

MINUTES OF THE SIXTY-EIGHTH MEETING OF THE JOINT
REPUBLICAN CONGRESSIONAL LEADERS CALLED FOR WEDNESDAY,
SEPTEMBER 18, 1963, AT 9:00 A.M. IN THE CAPITOL OFFICE
(H-202) OF THE HOUSE MINORITY LEADER, THE HONORABLE
CHARLES A. HALLECK

Present:

Members: The Presiding Officer, Congressman William E. Miller
Senators Dirksen, Saltonstall, Kuchel, Hickenlooper
Congressmen Halleck, Arends, Byrnes, Wilson

Absent: Senator Morton
Congressmen Brown and Ford

Also Present:

Robert Humphreys, Bryce Harlow, Harry Brookshire, Mark Trice

The Chairman, William E. Miller, called the meeting to order at
9:05 A.M. and the agenda for the meeting is as follows:

Tax Proposal

JFK and His Own Tax Record

GOP Suggestion

Question of Equal Time with JFK

Other Legislative Matters

Tax Proposal

Chairman Miller suggested that Mr. Halleck proceed to read the prepared statement on this subject but before doing so Congressman Halleck informed those present of two previous meetings of the Republican Policy Committee which resulted in a statement on the subject which in his opinion really made sense. He also spoke of a research job which revealed that Kennedy had voted in the past against every tax reduction proposal presented by the Republicans and Congressman Halleck asked if there was any objection to the release of a memo in regard to his votes. There was no objection.

After several minor changes in the statement it was approved. A copy is attached.

Congressman Halleck asked that Congressman Byrnes be recognized in order that the group might be informed as to the wording of the Republican motion to recommit which will be presented when the tax bill is before the House for consideration.

Congressman Byrnes was recognized and stated that in effect the motion would be that the tax bill would be effective if the President's budget expenditures for 1964, which would be announced in January, did not exceed \$97 billion as applied to the 1964 estimate and that the 1965 budget did not exceed \$98 billion. He stated that it would be possible for the President to announce in advance the figures. It would mean a reduction of approximately \$1 billion for this year and approximately \$1 billion plus for 1965.

Senator Dirksen then read his prepared statement on the same subject and after minor amendments it was approved.

Question of Equal Time with JFK

During the discussion of the previous statements the question of equal time was raised and it was finally resolved that the Chairman would send a telegram to the various networks at the conclusion of the President's speech this evening. It was also agreed that Congressman Byrnes would be the logical person to make a reply if one was to be made. The Chairman said he would make several checks after the broadcast and then decide if a request for time was to be made.

Senator Dirksen was recognized and suggested that figures should be assembled to show where specific cuts can be made in various budget items.

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Other Legislative Matters

There was not sufficient time to discuss the legislative situation.

There being no further business, the meeting adjourned at 9:55 A.M.

J. Mark Tice.
Acting Secretary

From the office of
 Hon. John W. Byrnes (R-Wisc.)
 U. S. House of Representatives

September 16, 1963.

FACT SHEET ON THE TAX BILL

Fiscal Considerations

1. Treasury Estimates:

The Secretary of the Treasury estimated that the budget receipts and expenditures for the fiscal years 1964 and 1965 would result in deficits of between \$9 billion and \$10 billion each year arrived at as follows:

	<u>Fiscal 1964</u>	<u>Fiscal 1965</u>
	<u>/in billions/</u>	
Budget receipts	\$88.8	\$92.4
Budget expenditures	<u>98.0</u>	<u>102.0</u>
Budget deficit	<u>\$ 9.2</u>	<u>\$ 9.6</u>

2. Joint Staff Estimates:

The Staff of the Joint Committee on Internal Revenue have estimated budget receipts considerably below the estimates relied upon by the Secretary of the Treasury. The Staff refused to estimate "feed back" because of the uncertainty involved. If we adopted the Staff's estimates of revenue, and add back the Treasury's estimates of the "feed back", the deficit would be as follows:

	<u>Fiscal 1964</u>	<u>Fiscal 1965</u>
	<u>/in billions/</u>	
Budget receipts	\$86.6	\$ 89.2
Budget expenditures	<u>98.0</u>	<u>102.0</u>
Budget deficit	<u>\$11.4</u>	<u>\$ 12.8</u>

The Joint Staff assumes a revenue increase of \$4.5 billion for fiscal 1965, before taking into account the loss attributable to H. R. 8363.

3. Future Years:

For fiscal 1966, the Secretary estimates that the budget would increase by at least \$3 billion over fiscal 1965 resulting in expenditures of at least \$105 billion. The full \$11 billion effect on the tax cut will not be reflected until fiscal 1966. Revenues for fiscal 1966 will have to increase by \$7 billion over fiscal 1965 in order to overcome (a) the remaining \$4 billion loss on account of the tax cut and (b) an expenditure increase of \$3 billion. Therefore, it must be assumed that the deficit for fiscal 1966 will be at least equal to the deficit for fiscal 1965.

The Administration "hints" that the budget will be balanced by fiscal 1963. To achieve this result, we would have to have an increase in revenues of about \$35 billion from fiscal 1963 to fiscal 1968 to absorb (a) the 1963 deficit of \$6.10 billion, (b) \$11 billion in tax reduction, and (c) \$18 billion in increased expenditures. It is not

reasonable to assume that we might have an uninterrupted increase in revenues of that magnitude. This would require an increase of between \$150 billion and \$165 billion in GNP.

4. Revenue Effects of H. R. 8363:

There is attached a schedule showing the tax reduction contemplated to take effect as of January 1, 1964 and as of January 1, 1965, and the result if the proposed Republican motion to recommit is adopted. The attached schedule is based upon tax liabilities for each of the calendar years 1964 and 1965, rather than the effect on the Government's receipts on a fiscal year basis.

REVENUE EFFECTS OF H. R. 8363

[In millions]

Taxpayer Liability *

	<u>1st Stage</u> Jan. 1, 1964	<u>2nd Stage</u> Jan. 1, 1965	<u>Recommit</u> <u>Motion</u> Jan. 1, 1965
<u>Rate Reduction</u>			
Individuals	\$ -6,310	\$ -9,470	\$ -6,310
Corporations	-1,320	-2,190	-1,320
Total	\$ -7,630	\$ -11,660	\$ -7,630
<u>Structural Changes</u>			
(a) Revenue raising:			
Sick pay exclusion	\$ †110	\$ †110	\$ †110
Deduction of certain State and local taxes	‡520	‡520	‡520
Casualty loss deduction	‡50	‡50	‡50
Repeal of dividend credit	‡190	‡370	‡370
Misc. changes	‡100	‡100	‡100
Total	\$ ‡970	\$ ‡1,150	\$ ‡1,150
(b) Revenue reducing:			
Increase in dividend exclusion	- 70	- 70	- 70
Minimum standard deduction	-320	-320	-320
Misc. changes	-165	-165	-165
Total	\$ -555	\$ -555	\$ -555
Total, structural changes	\$ ‡415	\$ ‡595	\$ ‡595
<u>Capital Gains Revision</u> (including induced effects)	\$ ‡295	\$ ‡170	\$ ‡170
<u>Investment Credit Liberalization</u>	\$ -155	\$ -195	\$ -195
<u>Total, Revenue Bill of 1963</u>	\$ -7,075	\$ -11,090	\$ -7,060

* (-) indicates reduced taxpayer liability, and
 (†) indicates increased taxpayer liability.