxpayers, businesses, and other
4 parties to such changes. Specifically, the Congress intends
5 that, while not excluding any other estimating method, dy-
6 namic estimating techniques shall also be used in estimat-
7 ing the fiscal impact of proposals to change Federal laws,
8 to the extent that data are available to permit estimates
9 to be made in such a manner.

10 **SEC. 2. ESTIMATES OF THE JOINT COMMITTEE ON**
11 **TAXATION.**

12 In addition to any other estimates it may prepare of
13 any proposed change in Federal revenue law, a fiscal esti-
14 mate shall be prepared by the Joint Committee on Tax-
15 ation of each such proposed change on the basis of as-
16 sumptions that estimate the probable behavioral responses
17 of personal and business taxpayers and other relevant en-
18 tities to that proposed change and the dynamic macro-
19 economic feedback effects of that proposed change and it
20 shall include a statement identifying such assumptions.
21 The preceding sentence shall apply only to a proposed
22 change that the Joint Committee on Taxation determines,
23 pursuant to a static fiscal estimate, has a fiscal impact
24 in excess of \$100,000,000 in any fiscal year.

1 **SEC. 3. ESTIMATES OF THE CONGRESSIONAL BUDGET**2 **OFFICE.**

3 In addition to any other estimates it may prepare of
4 any proposed change in Federal revenue law, a fiscal esti-
5 mate shall be prepared by the Congressional Budget Office
6 of each such proposed change on the basis of assumptions
7 that estimate the probable behavioral responses of per-
8 sonal and business taxpayers and other relevant entities
9 to that proposed change and the dynamic macroeconomic
10 feedback effects of that proposed change and it shall in-
11 clude a statement identifying those assumptions. The pre-
12 ceding sentence shall apply only to a proposed change that
13 the Congressional Budget Office determines, pursuant to
14 a static fiscal estimate, has a fiscal impact in excess of
15 \$100,000,000 in any fiscal year.

16 **SEC. 4. DISCLOSURE OF ASSUMPTIONS.**

17 Any report to Congress or the public made by the
18 Joint Committee on Taxation or the Congressional Budget
19 Office that contains an estimate made under this concur-
20 rent resolution of the effect that any legislation will have
21 on revenues shall be accompanied by—

22 (1) a written statement fully disclosing the eco-
23 nomic, technical, and behavioral assumptions that
24 were made in producing that estimate, and

25 (2) the static fiscal estimate made with respect
26 to the same legislation and a written statement of

1 the economic, technical, and behavioral assumptions
2 that were made in producing that estimate.

3 **SEC. 5. CONTRACTING AUTHORITY.**

4 In performing the tasks specified in sections 2 and
5 3, the Joint Committee on Taxation and the Congressional
6 Budget Office may, subject to the availability of appro-
7 priations, enter into contracts with universities or other
8 private or public organizations to perform such esti-
9 mations or to develop protocols and models for making
10 such estimates.

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