

110TH CONGRESS
1ST SESSION

H. R. 1789

To require 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 HOUSE OF REPRESENTATIVES

MARCH 29, 2007

Mr. FLAKE (for himself, Mr. ADERHOLT, Mr. AKIN, Mr. BARTLETT of Maryland, Mr. BISHOP of Utah, Mrs. BLACKBURN, Mr. CAMPBELL of California, Mr. CHABOT, Mr. CONAWAY, Mrs. CUBIN, Mr. CULBERSON, Mr. DREIER, Mr. ENGLISH of Pennsylvania, Mr. FEENEY, Mr. FORTENBERRY, Mr. FORTUÑO, Mr. FOSSELLA, Mr. FRANKS of Arizona, Mr. GARRETT of New Jersey, Mr. GINGREY, Mr. HENSARLING, Mr. INGLES of South Carolina, Mr. ISSA, Mr. KIRK, Mr. MACK, Mr. MARCHANT, Mr. MCHENRY, Mr. MILLER of Florida, Mr. TIM MURPHY of Pennsylvania, Mrs. MUSGRAVE, Mrs. MYRICK, Mr. NEUGEBAUER, Mr. PEARCE, Mr. PENCE, Mr. PITTS, Mr. PRICE of Georgia, Mr. PUTNAM, Mr. RADANOVICH, Mr. SALI, Mr. SENSENBRENNER, Mr. SESSIONS, Mr. SHADEGG, Mr. SOUDER, Mr. TIAHRT, Mr. WALBERG, and Mr. WELDON of Florida) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Rules and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require 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.

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-
7 mittee on Taxation as to the dynamic macroeconomic feed-
8 back effects to changes in Federal law and the probable
9 behavioral responses of taxpayers, businesses, and other
10 parties to such changes. Specifically, the Congress intends
11 that, while not excluding any other estimating method, dy-
12 namic estimating techniques shall also be used in esti-
13 mating the fiscal impact of proposals to change Federal
14 laws, to the extent that data are available to permit esti-
15 mates to be made in such a manner.

In addition to any other estimates it may prepare of any proposed change in Federal revenue law, a fiscal estimate shall be prepared by the Joint Committee on Taxation of each such proposed change on the basis of assumptions that estimate the probable behavioral responses of personal and business taxpayers and other relevant entities to that proposed change and the dynamic macroeconomic feedback effects of that proposed change. The

1 preceding sentence shall apply only to a proposed change
2 that the Joint Committee on Taxation determines, pursu-
3 ant to a static fiscal estimate, has a fiscal impact in excess
4 of \$250,000,000 in any fiscal year.

5 **SEC. 3. ESTIMATES OF THE CONGRESSIONAL BUDGET OF-**
6 **FICE.**

7 In addition to any other estimates it may prepare of
8 any proposed change in Federal revenue law, a fiscal esti-
9 mate shall be prepared by the Congressional Budget Office
10 of each such proposed change on the basis of assumptions
11 that estimate the probable behavioral responses of per-
12 sonal and business taxpayers and other relevant entities
13 to that proposed change and the dynamic macroeconomic
14 feedback effects of that proposed change. The preceding
15 sentence shall apply only to a proposed change that the
16 Congressional Budget Office determines, pursuant to a
17 static fiscal estimate, has a fiscal impact in excess of
18 \$250,000,000 in any fiscal year.

19 **SEC. 4. DISCLOSURE OF ASSUMPTIONS.**

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

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

4 (2) the static fiscal estimate made with respect
5 to the same legislation and a written statement of
6 the economic, technical, and behavioral assumptions
7 that were made in producing that estimate.

8 **SEC. 5. CONTRACTING AUTHORITY.**

9 In performing the tasks specified in this Act, the
10 Joint Committee on Taxation and the Congressional
11 Budget Office may, subject to the availability of appro-
12 priations, enter into contracts with universities or other
13 private or public organizations to perform such esti-
14 mations or to develop protocols and models for making
15 such estimates.

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