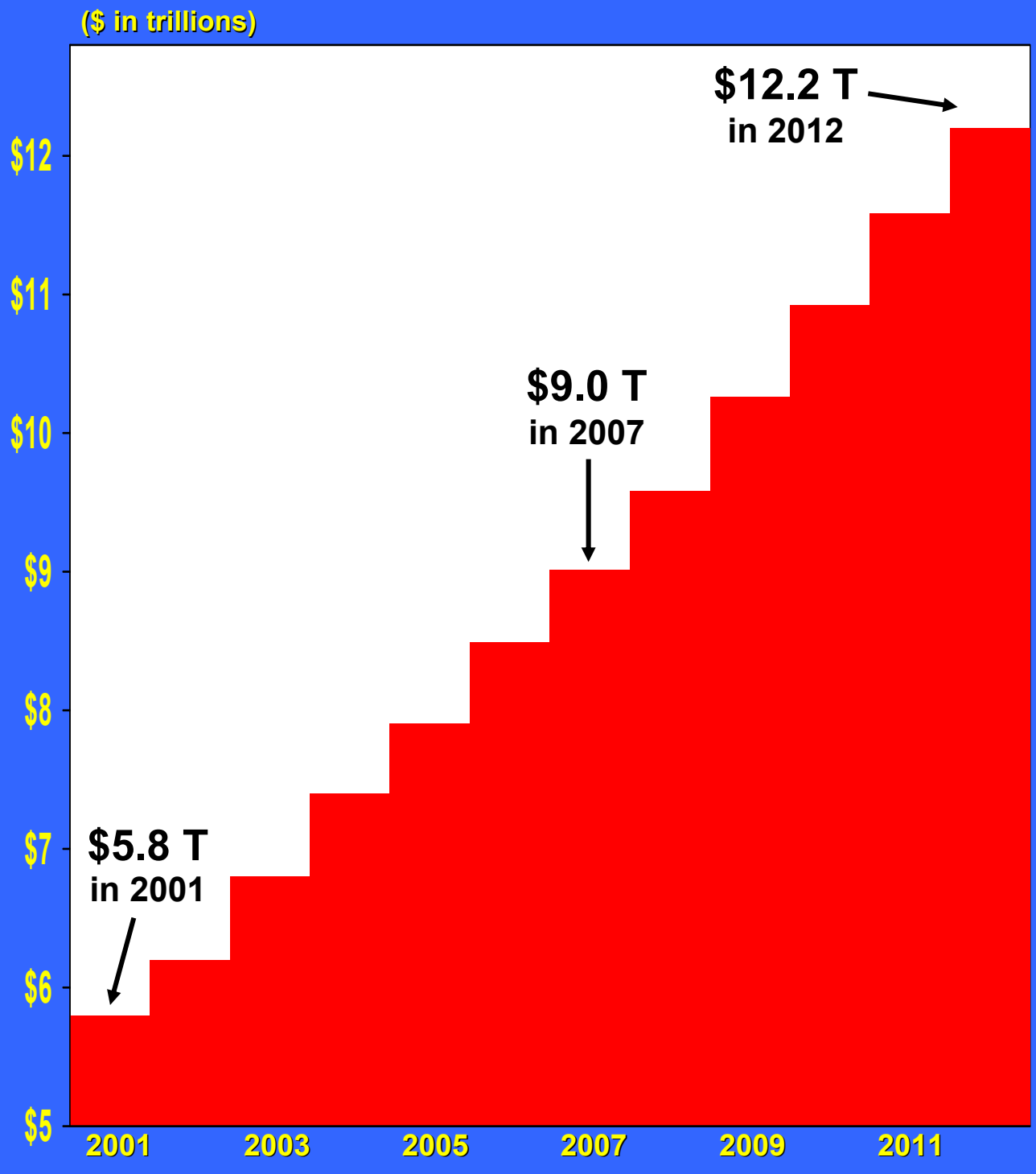
Building a Wall of Debt

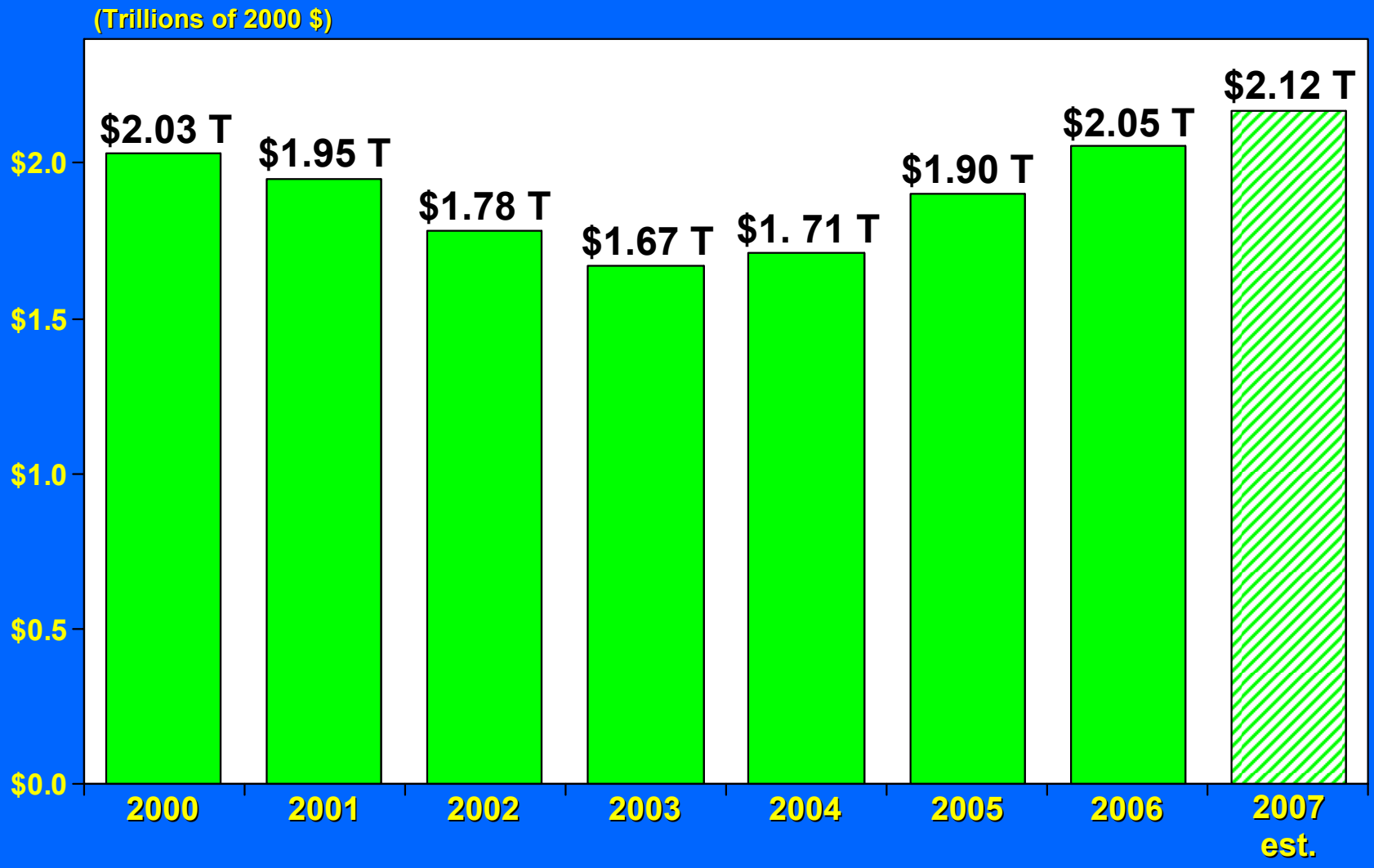
Gross Federal Debt Soars



Source: OMB, CBO and SBC Democratic staff

Note: Bush FY 2008 budget extended over ten years with AMT reform and ongoing war costs.

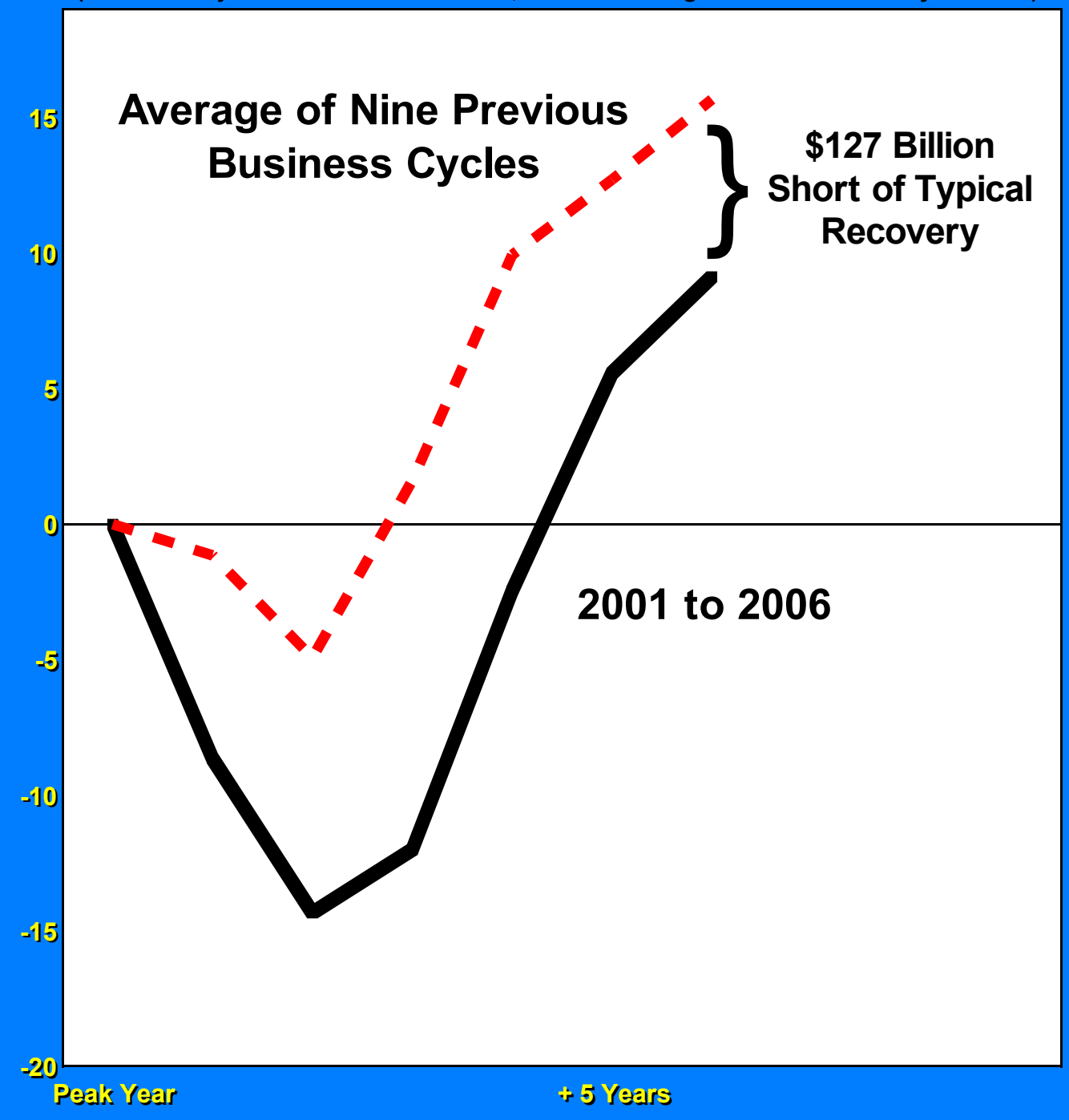
Real Revenues Only Recently Exceeded 2000 Level



Source: OMB, CBO

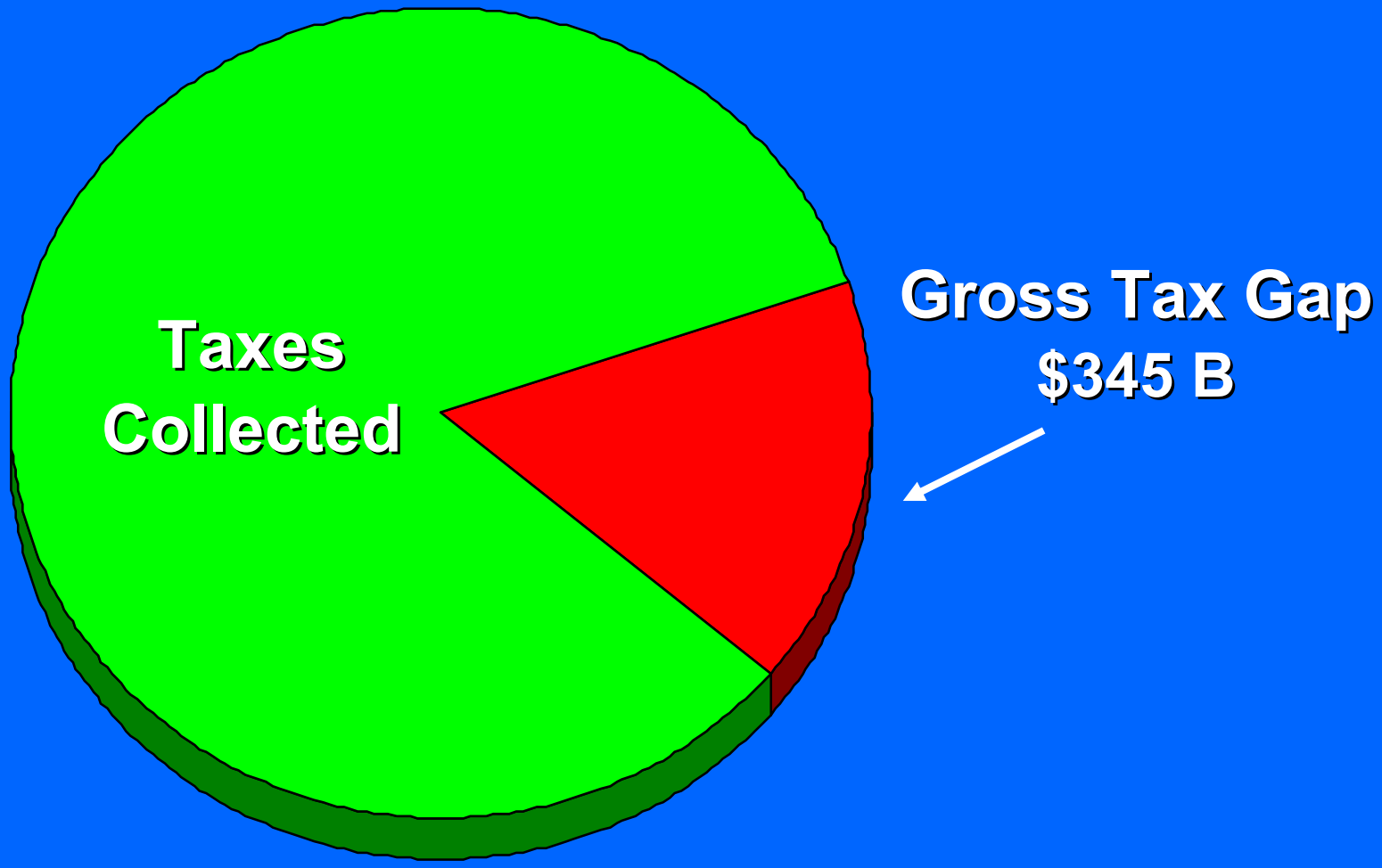
Real Revenues Lag Typical Recovery Even with Recent Revenue Gains

(Inflation-Adjusted Federal Revenues, Percent Change from Business-Cycle Peak)



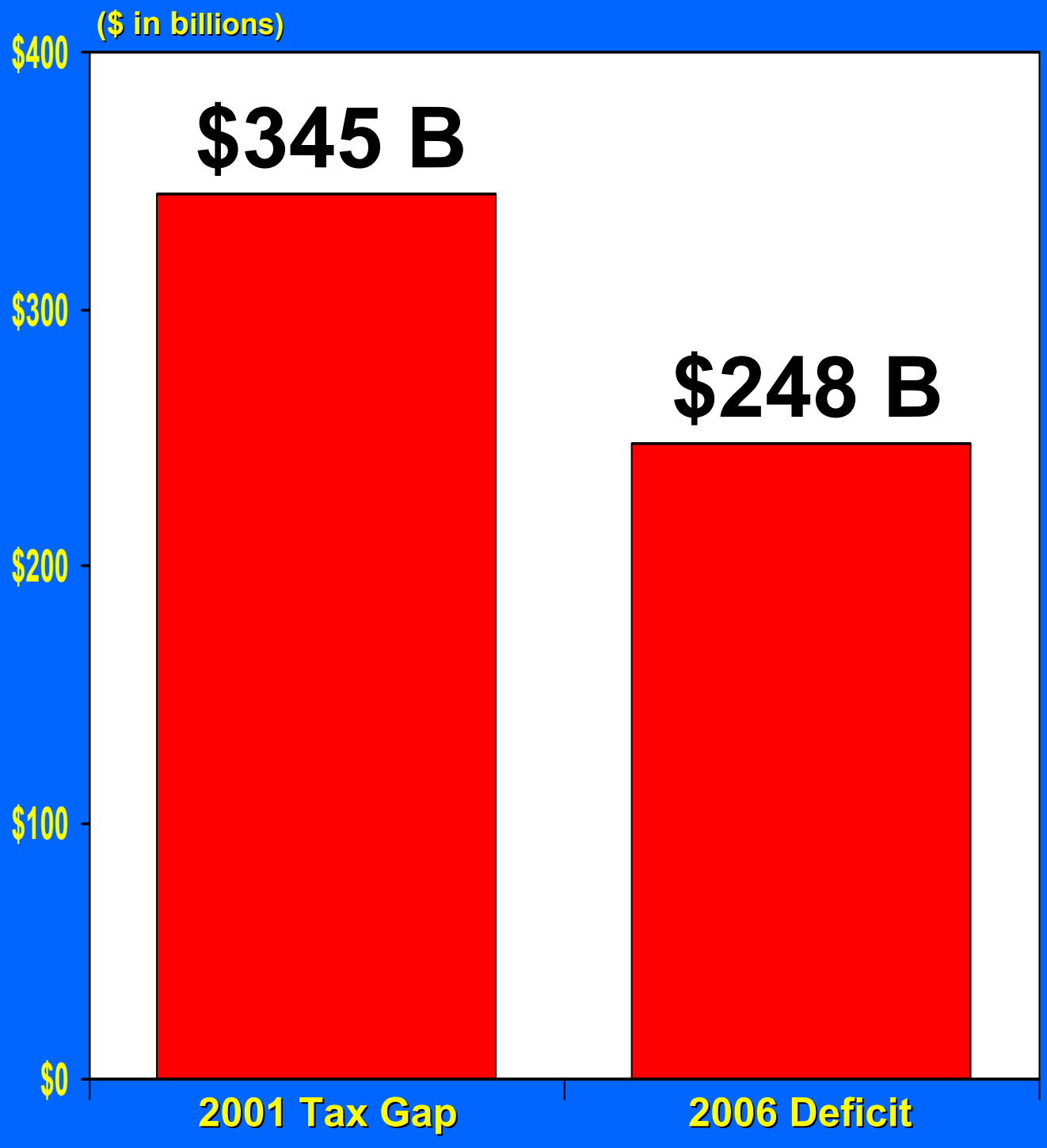
Source: CBO, OMB

IRS Estimates $345 Billion Annual Tax Gap



Source: IRS estimate of 2001 tax gap, February, 2006

Size of Tax Gap Compared to Size of Deficit in 2006



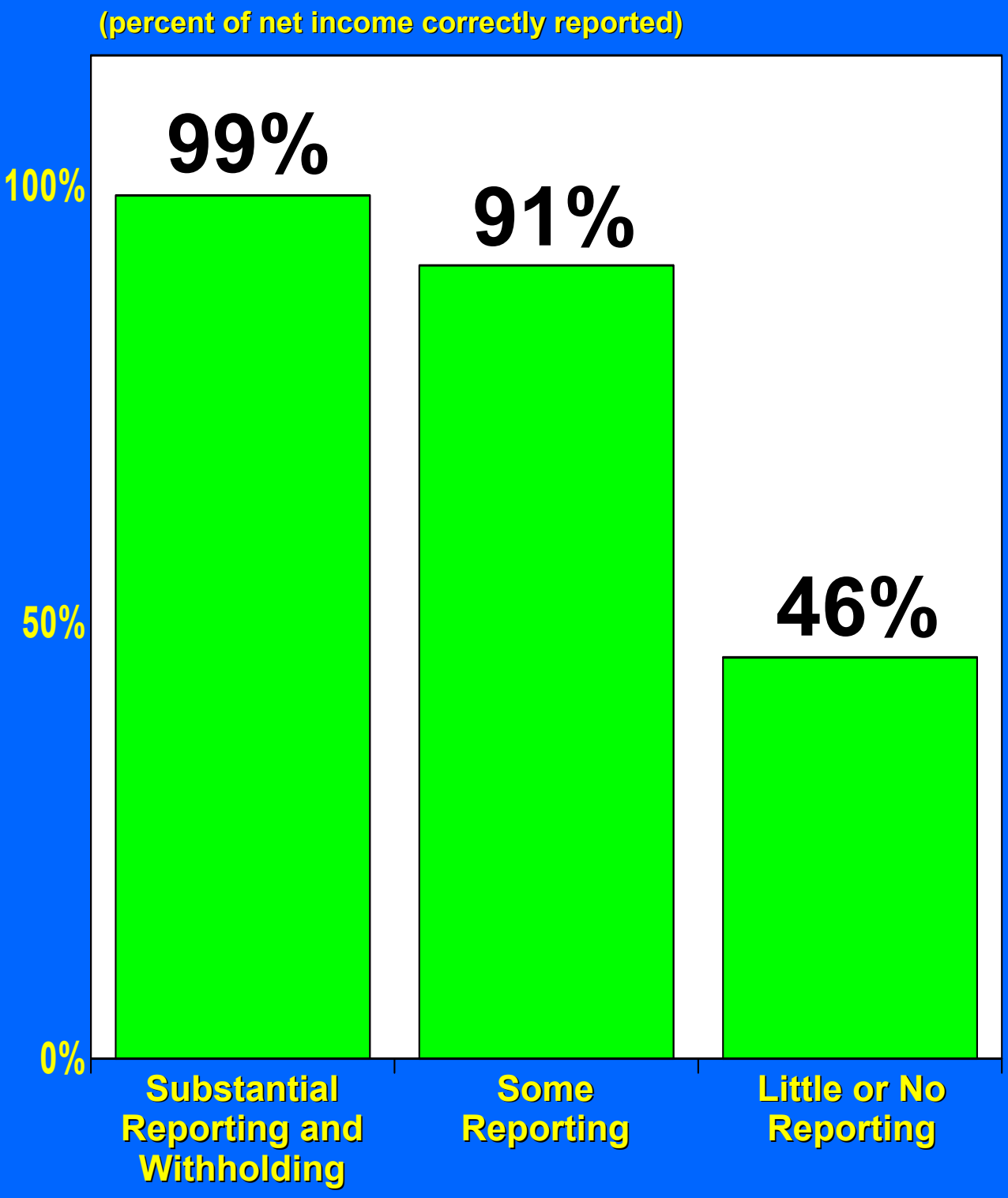
Source: IRS, CBO

National Taxpayer Advocate Finds Tax Gap Adding More Than $2,000 to Average Household Tax Bill

"Compliant taxpayers pay a great deal of money each year to subsidize noncompliance by others. ... [E]ach household was effectively assessed an average 'surtax' of about $2,680 to subsidize noncompliance [in 2001]. That is not a burden we should expect our nation's taxpayers to bear lightly."

–National Taxpayer Advocate Nina E. Olson
2006 Annual Report to Congress
January 9, 2007

Taxpayer Compliance Improves Dramatically with Increased Reporting and Withholding



Source: GAO, IRS

Five-Story Cayman Islands Building That 12,748 Companies Call Home