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IIB

112TH CONGRESS
2D SESSION

H. R. 3582

IN THE SENATE OF THE UNITED STATES

FEBRUARY 6, 2012

Received; read twice and referred to the Committee on the Budget

AN ACT

To amend the Congressional Budget Act of 1974 to provide for macroeconomic analysis of the impact of legislation.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Pro-Growth Budgeting Act of 2012''.

SEC. 2. MACROECONOMIC IMPACT ANALYSES.

(a) IN GENERAL.—Part A of title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

''MACROECONOMIC IMPACT ANALYSIS OF MAJOR LEGISLATION

''SEC. 407. (a) CONGRESSIONAL BUDGET OFFICE.—The Congressional Budget Office shall, to the extent practicable, prepare for each major bill or resolution reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), as a supplement to estimates prepared under section 402, a macroeconomic impact analysis of the budgetary effects of such bill or resolution for the ten fiscal-year period beginning with the first fiscal year for which an estimate was prepared under section 402 and each of the next three ten fiscal-year periods. Such estimate shall be predicated upon the supplemental projection described in section 202(e)(4). The Director shall submit to such committee the macroeconomic impact analysis, together with the basis for the analysis. As a supplement to estimates prepared under section 402, all such information

so submitted shall be included in the report accompanying such bill or resolution.

"(b) ECONOMIC IMPACT.—The analysis prepared under subsection (a) shall describe the potential economic impact of the applicable major bill or resolution on major economic variables, including real gross domestic product, business investment, the capital stock, employment, interest rates, and labor supply. The analysis shall also describe the potential fiscal effects of the bill or resolution, including any estimates of revenue increases or decreases resulting from changes in gross domestic product. To the extent practicable, the analysis should use a variety of economic models in order to reflect the full range of possible economic outcomes resulting from the bill or resolution. The analysis (or a technical appendix to the analysis) shall specify the economic and econometric models used, sources of data, relevant data transformations, and shall include such explanation as is necessary to make the models comprehensible to academic and public policy analysts.

"(c) DEFINITIONS.—As used in this section—

"(1) the term 'macroeconomic impact analysis' means—

"(A) an estimate of the changes in economic output, employment, interest rates, cap-

ital stock, and tax revenues expected to result from enactment of the proposal;

"(B) an estimate of revenue feedback expected to result from enactment of the proposal; and

"(C) a statement identifying the critical assumptions and the source of data underlying that estimate;

"(2) the term 'major bill or resolution' means any bill or resolution if the gross budgetary effects of such bill or resolution for any fiscal year in the period for which an estimate is prepared under section 402 is estimated to be greater than .25 percent of the current projected gross domestic product of the United States for any such fiscal year;

"(3) the term 'budgetary effect', when applied to a major bill or resolution, means the changes in revenues, outlays, deficits, and debt resulting from that measure; and

"(4) the term 'revenue feedback' means changes in revenue resulting from changes in economic growth as the result of the enactment of any major bill or resolution.".

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget

Act of 1974 is amended by inserting after the item relating to section 406 the following new item:

"Sec. 407. Macroeconomic impact analysis of major legislation.".

SEC. 3. ADDITIONAL CBO REPORT TO BUDGET COMMITTEES.

Section 202(e) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraphs:

"(4)(A) After the President's budget submission under section 1105(a) of title 31, United States Code, in addition to the baseline projections, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate a supplemental projection assuming extension of current tax policy for the fiscal year commencing on October 1 of that year with a supplemental projection for the 10 fiscal-year period beginning with that fiscal year, assuming the extension of current tax policy.

"(B) For the purposes of this paragraph, the term 'current tax policy' means the tax policy in statute as of December 31 of the current year assuming—

"(i) the budgetary effects of measures extending the Economic Growth and Tax Relief Reconciliation Act of 2001;

"(ii) the budgetary effects of measures extending the Jobs and Growth Tax Relief Reconciliation Act of 2003;

"(iii) the continued application of the alternative minimum tax as in effect for taxable years beginning in 2011 pursuant to title II of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, assuming that for taxable years beginning after 2011 the exemption amount shall equal—

"(I) the exemption amount for taxable years beginning in 2011, as indexed for inflation; or

"(II) if a subsequent law modifies the exemption amount for later taxable years, the modified exemption amount, as indexed for inflation; and

"(iv) the budgetary effects of extending the estate, gift, and generation-skipping transfer tax provisions of title III of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

"(5) On or before July 1 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, the

Long-Term Budget Outlook for the fiscal year commencing on October 1 of that year and at least the ensuing 40 fiscal years.''.

Passed the House of Representatives February 2, 2012.

Attest: KAREN L. HAAS,

Clerk.