

105TH CONGRESS
2D SESSION

S. 2357

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 27, 1998

Mr. ASHCROFT (for himself, Mr. INHOFE, and Mr. KYL) introduced the following bill; which was 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 has thirty days to report or be discharged

A BILL

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 *Be it enacted by the Senate and House of Representa-*
2 *tives 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. The
20 preceding sentence shall apply only to a proposed change
21 that the Joint Committee on Taxation determines, pursu-
22 ant to a static fiscal estimate, has a fiscal impact in excess
23 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. The preceding
11 sentence shall apply only to a proposed change that the
12 Congressional Budget Office determines, pursuant to a
13 static fiscal estimate, has a fiscal impact in excess of
14 \$100,000,000 in any fiscal year.

15 **SEC. 4. DISCLOSURE OF ASSUMPTIONS.**

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

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

24 (2) the static fiscal estimate made with respect
25 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 this Act, the
5 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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