

104TH CONGRESS
1ST SESSION

H. R. 2599

To reform the Congressional Budget Process, establish binding spending caps, introduce fiscal integrity, discipline and accountability, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 1995

Mr. BARTON of Texas (for himself, Mr. STENHOLM, Mr. EWING, Mr. PETE GEREN of Texas, Mr. BALLENGER, Mr. HASTERT, Mr. MANZULLO, Mr. HALL of Texas, Mr. SENSENBRENNER, Mr. PETERSON of Minnesota, Mr. HAYES, Mr. BREWSTER, Mr. MINGE, Mr. CONDIT, Mr. FORBES, Mr. SHADEGG, Mr. PAYNE Of Virginia, Mrs. LINCOLN, Mr. ORTON, Mr. BARR of Georgia, Mr. SHAYS, Mr. WAMP, Mr. SAM JOHNSON of Texas, and Mr. FOX of Pennsylvania) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Government Reform and Oversight, and Rules, 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 reform the Congressional Budget Process, establish binding spending caps, introduce fiscal integrity, discipline and accountability, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Budget Enforcement Simplification Trust Act”.

4 (b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

TITLE I—BUDGET PROCESS REFORM

- Sec. 101. Definitions.
- Sec. 102. Timetable.
- Sec. 103. Biennial joint budget resolution.
- Sec. 104. Committee allocations.
- Sec. 105. Backstop budget resolution.
- Sec. 106. Revisions to joint budget resolutions and spending caps.
- Sec. 107. Budget enforcement provisions.
 - Spending caps.
 - Reporting excess spending.
 - Presidential orders to eliminate excess spending.
 - Enforcing discretionary spending limits.
 - Enforcing direct spending limits.
 - Exempt programs and activities.
 - Special rules.
 - The current law baseline.
 - PAYGO.

TITLE II—ITEM VETO AND ENHANCED RESCISSION AUTHORITY

CHAPTER A—LINE-ITEM VETO ACT

CHAPTER B—ENHANCED RESCISSION AUTHORITY

TITLE III—GENERAL PROVISIONS

- Sec. 301. Transition rules.
- Sec. 302. Effective dates.
- Sec. 303. Conforming amendments.
- Sec. 304. Amendments to title 31, United States Code.
- Sec. 305. Effects of certain judicial action.

5 **TITLE I—BUDGET PROCESS**
6 **REFORM**

7 **SEC. 101. DEFINITIONS.**

8 Section 3 of the Congressional Budget Act of 1974
9 is amended to read as follows:

1 **“SEC. 3. IN GENERAL.**

2 “For purposes of this Act—

3 “(1) The term ‘biennial budget years’ means
4 the two year period encompassing a fiscal year be-
5 ginning in a calendar year that ends in an odd num-
6 ber and the subsequent fiscal year.

7 “(2) The term ‘budget biennium’ means the two
8 year period consisting of the biennial budget years.

9 “(3) The term ‘eligible population’ shall mean
10 those individuals to whom the United States is obli-
11 gated to make a payment under the provisions of a
12 law creating entitlement authority. Such term shall
13 not include States, localities, corporations or other
14 non-living entities.

15 “(4) The terms ‘sequester’ and ‘sequestration’
16 refer to or mean the cancellation of budgetary re-
17 sources provided by discretionary appropriations or
18 direct spending law.

19 “(5) The term ‘breach’ means, for any fiscal
20 year—

21 “(A) the amount (if any) by which new
22 budget authority or outlays for that year (with-
23 in a category of discretionary appropriations) is
24 above that category’s discretionary spending
25 cap for new budget authority or outlays for that
26 year, as the case may be; or

1 “(B) the amount (if any) by which outlays
2 for that year (within a category of direct spend-
3 ing) is above that category’s direct spending
4 cap for that year.

5 “(6) The term ‘baseline’ means the projection
6 (described in section 657 of this Act) of current-year
7 levels of new budget authority, outlays, receipts, and
8 the surplus or deficit into the budget year and the
9 outyears.

10 “(7) The term ‘budgetary resources’ means new
11 budget authority; unobligated balances; direct spend-
12 ing authority; and obligation limitations.

13 “(8) The term ‘discretionary appropriations’
14 means budgetary resources (except to fund direct-
15 spending programs) provided in appropriation Acts.
16 If an appropriations Act alters the level of direct
17 spending or offsetting collections, that effect shall be
18 treated as discretionary spending. Discretionary ap-
19 propriations shall be those so designated in the joint
20 statement of managers accompanying the conference
21 report on the Budget Enforcement Simplification
22 Truth Act. Classifications of new accounts or activi-
23 ties and changes in classifications shall be made in
24 consultation with the Committees on Appropriations

1 and the Budget of the House of Representatives and
2 the Senate.

3 “(9) The term ‘direct spending’ means—

4 “(A) budget authority provided by law
5 other than appropriations Acts, including enti-
6 tlement authority; and

7 “(B) the food stamp program.

8 If a law other than an appropriations Act alters the
9 level of discretionary appropriations or offsetting col-
10 lections, that effect shall be treated as direct spend-
11 ing.

12 “(10) The term ‘entitlement authority’ means
13 authority (whether temporary or permanent) to
14 make payments (including loans and grants), the
15 budget authority for which is not provided for in ad-
16 vance by appropriations Acts, to any person or gov-
17 ernment if, under the provisions of the law contain-
18 ing such authority, the United States is obligated to
19 make such payments to persons or governments who
20 meet the requirements established by such law.

21 “(11) The term ‘current’ means, with respect to
22 OMB estimates included with a budget submission
23 under section 1105(a) of title 31, the estimates con-
24 sistent with the economic and technical assumptions
25 underlying that budget.

1 “(12) The term ‘account’ means an item for
2 which appropriations are made in any appropriations
3 Act and, for items not provided for in appropriations
4 Acts, such term means an item which is identified
5 in the section ‘Federal Programs by Agency and Ac-
6 count’ as it appears in the ‘Analytical Perspectives’
7 to the President’s fiscal year 1996 budget proposal
8 beginning at page 337.

9 “(13) The term ‘budget year’ means the fiscal
10 year of the Government that starts on the next Oc-
11 tober 1.

12 “(14) The term ‘current year’ means, with re-
13 spect to a budget year, the fiscal year that imme-
14 diately precedes that budget year.

15 “(15) The term ‘outyear’ means, with respect
16 to a budget year, any of the fiscal years that follow
17 the budget year.

18 “(16) The term ‘OMB’ means the Director of
19 the Office of Management and Budget.

20 “(17) The term ‘CBO’ means the Director of
21 the Congressional Budget Office.

22 “(18) The terms ‘budget outlays’ and ‘outlays’
23 mean, with respect to any fiscal year, expenditures
24 of funds under budget authority during such year.

1 “(19) Budget authority and new budget author-
2 ity:

3 “(A) IN GENERAL.—The term ‘budget au-
4 thority’ means the authority provided by Fed-
5 eral law to incur financial obligations, as fol-
6 lows—

7 “(i) provisions of law that make funds
8 available for obligation and expenditure
9 (other than borrowing authority), including
10 the authority to obligate and expend the
11 proceeds of offsetting receipts and collec-
12 tions;

13 “(ii) borrowing authority, which
14 means authority granted to a Federal en-
15 tity to borrow and obligate and expend the
16 borrowed funds, including through the is-
17 suanance of promissory notes or other mone-
18 tary credits;

19 “(iii) contract authority, which means
20 the making of funds available for obliga-
21 tion but not for expenditure; and

22 “(iv) offsetting receipts and collections
23 as negative budget authority, and the re-
24 duction thereof as positive budget author-
25 ity.

1 “(B) LIMITATIONS ON BUDGET AUTHOR-
2 ITY.—Any amount that is precluded from obli-
3 gation in a fiscal year by a provision of law
4 (such as a limitation or a benefit formula) shall
5 not be budget authority in that year.

6 “(C) NEW BUDGET AUTHORITY.—The
7 term ‘new budget authority’ means, with re-
8 spect to a fiscal year—

9 “(i) budget authority that first be-
10 comes available for obligation in that year,
11 including budget authority that becomes
12 available in that year as a result of a reap-
13 propriation; or

14 “(ii) a change in any account in the
15 availability of unobligated balances of
16 budget authority carried over from a prior
17 year, resulting from a provision of law first
18 effective in that year;

19 “(iii) and includes a change in the es-
20 timated level of new budget authority pro-
21 vided in indefinite amounts by existing law.
22 The term includes the cost for direct loan
23 and loan guarantee programs, as those
24 terms are defined by title V.

1 “(20) The term ‘tax expenditures’ means those
2 revenue losses attributable to provisions of the Fed-
3 eral tax laws which allow a special exclusion, exemp-
4 tion, or deduction from gross income or which pro-
5 vide a special credit, a preferential rate of tax, or a
6 deferral of tax liability; and the term ‘tax expendi-
7 tures budget’ means an enumeration of such tax ex-
8 penditures.

9 “(21) The term ‘joint resolution on the budget’
10 means—

11 “(A) a joint resolution setting forth the
12 congressional budget for the United States Gov-
13 ernment for a fiscal year as provided in section
14 301 of this Act; and

15 “(B) any other joint resolution revising the
16 congressional budget for the United States Gov-
17 ernment for a fiscal year as described in section
18 304 of this Act.

19 “(22) The term ‘appropriation Act’ means an
20 Act referred to in section 105 of title 1 of the
21 United States Code.

22 “(23) The term ‘deficit’ means, with respect to
23 a fiscal year, the amount by which outlays exceed re-
24 cepts during that year.

1 “(24) The term ‘surplus’ means, with respect to
2 a fiscal year, the amount by which receipts exceed
3 outlays during that year.

4 “(25) The term ‘government-sponsored enter-
5 prise’ means a corporate entity created by a law of
6 the United States that—

7 “(A)(i) has a Federal charter authorized
8 by law;

9 “(ii) is privately owned, as evidenced by
10 capital stock owned by private entities or indi-
11 viduals;

12 “(iii) is under the direction of a board of
13 directors, a majority of which is elected by pri-
14 vate owners;

15 “(iv) is a financial institution with power
16 to—

17 “(I) make loans or loan guarantees
18 for limited purposes such as to provide
19 credit for specific borrowers or one sector;
20 and

21 “(II) raise funds by borrowing (which
22 does not carry the full faith and credit of
23 the Federal Government) or to guarantee
24 the debt of others in unlimited amounts;
25 and

1 “(B)(i) does not exercise powers that are
2 reserved to the Government as sovereign (such
3 as the power to tax or to regulate interstate
4 commerce);

5 “(ii) does not have the power to commit
6 the Government financially (but it may be a re-
7 cipient of a loan guarantee commitment made
8 by the Government); and

9 “(iii) has employees whose salaries and ex-
10 penses are paid by the enterprise and are not
11 Federal employees subject to title 5 of the
12 United States Code.

13 “(26) The sale of an asset means the sale to
14 the public of any physical asset owned in whole or
15 in part by the United States.”.

16 **SEC. 102. TIMETABLE.**

17 Section 300 of the Congressional Budget Act is
18 amended to read as follows:

19 “SEC. 300. The timetable with respect to the congres-
20 sional budget process for any budget biennium is as fol-
21 lows:

“ODD-NUMBERED YEARS

“On or before:	Action to be completed:
January 15	CBO economic and budget update.
First Monday in February	President’s budget: includes seques- tration update based on new as- sumptions.
April 15	House and Senate pass joint budget resolution.

“On or before:	Action to be completed:
May 15	President signs joint budget resolution.
July 1	Cut-off for in-session sequestration (sequesters triggered by legislative action).
August 1	Baseline update.
August 15	Preview report.
October 1	Start of new fiscal year; start of first year of biennium.
December 15	OMB issues final (lookback) report for prior year and preview for current year.
December 15	Presidential sequester order.

“EVEN-NUMBERED YEARS

“On or before:	Action to be completed:
January 15	CBO economic and budget update.
First Monday in February	OMB baseline revision.
July 1	Cut-off for in-session sequester.
August 1	Revised baseline.
August 15	Preview fiscal years ending and beginning on October 1.
October 1	Fiscal year begins; starts second year of biennium.
December 15	OMB issues final (lookback) report for prior year and preview for current fiscal year.”.

1 SEC. 103. BIENNIAL JOINT BUDGET RESOLUTION.

2 Section 301 of the Congressional Budget and Im-
 3 poundment Control Act of 1974 is amended to read as
 4 follows:

5 “BIENNIAL ADOPTION OF JOINT RESOLUTION ON THE
 6 BUDGET

7 SEC. 301. (a) CONTENT OF JOINT RESOLUTION ON
 8 THE BUDGET.—Beginning in calendar year 1997, on or
 9 before May 15 of each odd numbered year, the Congress
 10 shall complete action on a joint resolution on the budget
 11 for the fiscal year beginning on October 1 of such year
 12 and for the following fiscal year (the biennial budget

1 years). The joint resolution shall also set forth appropriate
2 levels for each of the two ensuing budget biennia. The
3 joint resolution shall specify the following for each fiscal
4 year—

5 “(1) total new budget authority and outlays;

6 “(2) total Federal revenues and the amount, if
7 any, by which the aggregate level of Federal reve-
8 nues should be increased or decreased by bills and
9 resolutions to be reported by the appropriate com-
10 mittees;

11 “(3) the budget surplus or deficit;

12 “(4) new budget authority and budget outlays
13 for each major functional category, based on alloca-
14 tions of the total levels set forth pursuant to para-
15 graph (1);

16 “(5) the public debt;

17 “(6) amounts for spending caps for all budget
18 authority, outlays and entitlement authority (except
19 for matters exempted from the caps under section
20 606 of this Act), including—

21 “(A) total discretionary spending, which
22 may be subdivided according to section
23 301(b)(3) of this Act; and

24 “(B) total direct spending, with separate
25 caps for—

1 “(i) programs (as described in table
2 10 of the August 1995 Congressional
3 Budget Office Report entitled “The Eco-
4 nomic and Budget Outlook: An Update”)
5 with estimated outlays for any fiscal year
6 that equal or exceed \$20 billion;

7 “(ii) such other programs or groups of
8 programs as may be provided in the joint
9 resolution.

10 “(iii) the remainder of direct spending
11 programs.

12 “(7) an amount of budget authority and outlays
13 for each fiscal year equal to or greater than one per-
14 cent of the spending caps for total discretionary
15 budget authority and total discretionary outlays for
16 such fiscal year (as set forth pursuant to section
17 301(a)(6)(A) of this Act) that is withheld from allo-
18 cation pursuant to section 302(a) of this act to pro-
19 vide a reserve fund for contingencies.

20 “(b) ADDITIONAL MATTERS IN JOINT RESOLU-
21 TION.—The joint resolution on the budget may—

22 “(1) include reconciliation directives described
23 in section 310;

24 “(2) require a procedure under which all or cer-
25 tain bills or resolutions providing new budget au-

1 thority or new entitlement authority for the biennial
2 budget years shall not be enrolled until the Congress
3 has completed action on any reconciliation bill or
4 reconciliation resolution or both required by such
5 joint resolution to be reported in accordance with
6 section 310(b);

7 “(3) require or modify a procedure establishing
8 firewalls between categories of spending or programs
9 subject to specific caps as provided in section
10 301(a)(6)(A) of this Act; and

11 “(4) set forth such other matters, and require
12 such other procedures, relating to the budget as may
13 be appropriate to carry out the purposes of this Act
14 and the joint resolution.

15 “(c) VIEWS AND ESTIMATES OF OTHER COMMIT-
16 TEES.—Within 6 weeks after the President submits a
17 budget under section 1105(a) of title 31, United States
18 Code, each committee of the House of Representatives
19 having legislative jurisdiction shall submit to the Commit-
20 tee on the Budget of the House and each committee of
21 the Senate having legislative jurisdiction shall submit to
22 the Committee on the Budget of the Senate its views and
23 estimates (as determined by the committee making such
24 submission) with respect to all matters set forth in sub-
25 sections (a) and (b) which relate to matters within the

1 jurisdiction or functions of such committee. Any other
2 Committee of the House of Representatives or the Senate
3 may submit to the Committee on the Budget of its House,
4 and any joint committee of the Congress may submit to
5 the Committees on the Budget of both Houses, its views
6 and estimates with respect to all matters set forth in sub-
7 sections (a) and (b) which relate to matters within its ju-
8 risdiction or functions.

9 “(d) HEARINGS AND REPORT.—In developing the
10 joint resolution on the budget referred to in subsection (a)
11 for each budget biennium, the Committee on the Budget
12 of each House shall hold hearings and shall receive testi-
13 mony from Members of Congress and such appropriate
14 representatives of Federal departments and agencies, the
15 general public, and national organizations as the commit-
16 tee deems desirable. The report accompanying such joint
17 resolution shall include, but not be limited to—

18 “(1) a comparison of revenues estimated by the
19 committee with those estimated in the budget sub-
20 mitted by the President;

21 “(2) a comparison of the appropriate levels of
22 total budget outlays and total new budget authority
23 as set forth in such joint resolution with those esti-
24 mated or requested in the budget submitted by the
25 President;

1 “(3) with respect to each major functional cat-
2 egory, an estimate of budget outlays and an appro-
3 priate level of new budget authority for all proposed
4 programs and for all existing programs (including
5 renewals thereof), with the estimate and level for ex-
6 isting programs being divided between permanent
7 authority and funds provided in appropriation Acts,
8 and with each such division being subdivided be-
9 tween controllable amounts and all other amounts;

10 “(4) an allocation of the level of Federal reve-
11 nues recommended in the concurrent resolution
12 among the major sources of such revenues;

13 “(5) the economic assumptions and objectives
14 which underlie each of the matters set forth in such
15 concurrent resolution and any alternative economic
16 assumptions and objectives which the committee
17 considered;

18 “(6) projections (not limited to the following),
19 for the period of ten fiscal years beginning with such
20 fiscal year, of the estimated levels of total budget
21 outlays and total new budget authority, the esti-
22 mated revenues to be received, and the estimated
23 surplus or deficit, if any, for each fiscal year in such
24 period, and the estimated levels of tax expenditures

1 (the tax expenditures budget) by major functional
2 categories;

3 “(7) a statement of any significant changes in
4 the proposed levels of Federal assistance to State
5 and local governments;

6 “(8) information, data, and comparisons indi-
7 cating the manner in which, and the basis on which,
8 the committee determined each of the matters set
9 forth in the joint resolution;

10 “(9) allocations described in section 302(a); and

11 “(10) an analysis, prepared after consultation
12 with the Director of the Congressional Budget Of-
13 fice, of the joint resolution’s impact on the inter-
14 national competitiveness of United States business
15 and the United States balance of payments position
16 and shall include the following projections, based
17 upon the best information available at the time, for
18 the fiscal years covered by the joint resolution—

19 “(A) the amount of borrowing by the Gov-
20 ernment in private credit markets;

21 “(B) net domestic savings (defined as per-
22 sonal savings, corporate savings, and the fiscal
23 surplus of State and local government);

24 “(C) net private domestic investment;

1 “(D) the merchandise trade and current
2 accounts;

3 “(E) the net increase or decrease in for-
4 foreign indebtedness (defined as net foreign invest-
5 ment); and

6 “(F) the estimated direction and extent of
7 the influence of the Government’s borrowing in
8 private credit markets on United States dollar
9 interest rates and on the real effective exchange
10 rate of the United States dollar.

11 “(e) ECONOMIC ASSUMPTIONS.—

12 “(1) The joint explanatory statement accom-
13 panying a conference report on a joint resolution on
14 the budget shall set forth the common economic as-
15 sumptions upon which such joint statement and con-
16 ference report are based, or upon which any amend-
17 ment contained in the joint explanatory statement to
18 be proposed by the conferees in the case of technical
19 disagreement, is based.

20 “(2) Subject to periodic re-estimation based on
21 changed economic conditions or technical estimates,
22 determinations under titles III, IV and VI of the
23 Congressional Budget Act of 1974 shall be based
24 upon such common economic and technical assump-
25 tions.”.

1 **SEC. 104. COMMITTEE ALLOCATIONS.**

2 Section 302 of the Congressional Budget Act of 1974
3 is amended to read as follows:

4 “COMMITTEE ALLOCATIONS

5 “SEC. 302. “(a) ALLOCATION OF TOTALS.—

6 “(1) For the House of Representatives, the
7 joint explanatory statement accompanying a con-
8 ference report on a joint resolution on the budget
9 shall include an estimated allocation, based on such
10 joint resolution as recommended in such conference
11 report, of the appropriate levels of total budget out-
12 lays, total budget authority, and total entitlement
13 authority among each committee of the House of
14 Representatives which has jurisdiction over laws,
15 bills and resolutions providing such new budget au-
16 thority and such entitlement authority. Pursuant to
17 paragraph (3), the allocation shall insure that
18 amounts set aside for natural disasters shall be
19 available only for such purposes.

20 “(2) For the Senate, the joint explanatory
21 statement accompanying a conference report on a
22 joint resolution on the budget shall include an esti-
23 mated allocation, based upon such joint resolution as
24 recommended in such conference report, of the ap-
25 propriate levels for each fiscal year of total budget
26 outlays, total budget authority and total entitlement

1 authority among each committee of the Senate
2 which has jurisdiction over bills and resolutions pro-
3 viding such budget authority. Pursuant to paragraph
4 (3), the allocation shall insure that amounts set
5 aside for natural disasters shall be available only for
6 such purposes.

7 “(3) CONTINGENCY RESERVE FOR NATURAL
8 DISASTERS.—The joint resolution on the budget
9 shall specify the amount of new budget authority
10 and outlays within the discretionary spending cap
11 that shall be withheld from allocation to the commit-
12 tees and reserved for natural disasters, and a proce-
13 dure for releasing such funds for allocation to the
14 committee of jurisdiction. The amount withheld shall
15 be equal to one percent of the total discretionary
16 cap, unless additional amounts are specified.

17 “(A) Such procedure shall insure that
18 funds are released for allocation only if—

19 “(i) The President has made a re-
20 quest for such disaster funds;

21 “(ii) The programs to be funded are
22 included in the Presidential request;

23 “(iii) The projected obligations for un-
24 foreseen emergency needs exceed the ten-
25 year rolling average annual expenditure for

1 existing programs included in the Presi-
2 dential request for the applicable fiscal
3 year or fiscal years.

4 “(B) Notwithstanding any other provision
5 of law, such procedure shall also—

6 “(i) Require States and localities to
7 maintain effort and ensure that Federal
8 assistance payments do not replace,
9 subvent or otherwise have the effect of re-
10 ducing regularly budgeted State and local
11 expenditures for law enforcement, fire
12 fighting, road construction and mainte-
13 nance, building construction and mainte-
14 nance and/or any other category of regular
15 government expenditure. The purpose of
16 this clause is to ensure that Federal disas-
17 ter assistance payments are made only for
18 incremental costs directly attributable to
19 unforeseen events resulting from unfore-
20 seen disasters, and do not replace or re-
21 duce regular State and local expenditures
22 for the same or similar purposes.

23 “(ii) Prohibit the President from tak-
24 ing administrative action to waive any re-
25 quirement for States and/or localities to

1 make minimum matching payments as a
2 condition of receiving Federal disaster as-
3 sistance; and/or prohibit the President
4 from taking administrative action to waive
5 all or part of any repayment of Federal
6 loans for the State and/or local matching
7 share required as a condition of receiving
8 Federal disaster assistance. This clause
9 shall apply to all matching share require-
10 ment and loans to meet matching share re-
11 quirements under the Robert T. Stafford
12 Disaster Relief and Emergency Assistance
13 Act (42 U.S.C. 5121 et seq.) and/or any
14 and all other Acts pursuant to which the
15 President may declare a disaster or disas-
16 ters and States and/or localities otherwise
17 qualify for Federal disaster assistance.

18 “(iii) Require a two-thirds vote in
19 each House of Congress, for each emer-
20 gency, to reduce or waive the State match-
21 ing requirement or to forgive all or part of
22 loans for the State matching share as re-
23 quired under the Robert T. Stafford Disas-
24 ter Relief and Emergency Assistance Act
25 (42 U.S.C. 5121 et seq.).

1 “(b) REPORTS BY COMMITTEES.—As soon as prac-
2 ticable after a joint resolution on the budget is enacted—

3 “(1) the Committees on Appropriations of each
4 House shall, after consulting with the Committee on
5 Appropriations of the other House subdivide among
6 its subcommittees the allocation of budget outlays,
7 and new budget authority allocated to it in the joint
8 budget resolution; and

9 “(2) every other committee of the House and
10 Senate to which an allocation was made in such
11 joint budget resolution shall, after consulting with
12 the committee or committees of the other house to
13 which all or part of its allocation was made, sub-
14 divide such allocation among its subcommittees or
15 among programs over which it has jurisdiction.

16 Each such committee shall promptly report to its House
17 the subdivisions made by it pursuant to this subsection.

18 “(c) POINT OF ORDER.—It shall not be in order in
19 the House of Representatives or the Senate to consider
20 any bill or resolution, or amendment thereto, providing—

21 “(1) new budget authority for a fiscal year; or

22 “(2) new spending authority as described in
23 section 3(11) of this Act for a fiscal year—

24 within the jurisdiction of any committee which has re-
25 ceived an appropriate allocation of such authority pursu-

1 ant to subsection (a) for such fiscal year, unless and until
2 such committee makes the allocation of subdivisions re-
3 quired by subsection (b), in connection with the most re-
4 cently enacted joint resolution on the budget for such fis-
5 cal year.

6 “(d) SUBSEQUENT JOINT RESOLUTIONS.—In the
7 case of a joint resolution on the budget referred to in sec-
8 tion 304(a) of this Act, the subdivisions under subsection
9 (b) shall be required only to the extent necessary to take
10 into account revisions made in the most recently enacted
11 joint resolution on the budget.

12 “(e) ALTERATION OF ALLOCATIONS.—At any time
13 after a committee reports the subdivision required to be
14 made under subsection (b), such committee may report to
15 its House an alteration of such subdivision. Any alteration
16 of such subdivision must be consistent with any actions
17 already taken by its House on legislation within the com-
18 mittee’s jurisdiction.

19 “(f) LEGISLATION SUBJECT TO POINT OF ORDER.—
20 After enactment of a joint resolution on the budget for
21 a fiscal year, it shall not be in order in the House of Rep-
22 resentatives or the Senate to consider any bill, resolution,
23 or amendment providing new budget authority for such
24 fiscal year, or new entitlement authority effective during

1 such fiscal year for such fiscal year, or any conference re-
2 port on any such bill or resolution, if—

3 “(1) the enactment of such bill or resolution as
4 reported;

5 “(2) the adoption and enactment of such
6 amendment; or

7 “(3) the enactment of such bill or resolution in
8 the form recommended in such conference report;
9 would cause the appropriate allocation made pursuant to
10 subsection (a) or subdivision made under subsection (b)
11 of this section for each fiscal year of new discretionary
12 budget authority or new entitlement authority to be ex-
13 ceeded.

14 “(g) DETERMINATIONS BY BUDGET COMMITTEES.—
15 For purposes of this section, the levels of new budget au-
16 thority, entitlement authority, and outlays for a fiscal year
17 shall be determined on the basis of estimates made by the
18 Committee on the Budget of the House of Representatives
19 or the Senate, as the case may be.”.

20 **SEC. 105. BACKSTOP BUDGET RESOLUTION.**

21 Section 303 of the Congressional Budget Act of 1974
22 is amended to read as follows:

23 “BACKSTOP BUDGET RESOLUTION

24 **“SEC. 303. BACKSTOP BUDGET RESOLUTION.**

25 “Following May 15 of any odd numbered year, if a joint
26 resolution on the budget has not yet been enacted for the

1 upcoming biennial budget years, then the amounts and
2 caps established for those years in the most recently en-
3 acted joint budget resolution shall be binding as if they
4 had been enacted pursuant to this section.”.

5 **SEC. 106. REVISIONS TO JOINT BUDGET RESOLUTIONS AND**
6 **SPENDING CAPS.**

7 Section 304 of the Congressional Budget Act is
8 amended to read as follows:

9 “REVISIONS TO JOINT BUDGET RESOLUTIONS AND
10 SPENDING CAPS

11 **“SEC. 304. PERMISSIBLE REVISIONS TO JOINT RESOLU-**
12 **TIONS ON THE BUDGET AND SPENDING CAPS.**

13 “(a) REVISIONS TO JOINT BUDGET RESOLUTIONS.—
14 At any time after the enactment of a joint resolution on
15 the budget pursuant to section 301 of this Act, Congress
16 may consider a joint resolution on the budget which re-
17 vises or reaffirms the joint resolution on the budget for
18 the biennial budget years most recently agreed to.

19 “(b) REVISIONS TO SPENDING CAPS.—

20 “(1) AUTOMATIC ADJUSTMENTS TO SPENDING
21 LIMITS.—When the President submits the budget
22 under section 1105(a) of title 31, United States
23 Code, for any year, and when reports are submitted
24 pursuant to section 602 of this Act, OMB shall cal-
25 culate (in the order set forth below), and the budget
26 and reports shall include, adjustments to the spend-

1 ing limits (and those limits as cumulatively ad-
2 justed) for the budget year and each outyear, to re-
3 flect the following:

4 “(A) CHANGES IN CONCEPTS AND DEFINI-
5 TIONS.—The adjustments produced by changes
6 in concepts and definitions shall equal the base-
7 line levels of new budget authority and outlays
8 using up-to-date concepts and definitions minus
9 those levels using the concepts and definitions
10 in effect before such changes. Such changes in
11 concepts and definitions may only be made in
12 consultation with the Committees on Appropria-
13 tions, the Budget, Government Reform and
14 Oversight and Governmental Affairs of the
15 House of Representatives and Senate.

16 “(B) CHANGES IN INFLATION.—

17 “(i) There shall be no adjustment to
18 discretionary spending caps for changes in
19 inflation. For direct spending programs
20 where adjustments for inflation are re-
21 quired by existing law, the direct spending
22 caps shall be adjusted for inflation. The
23 adjustments produced by changes in infla-
24 tion shall equal the level of new budget au-
25 thority and outlays in the most recently

1 published current law baseline recalculated
2 with baseline inflation factor for the bien-
3 nium covered in reports submitted pursu-
4 ant to section 602.

5 “(ii) For the biennium, the inflation
6 adjustment factors shall equal the ratio be-
7 tween the level of year-over-year inflation
8 measured for the fiscal year most recently
9 completed and the applicable estimated
10 level for those years included in the Joint
11 Statement of Managers pursuant to section
12 301(e).

13 “(iii) Inflation shall be measured as
14 follows: for indexed programs, inflation
15 shall be measured by the changes in the
16 index specified in law; for programs provid-
17 ing health care, inflation shall be measured
18 by changes in the consumer price index for
19 all urban consumers for medical care com-
20 ponents (CPI-U medical care); and for all
21 other programs, inflation shall be meas-
22 ured by changes in the consumer price
23 index for all urban consumers (CPI-U).

24 “(C) CHANGES IN UNEMPLOYMENT AND
25 INTEREST RATES.—For direct spending caps,

1 OMB shall make adjustments in new budget
2 authority and outlays for changes in actual un-
3 employment and interest rates, in the most re-
4 cent period for which such data is available, rel-
5 ative to the baseline contained in the Statement
6 of Managers accompanying the most recently
7 enacted joint budget resolution, pursuant to
8 section 301(e) of this Act. The baseline and the
9 caps for direct spending programs shall be ad-
10 justed to reflect those changes.

11 “(D) CHANGES IN ELIGIBLE POPU-
12 LATIONS.—For direct spending caps, OMB
13 shall make adjustments in new budget authority
14 and outlays for changes in the number of eligi-
15 ble beneficiaries (the eligible population), com-
16 pared to the number projected to be eligible in
17 the calculation of the baseline contained in the
18 Statement of Managers accompanying the most
19 recently enacted joint budget resolution, pursu-
20 ant to section 301(e) of this Act.

21 “(E) Intra-budgetary payments from dis-
22 cretionary accounts to mandatory accounts.

23 “(2) PERMISSIBLE REVISIONS TO SPENDING
24 CAPS.—Spending caps enacted pursuant to section
25 301(a)(6) of this Act may be revised as follows:

1 “(A) PERMISSIBLE ADJUSTMENTS.—Ex-
2 cept for amendments offered pursuant to sub-
3 section (c), spending caps enacted pursuant to
4 section 301(a)(6) of this Act may only be
5 amended by recorded vote. It shall be a matter
6 of highest privilege in the House of Representa-
7 tives and the Senate for a Member of the
8 House of Representatives or the Senate to in-
9 sist on a recorded vote solely on the question
10 of amending such spending caps.

11 “(c) LOCK-BOX AMENDMENT.—Notwithstanding any
12 other law or any rule of the House of Representatives or
13 the Senate, it shall always be in order to offer an amend-
14 ment to a bill providing discretionary budget authority or
15 budget outlays that would—

16 “(1) only reduce such budget authority or budg-
17 et outlays; and

18 “(2) reduce the appropriate caps in the most
19 recently enacted joint budget resolution for such
20 budget authority or budget outlays by an amount
21 less than or equal to the amount of the reduction in
22 the amendment.”.

23 **SEC. 107. BUDGET ENFORCEMENT PROVISIONS.**

24 Title VI of the Congressional Budget Act of 1974 is
25 amended to read as follows—

1 **“TITLE VI—BUDGET**
2 **ENFORCEMENT PROVISIONS**

3 **“SEC. 601. ENFORCING SPENDING CAPS.**

4 “(a) GENERAL STATEMENT ON SPENDING CAPS.—

5 This title provides enforcement of the caps on categories
6 of spending established in joint budget resolutions under
7 section 301(a)(6) of this Act. The provisions of this title
8 trigger sequestration of discretionary and direct spending
9 that exceeds an applicable spending cap.

10 “(b) OVERALL RULES.—

11 “(1) ELIMINATING A BREACH.—Each non-ex-
12 empt account within a category shall be reduced by
13 a dollar amount calculated by multiplying the base-
14 line level of sequestrable budgetary resources in that
15 account at that time by the uniform percentage nec-
16 essary to eliminate a breach within that category. If,
17 within a category, the discretionary spending limits
18 for both new budget authority and outlays are
19 breached, the uniform percentage shall be calculated
20 by—

21 “(A) first, calculating the uniform percent-
22 age necessary to eliminate the breach in new
23 budget authority, and

1 “(B) second, if any breach in outlays re-
2 mains, increasing the uniform percentage to a
3 level sufficient to eliminate that breach.

4 “(2) PROGRAMS, PROJECTS, OR ACTIVITIES.—
5 Except as otherwise provided, the same percentage
6 sequestration shall apply to all programs, projects,
7 and activities within a budget account (with pro-
8 grams, projects, and activities as delineated in the
9 appropriation Act or accompanying report for the
10 relevant fiscal year covering that account, or for ac-
11 counts not included in appropriation Acts, as identi-
12 fied in the section ‘Federal Programs by Agency and
13 Account’ as it appears in the Analytical Perspectives
14 to the President’s fiscal year 1996 budget proposal
15 beginning at page 337.

16 “(3) ADMINISTRATIVE EXPENSES ASSOCIATED
17 WITH CERTAIN PROGRAMS.—Notwithstanding any
18 exemption, general rule or special rule in this Act,
19 administrative expenses associated with all programs
20 shall be fully subject to sequestration under this sec-
21 tion.

22 “(4) INDEFINITE AUTHORITY.—Except as oth-
23 erwise provided, sequestration in accounts for which
24 obligations are indefinite shall be taken in a manner
25 to ensure that obligations in the fiscal year of a se-

1 sequestration and succeeding fiscal years are reduced,
2 from the level that would actually have occurred, by
3 the applicable sequestration percentage or percent-
4 ages.

5 “(5) CANCELLATION OF BUDGETARY RE-
6 SOURCES.—Budgetary resources sequestered from
7 any account other than an entitlement trust, special,
8 or revolving fund account shall revert to the Treas-
9 ury and be permanently canceled or repealed.

10 “(6) IMPLEMENTING REGULATIONS.—Adminis-
11 trative regulations or similar actions implementing
12 the sequestration of a program or activity shall be
13 made within 30 days of the effective date of the se-
14 questration of that program or activity.

15 “(7) PART YEAR APPROPRIATIONS.—If, within
16 15 days after Congress adjourns to end a session,
17 there is in effect an Act making or continuing ap-
18 propriations for part of a fiscal year for any budget
19 account, then the dollar sequestration calculated for
20 that account under paragraph (1) shall be sub-
21 tracted from—

22 “(A) the annualized amount otherwise
23 available by law in that account under that or
24 a subsequent part-year appropriation; and

1 “(B) when a full-year appropriation for the
2 account is enacted, from the amount otherwise
3 provided by the full-year appropriation.

4 “(8) MILITARY PERSONNEL.—If the President
5 uses the authority to exempt any military personnel
6 from sequestration under section 606(j) each ac-
7 count within subfunctional category 051 (other than
8 those military personnel accounts for which the au-
9 thority provided under section 606(j) has been exer-
10 cised) shall be further reduced by a dollar amount
11 calculated by multiplying the enacted levels of non-
12 exempt budgetary resources in that account at that
13 time by the uniform percentage necessary to offset
14 the total dollar amount by which outlays are not re-
15 duced in military personnel accounts by reason of
16 the use of such authority.

17 **“SEC. 602. REPORTING EXCESS SPENDING.**

18 “(a) ANALYSIS OF ACTUAL SPENDING LEVELS.—
19 Following the end of any fiscal year the Director of the
20 Office of Management and Budget shall compile a state-
21 ment of actual spending for that year. The statement shall
22 identify such spending by categories contained in section
23 301(a)(6) of this Act.

24 “(b) ESTIMATE OF NECESSARY SPENDING REDUC-
25 TION.—Based on the statement provided under subsection

1 (a), the Director of the Office of Management and Budget
2 shall issue a report to the President and the Congress on
3 December 15 of any year in which such statement identi-
4 fies actual spending in excess of amounts allocated under
5 the most recently enacted joint resolution on the budget
6 by more than one percent of the budget cap established
7 for total discretionary spending and total direct spending
8 over the course of a budget biennium. Such report shall
9 identify:

10 “(1) All instances in which actual spending has
11 exceeded the appropriate budget cap or caps estab-
12 lished pursuant to Section 301(a)(6) of this Act;

13 “(2) The amount by which actual spending has
14 exceeded the appropriate budget cap or caps as iden-
15 tified under the preceding paragraph;

16 “(3) For the current fiscal year, the difference
17 between the amount of spending available under the
18 budget caps identified under paragraph (1) and esti-
19 mated actual spending for the categories associated
20 with such caps;

21 “(4) The amounts by which spending must be
22 reduced in the current fiscal year so that total ac-
23 tual and estimated spending for all cap categories
24 identified under paragraph (1) for the current and
25 immediately preceding fiscal years shall not exceed

1 the total amounts available for such fiscal years in
 2 the most recently enacted joint resolution on the
 3 budget.

4 “(5) If the excess spending, in whole or in part,
 5 has resulted solely from changes in inflation, interest
 6 rates, unemployment or eligible population, the
 7 amounts by which such spending has resulted solely
 8 from such factors.

9 “(c) TIMETABLE.—The timetable with respect to re-
 10 ports and orders required under this title is as follows:

ODD-NUMBERED YEARS

“Date	Action to be Completed
January 15	CBO economic and budget update.
First Monday in February	President’s budget (Includes seques- tration update based on new as- sumptions).
August 1	Baseline update.
August 15	Preview report.
December 15	OMB issues final (lookback) report for prior year and preview for cur- rent year.
December 15	Presidential sequester order.

EVEN-NUMBERED YEARS

“Date	Action to be Completed
January 15	CBO economic and budget update
First Monday in February	OMB baseline revision.
August 1	Revised baseline.
August 15	Preview fiscal years ending and be- ginning on October 1.
December 15	OMB issues final (lookback) report for prior year and preview for cur- rent year.

11 **“SEC. 603. PRESIDENTIAL ORDERS TO ELIMINATE EXCESS**
 12 **SPENDING.**

13 “(a) IN GENERAL.—Following the submission of any
 14 report made by the Director of the Office of Management

1 and Budget under section 602 of this Act, the President
2 shall issue an order eliminating all excess actual and esti-
3 mated spending.

4 “(b) TIMING OF ORDER.—The order required under
5 this section shall be issued on December 15.

6 **“SEC. 604. ENFORCING DISCRETIONARY SPENDING LIMITS.**

7 “(a) DISCRETIONARY SPENDING.—All discretionary
8 appropriations shall be subject to budget authority and
9 outlay caps for each fiscal year. Consistent with the total
10 cap or caps, such cap may be subdivided according to the
11 procedures established pursuant to section 301(b)(3) of
12 this Act.

13 “(b) GENERAL RULES.—

14 “(1) LOOKBACK ADJUSTMENT FOR DISCRE-
15 TIONARY SPENDING.—For fiscal years where actual
16 spending exceeded spending permitted under the dis-
17 cretionary spending budget authority or outlay caps
18 as established under section 301(a)(6), the sequester
19 shall eliminate the entire overage or overages and:

20 “(A) The budget authority cap or caps for
21 such discretionary spending for the current fis-
22 cal year shall be revised downward by an
23 amount sufficient to eliminate the overage or
24 overages, and the outlay cap or caps for such
25 discretionary spending for the current and sub-

1 sequent (if necessary) fiscal year or years shall
2 be adjusted downward by an amount sufficient
3 to eliminate the overage.

4 “(B) Where no firewalls have been estab-
5 lished, the entire overage shall be sequestered
6 from spending under the aggregate cap and the
7 appropriate cap or caps shall be adjusted ac-
8 cordingly.

9 “(C) Where discretionary spending fire-
10 walls have been established, and if spending is
11 projected to exceed any discretionary spending
12 cap or caps, all excess spending in a particular
13 firewall category shall be sequestered from that
14 category and the cap or caps for that category
15 or categories shall be adjusted accordingly.

16 “(2) PROSPECTIVE ADJUSTMENT FOR DISCRE-
17 TIONARY SPENDING.—For fiscal years where actual
18 spending is projected to exceed spending permitted
19 under a discretionary spending cap or caps, excess
20 spending shall be sequestered following the proce-
21 dures set forth in subparagraphs (1) (C) and (D).

22 “(3) WITHIN-SESSION SEQUESTERS.—If a bill
23 or resolution providing discretionary appropriations
24 for a fiscal year in progress is enacted before July
25 1 of that fiscal year that causes a breach within a

1 discretionary spending cap or caps for that year, 15
2 days later there shall be a sequestration to eliminate
3 that breach within that cap or caps following the
4 procedures set forth in subparagraphs (1) (C) and
5 (D).

6 “(c) SPECIAL RULES FOR DISCRETIONARY SPEND-
7 ING.—

8 “(1) CONTINGENT FEES.—In any account for
9 which fees charged to the public are legally deter-
10 mined by the level of appropriations, fees shall be
11 charged on the basis of the pre-sequestration level of
12 appropriations.

13 “(2) BIENNIAL APPROPRIATIONS.—With regard
14 to new budget authority which is provided in an ap-
15 propriation Act for two more years, the following
16 special rules shall apply—

17 “(A) Sequestration following the end of a
18 biennial budget period shall eliminate 100 per-
19 cent of any overage for the biennium.

20 “(B) Sequestration following the end of
21 the first year of a biennial budget period shall
22 eliminate the lesser of—

23 “(i) the actual overage in the first
24 year of the biennium, or

1 “(ii) 50 percent of the total overage
2 projected for the biennium.

3 **“SEC. 605. ENFORCING DIRECT SPENDING LIMITS.**

4 “(a) IN GENERAL.—All direct spending (except mat-
5 ters exempted from the caps under section 606 of this Act)
6 shall be subject to caps on total outlays for each fiscal
7 year. Consistent with the cap on total outlays, separate
8 caps shall be established for—

9 “(1) any program (as named in Table 10 of the
10 August 1995 Congressional Budget Office Report
11 entitled “The Economic and Budget Outlook: An
12 Update”) with outlays equal to or in excess of \$20
13 billion in any fiscal year;

14 “(2) such other program or group of programs
15 as may be identified in the joint budget resolution;
16 and

17 “(3) the remainder of direct spending pro-
18 grams.

19 “(b) DIRECT SPENDING.—For all direct spending
20 programs (except matters exempted from the caps under
21 section 606 and programs subject to the special rules set
22 forth under section 607), notwithstanding any other provi-
23 sion of law, any sequestration required under this Act
24 shall reduce benefit levels by an amount sufficient to elimi-
25 nate all excess spending identified in the report issued

1 pursuant to section 602, except for those amounts identi-
2 fied under section 602(b)(5), while maintaining the same
3 uniform percentage reduction in the monetary value of
4 benefits subject to reduction under this subsection.

5 “(c) GENERAL RULES FOR DIRECT SPENDING.—For
6 programs subject to direct spending caps:

7 “(1) Sequestration is triggered if total direct
8 spending subject to the caps exceeds or is projected
9 to exceed the aggregate cap for direct spending for
10 the biennium.

11 “(2) Sequestration shall reduce spending under
12 each separate direct spending cap in proportion to
13 the amounts each category of direct spending con-
14 tributes or contributed to the overage.

15 “(3) UNIFORM PERCENTAGES.—In calculating
16 the uniform percentage applicable to the sequestra-
17 tion of all direct spending programs or activities, or
18 the uniform percentage applicable to the sequestra-
19 tion of nonexempt direct spending programs or ac-
20 tivities, the sequestrable base for direct spending
21 programs and activities is the total level of outlays
22 for the biennium for those programs or activities in
23 the current law baseline.

1 “(4) Sequestration following the end of a bien-
2 nial budget period shall eliminate 100 percent of any
3 overage for the biennium.

4 “(5) Sequestration following the end of the first
5 year of a biennial budget period shall eliminate the
6 lesser of—

7 “(A) the actual overage in the first year of
8 the biennium, or

9 “(B) 50 percent of the total overage pro-
10 jected for the biennium.

11 “(6) PERMANENT SEQUESTRATION OF DIRECT
12 SPENDING.—Obligations in sequestered direct spend-
13 ing accounts shall be reduced in the fiscal year in
14 which a sequestration occurs and in all succeeding
15 fiscal years. Notwithstanding any other provision of
16 this section, after the first direct spending seques-
17 tration, any later sequestration shall reduce direct
18 spending by an amount in addition to, rather than
19 in lieu of, the reduction in direct spending in place
20 under the existing sequestration or sequestrations.

21 “(7) For any direct spending program in which:

22 “(A) Outlays pay for entitlement benefits.

23 “(B) A budget-year sequestration takes ef-
24 fect after the 1st day of the budget year.

1 “(C) That delay reduces the amount of en-
2 titlement authority that is subject to sequestra-
3 tion in the budget, the uniform percentage oth-
4 erwise applicable to the sequestration of that
5 program in the budget year shall be increased
6 as necessary to achieve the same budget-year
7 outlay reduction in that program as would have
8 been achieved had there been no delay.

9 “(D) If the uniform percentage otherwise
10 applicable to the budget-year sequestration of a
11 program or activity is increased due to the
12 delay, then it shall revert to the uniform per-
13 centage calculated under paragraph (3) when
14 the budget year is completed.

15 “(8) INDEXED BENEFIT PAYMENTS.—If, under
16 any entitlement program—

17 “(A) benefit payments are made to persons
18 or governments more frequently than once a
19 year, and

20 “(B) the amount of entitlement authority
21 is periodically adjusted under existing law to re-
22 flect changes in a price index (commonly called
23 ‘cost of living adjustments’),

24 sequestration shall first be applied to the cost of liv-
25 ing adjustment before reductions are made to the

1 base benefit. For the first fiscal year to which a se-
2 questration order applies, the benefit payment re-
3 ductions in such programs accomplished by the
4 order shall take effect starting with the payment
5 made at the beginning of January following a final
6 sequester order. For the purposes of this subsection,
7 Veterans Compensation shall be considered a pro-
8 gram that meets the conditions of the preceding sen-
9 tence.

10 “(9) LOAN PROGRAMS.—For all loan programs
11 subject to direct spending caps made on or after the
12 date of a sequestration, the fees paid by borrowers
13 shall be increased by a uniform percentage sufficient
14 to produce the dollar savings in such loan programs
15 for the fiscal year of the sequestration required by
16 this section. All subsequent fees shall be increased
17 by the same percentage, and all proceeds from such
18 fees shall be paid into the general fund of the Treas-
19 ury, in any year for which a sequester affecting such
20 programs is in effect, notwithstanding any other
21 provision of law).

22 “(10) INSURANCE PROGRAMS.—Any sequestra-
23 tion in a Federal program that sells insurance con-
24 tracts to the public (including the Federal Crop In-
25 surance Fund, the National Insurance Development

1 Fund, the National Flood Insurance Fund, insur-
2 ance activities of the Overseas Private Insurance
3 Corporation, and Veterans' life insurance programs)
4 shall be accomplished by increasing premiums on
5 contracts entered into after the date a sequestration
6 order takes effect by the uniform sequestration per-
7 centage. Proceeds from the premium increase shall
8 be paid from the insurance fund or account to the
9 general fund of the Treasury in any year for which
10 a sequester affecting such programs are in effect.

11 “(11) STATE GRANT FORMULAS.—For all stage
12 grant programs subject to direct spending caps the
13 total amount of funds available for all states shall be
14 reduced by the amount required to be sequestered.

15 “(d) WITHIN SESSION SEQUESTER.—If a bill or reso-
16 lution providing direct spending for a fiscal year in
17 progress is enacted before July 1 of that fiscal year that
18 causes a breach within a direct spending cap or caps for
19 that year, 15 days later there shall be a sequestration to
20 eliminate that breach within that cap or caps following
21 the procedures set forth in subsection (a).

22 **“SEC. 606. EXEMPT PROGRAMS AND ACTIVITIES.**

23 “The following budget accounts, activities within ac-
24 counts, or income shall be exempt from sequestration—

25 “(a) net interest;

1 “(b) all payments to trust funds from excise
2 taxes or other receipts or collections properly cred-
3 itable to those trust funds;

4 “(c) offsetting receipts and collections;

5 “(d) all payments from one Federal direct
6 spending budget account to another Federal budget
7 account; all intragovernmental funds including those
8 from which funding is derived primarily from other
9 Government accounts;

10 “(e) expenses to the extent they result from pri-
11 vate donations, bequests, or voluntary contributions
12 to the Government;

13 “(f) nonbudgetary activities, including but not
14 limited to—

15 “(1) credit liquidating and financing ac-
16 counts;

17 “(2) the Pension Benefit Guarantee Cor-
18 poration Trust Funds;

19 “(3) the Thrift Savings Fund;

20 “(4) the Federal Reserve System; and

21 “(5) appropriations for the District of Co-
22 lumbia to the extent they are appropriations of
23 locally raised funds;

24 “(g) payments resulting from Government in-
25 surance, Government guarantees, or any other form

1 of contingent liability, to the extent those payments
2 result from contractual or other legally binding com-
3 mitments of the Government at the time of any se-
4 questration;

5 “(h) the following accounts, which largely fulfill
6 requirements of the Constitution or otherwise make
7 payments to which the Government is committed—

8 “(1) Bureau of Indian Affairs, miscellane-
9 ous trust funds, tribal trust funds (14-9973-0-
10 7-999);

11 “(2) Claims, defense;

12 “(3) Claims, judgments, and relief act
13 (20-1895-0-1-806);

14 “(4) Compact of Free Association, eco-
15 nomic assistance pursuant to Public Law 99-
16 658 (14-0415-0-1-806);

17 “(5) Compensation of the President (11-
18 0001-0-1-802);

19 “(6) Customs Service, miscellaneous per-
20 manent appropriations (20-9992-0-2-852);

21 “(7) Eastern Indian land claims settlement
22 fund (14-2202-0-1-806);

23 “(8) Farm Credit System Financial Assist-
24 ance Corporation, interest payments (20-1850-
25 0-1-351);

1 “(9) Internal Revenue collections of Puerto
2 Rico (20-5737-0-2-852);

3 “(10) Payments of Vietnam and USS
4 Pueblo prisoner-of-war claims (15-0104-0-1-
5 153);

6 “(11) Payments to copyright owners (03-
7 5175-0-2-376);

8 “(12) Salaries of Article III judges (not in-
9 cluding cost-of-living adjustments);

10 “(13) Soldier’s and Airmen’s Home, pay-
11 ment of claims (84-8930-0-7-705); and

12 “(14) Washington Metropolitan Area
13 Transit Authority, interest payments (46-
14 0300-0-1-401).

15 “(i) the following noncredit special, revolving,
16 or trust-revolving funds—

17 “(1) Exchange Stabilization Fund (20-
18 4444-0-3-155); and

19 “(2) Foreign Military Sales trust fund
20 (11-82232-0-7-155).

21 “(j) OPTIONAL EXEMPTION OF MILITARY PERSON-
22 NEL.—

23 “(1) The President may, with respect to any
24 military personnel account, exempt that account

1 from sequestration or provide for a lower uniform
2 percentage reduction that would otherwise apply.

3 “(2) The President may not use the authority
4 provided by paragraph (1) unless he notifies the
5 Congress of the manner in which such authority will
6 be exercised on or before the initial snapshot date
7 for the budget year.

8 **“SEC. 607. SPECIAL RULES.**

9 “(a) CHILD SUPPORT ENFORCEMENT PROGRAM.—
10 Any sequestration order shall accomplish the full amount
11 of any required reduction in payments under sections 455
12 and 458 of the Social Security Act by reducing the Fed-
13 eral matching rate for State administrative costs under
14 the program, as specified (for the fiscal year involved) in
15 section 455(a) of such Act, to the extent necessary to re-
16 duce such expenditures by that amount.

17 “(b) COMMODITY CREDIT CORPORATION.—

18 “(1) EFFECTIVE DATE.—For the Commodity Credit
19 Corporation, the date on which a sequestration order takes
20 effect in a fiscal year shall vary for each crop of a com-
21 modity. In general, the sequestration order shall take ef-
22 fect when issued, but for each crop of a commodity for
23 which 1-year contracts are issued as an entitlement, the
24 sequestration order shall take effect with the start of the
25 sign-up period for that crop that begins after the seques-

1 tration order is issued. Payments for each contract in such
2 a crop shall be reduced under the same terms and condi-
3 tions.

4 “(2) DAIRY PROGRAM.—

5 “(A) As the sole means of achieving any
6 reduction in outlays under the milk price-sup-
7 port program, the Secretary of Agriculture shall
8 provide for a reduction to be made in the price
9 received by producers for all milk produced in
10 the United States and marketed by producers
11 for commercial use.

12 “(B) That price reduction (measured in
13 cents per hundred-weight of milk marketed)
14 shall occur under subparagraph (A) of section
15 201(d)(2) of the Agricultural Act of 1949 (7
16 U.S.C. 1446(d)(2)(A)), shall begin on the day
17 any sequestration order is issued, and shall not
18 exceed the aggregate amount of the reduction
19 in outlays under the milk price-support pro-
20 gram, that otherwise would have been achieved
21 by reducing payments made for the purchase of
22 milk or the products of milk under this sub-
23 section during that fiscal year.

24 “(3) EFFECT OF DELAY.—For purposes of sub-
25 section (b)(1), the sequestrable base for the Com-

1 modity Credit Corporation is the budget-year level of
2 gross outlays resulting from new budget authority
3 that is subject to reduction under paragraphs (1)
4 and (2), and subsection (b)(2) shall not apply.

5 “(4) CERTAIN AUTHORITY NOT TO BE LIM-
6 ITED.—Nothing in this Act shall restrict the Cor-
7 poration in the discharge of its authority and re-
8 sponsibility as a corporation to buy and sell com-
9 modities in world trade, or limit or reduce in any
10 way any appropriation that provides the Corporation
11 with funds to cover its net realized losses.

12 “(c) REGULAR AND EXTENDED UNEMPLOYMENT
13 COMPENSATION.—(1) A State may reduce each weekly
14 benefit payment made under the regular and extended un-
15 employment benefit programs for any week of unemploy-
16 ment occurring during any period with respect to which
17 payments are reduced under any sequestration order by
18 a percentage not to exceed the percentage by which the
19 Federal payment to the State is to be reduced for such
20 week as a result of such order.

21 “(2) A reduction by a State in accordance with para-
22 graph (1) shall not be considered as a failure to fulfill the
23 requirements of section 3304(a)(11) of the Internal Reve-
24 nue Code of 1986.

1 “(d) FEDERAL EMPLOYEES HEALTH BENEFITS
2 FUND.—For the Federal Employees Health Benefits
3 Fund, a sequestration order shall take effect with the next
4 open season. The sequestration shall be accomplished by
5 annual payments from that Fund to the General Fund of
6 the Treasury. Those annual payments shall be financed
7 solely by charging higher premiums. The sequestrable base
8 for the Fund is the budget-year level of gross outlays re-
9 sulting from claims paid after the sequestration order
10 takes effect.

11 “(e) FEDERAL HOUSING FINANCE BOARD.—Any se-
12 questration of the Federal Housing Finance Board shall
13 be accomplished by annual payments (by the end of each
14 fiscal year) from that Board to the general fund of the
15 Treasury, in amounts equal to the uniform sequestration
16 percentage for that year times the gross obligations of the
17 Board in that year.

18 “(f) FEDERAL PAY.—

19 “(1) IN GENERAL.—New budget authority to
20 pay Federal personnel from direct spending accounts
21 shall be reduced by the uniform percentage cal-
22 culated under section 652(a)(3), as applicable, but
23 no sequestration order may reduce or have the effect
24 of reducing the rate of pay to which any individual
25 is entitled under any statutory pay system (as in-

1 creased by any amount payable under section 5304
2 of title 5, United States Code, or section 302 of the
3 Federal Employees Pay Comparability Act of 1990)
4 or the rate of any element of military pay to which
5 any individual is entitled under title 37, United
6 States Code, or any increase in rates of pay which
7 is scheduled to take effect under section 5303 of
8 title 5, United States Code, section 1009 of title 37,
9 United States Code, or any other provision of law.

10 “(2) DEFINITIONS.—For purposes of this sub-
11 section:

12 “(A) The term ‘statutory pay system’ shall
13 have the meaning given that term in section
14 5302(1) of title 5, United States Code.

15 “(B) The term ‘elements of military pay’
16 means—

17 “(i) the elements of compensation of
18 members of the uniformed services speci-
19 fied in section 1009 of title 37, United
20 States Code,

21 “(ii) allowances provided members of
22 the uniformed services under sections 403a
23 and 405 of such title, and

24 “(iii) cadet pay and midshipman pay
25 under section 203(c) of such title.

1 “(C) The term ‘uniformed services’ shall
2 have the meaning given that term in section
3 101(3) of title 37, United States Code.

4 “(g) MEDICARE.—

5 “(1) TIMING OF APPLICATION OF REDUC-
6 TIONS.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), if a reduction is made in
9 payment amounts pursuant to a sequestration
10 order, the reduction shall be applied to payment
11 for services furnished after the effective date of
12 the order. For purposes of the previous sen-
13 tence, in the case of inpatient services furnished
14 for an individual, the services shall be consid-
15 ered to be furnished on the date of the individ-
16 ual’s discharge from the inpatient facility.

17 “(B) PAYMENT ON THE BASIS OF COST
18 REPORTING PERIODS.—In the case in which
19 payment for services of a provider of services is
20 made under title XVIII of the Social Security
21 Act on a basis relating to the reasonable cost
22 incurred for the services during a cost reporting
23 period of the provider, if a reduction is made in
24 payment amounts pursuant to a sequestration
25 order, the reduction shall be applied to payment

1 for costs for such services incurred at any time
2 during each cost reporting period of the pro-
3 vider any part of which occurs after the effec-
4 tive date of the order, but only (for each such
5 cost reporting period) in the same proportion as
6 the fraction of the cost reporting period that oc-
7 curs after the effective date of the order.

8 “(2) NO INCREASE IN BENEFICIARY CHARGES
9 IN ASSIGNMENT-RELATED CASES.—If a reduction in
10 payment amounts is made pursuant to a sequestra-
11 tion order for services for which payment under part
12 B of title XVIII of the Social Security Act is made
13 on the basis of an assignment described in section
14 1842(b)(3)(B)(ii), in accordance with section
15 1842(b)(6)(B), or under the procedure described in
16 section 1870(f)(1) of such Act, the person furnishing
17 the services shall be considered to have accepted
18 payment of the reasonable charge for the services,
19 less any reduction in payment amount made pursu-
20 ant to a sequestration order, as payment in full.

21 “(3) PART B PREMIUMS.—In computing the
22 amount and method of sequestration from Part B of
23 title XVIII of the Social Security Act—

24 “(A) the amount of the sequestration shall
25 be calculated by multiplying the total amount

1 by which Medicare spending exceeds the appro-
2 priate spending cap by a percentage that re-
3 flects the ratio of total spending under Part B
4 to total Medicare spending; and

5 “(B) sequestration in the Part B program
6 shall be accomplished by increasing premiums
7 to beneficiaries.

8 “(4) NO EFFECT ON COMPUTATION OF
9 AAPCC.—In computing the adjusted average per cap-
10 ita cost for purposes of section 1876(a)(4) of the So-
11 cial Security Act, the Secretary of Health and
12 Human Services shall not take into account any re-
13 ductions in payment amounts which have been or
14 may be effected under this part.

15 “(h) POSTAL SERVICE FUND.—Any sequestration of
16 the Postal Service Fund shall be accomplished by annual
17 payments from that Fund to the General Fund of the
18 Treasury, and the Postmaster General of the United
19 States shall have the duty to make those payments during
20 the fiscal year to which the sequestration order applies
21 and each succeeding fiscal year. The amount of each an-
22 nual payment shall be—

23 “(1) the uniform sequestration percentage,
24 times

1 “(2) the estimated gross obligations of the
2 Postal Service Fund in that year other than those
3 obligations financed with an appropriation for reve-
4 nue foregone for that year.

5 Any such payment for a fiscal year shall be made as soon
6 as possible during the fiscal year, except that it may be
7 made in installments within that year if the payment
8 schedule is approved by the Secretary of the Treasury.
9 Within 30 days after the sequestration order is issued, the
10 Postmaster General shall submit to the Postal Rate Com-
11 mission a plan for financing the annual payment for that
12 fiscal year and publish that plan in the Federal Register.
13 The plan may assume efficiencies in the operation of the
14 Postal Service, reductions in capital expenditures, in-
15 creases in the prices of services, or any combination, but
16 may not assume a lower Fund surplus or higher Fund
17 deficit and must follow the requirements of existing law
18 governing the Postal Service in all other respects. Within
19 30 days of the receipt of that plan, the Postal Rate Com-
20 mission shall approve the plan or modify it in the manner
21 that modifications are allowed under current law. If the
22 Postal Rate Commission does not respond to the plan
23 within 30 days, the plan submitted by the Postmaster
24 General shall go into effect. Any plan may be later revised

1 by the submission of a new plan to the Postal Rate Com-
2 mission, which may approve or modify it.

3 “(i) POWER MARKETING ADMINISTRATIONS AND
4 TVA—Any sequestration of the Department of Energy
5 power marketing administration funds or the Tennessee
6 Valley Authority fund shall be accomplished by annual
7 payments from those funds to the General Fund of the
8 Treasury, and the administrators of those funds shall have
9 the duty to make those payments during the fiscal year
10 to which the sequestration order applies and each succeed-
11 ing fiscal year. The amount of each annual payment by
12 a fund shall be—

13 “(1) the direct spending uniform sequestration
14 percentage, times

15 “(2) the estimated gross obligations of the fund
16 in that year other than those obligations financed
17 from discretionary appropriations for that year.

18 Any such payment for a fiscal year shall be made as soon
19 as possible during the fiscal year, except that it may be
20 made in installments within that year if the payment
21 schedule is approved by the Secretary of the Treasury. An-
22 nual payments by a fund may be financed by reductions
23 in costs required to produce the presequester amount of
24 power (but those reductions shall not include reductions
25 in the amount of power supplied by the fund), by reduc-

1 tions in capital expenditures, by increases in rates, or by
2 any combination, but may not be financed by a lower fund
3 surplus, a higher fund deficit, additional borrowing, delay
4 in repayment of principal on outstanding debt and must
5 follow the requirements of existing law governing the fund
6 in all other respects. The administrator of a fund or the
7 TVA Board is authorized to take the actions specified
8 above in order to make the annual payments to the Treas-
9 ury.

10 “(j) BUSINESSLIKE TRANSACTIONS.—For programs
11 which provide a businesslike service in exchange for a fee,
12 sequestration shall be accomplished through a uniform in-
13 crease in fees (sufficient to produce the dollar savings in
14 such programs for the fiscal year of the sequestration re-
15 quired by section 650(a)(2), all subsequent fees shall be
16 increased by the same percentage, and all proceeds from
17 such fees shall be paid into the general fund of the Treas-
18 ury, in any year for which a sequester affecting such pro-
19 grams are in effect, notwithstanding any other provision
20 of law).

21 **“SEC. 608. THE CURRENT LAW BASELINE.**

22 “(a) DETERMINATION OF THE BUDGET BASELINE.—
23 The Directors of the Congressional Budget Office and the
24 Office of Management and Budget shall submit to the
25 President and the Congress reports setting forth the budg-

1 et baselines for the budget year and at least the subse-
2 quent nine fiscal years. The CBO report shall be submit-
3 ted on or before January 15. In odd numbered years, the
4 OMB report shall accompany the President’s budget. In
5 even numbered years, the OMB report shall be submitted
6 on or before the first Monday in February:

7 “(1) The budget baseline shall be based on the
8 common economic assumptions set forth in the
9 Statement of Managers accompanying the most re-
10 cently enacted joint resolution on the budget, pursu-
11 ant to section 301(e) of this Act, adjusted to reflect
12 revisions pursuant to (b) below.

13 “(2) The budget baseline shall consist of a
14 project of current-year levels of budget authority,
15 outlays, revenues and the surplus or deficit into the
16 budget year and the relevant outyears based upon
17 current enacted laws as of the date of the projection.

18 “(b) REVISIONS TO THE BASELINE.—The baseline
19 shall be adjusted for up-to-date economic and technical as-
20 sumptions when the CBO submits its Economic and
21 Budget Update and OMB submits its Budget Update, and
22 by August 1 each year, when CBO and OMB submit their
23 Midyear Reviews.

24 “(1) For Discretionary spending items, the
25 baseline shall be the spending caps in effect pursu-

1 ant to section 301(a)(6)(A) of this Act. For years in
2 which there are no caps, the baseline for discre-
3 tionary spending shall be the same as in the last
4 year for which caps were included in the most re-
5 cently enacted joint resolution on the budget.

6 “(2) For all other expenditures, and for reve-
7 nues, the baseline shall be adjusted by comparing
8 unemployment, inflation, interest rates, growth and
9 other economic indicators—changes in eligible popu-
10 lation and other technical estimates for the most re-
11 cent period for which actual data are available, com-
12 pared to the assumptions contained in the statement
13 of managers pursuant to section 301(e) of this Act.

14 “(c) The budget baseline shall provide the basis for
15 enforcement procedures pursuant to section 311 and Title
16 IV of this Act.

17 “(d) MODIFICATION OF BUDGET BASELINE
18 RULES.—Pursuant to Section 301 of this Act, Biennial
19 Joint Resolutions on the Budget may expound and revise
20 rules determining the calculation of budget baselines.

21 **“SEC. 609. PAY-AS-YOU-GO.**

22 “(a) REVENUE LEGISLATION MUST BE DEFICIT
23 NEUTRAL.—It shall not be in order in the House of Rep-
24 resentatives or the Senate to consider a bill, resolution or
25 amendment reducing receipts unless such reduction is

1 fully offset by an equal or greater increase in receipts or
2 reduction in direct spending for each and all fiscal years
3 affected by the reduction in receipts.

4 “(b) DOWNWARD ADJUSTMENT OF SPENDING
5 CAPS.—If any reduction in receipts is offset in whole or
6 in part by a reduction in direct spending pursuant to the
7 preceding subsection, then the appropriate direct spend-
8 ing cap or caps shall be adjusted downward by an amount
9 equal to the offset or offsets.

10 “(c) EXPIRATION OF TAX CUTS.—If any provision of
11 law that offsets a reduction in receipts pursuant to sub-
12 section (a) expires, then the reduction in receipts shall ex-
13 pire on the same date.

14 “(d) SUPERMAJORITY REQUIRED TO WAIVE.—Not-
15 withstanding any rule of the House of Representatives or
16 the Senate, the provisions of this section shall not be
17 waived except with the concurrence of two-thirds of the
18 whole number of the House of Representatives or the Sen-
19 ate, as the case may be, shall provide for such waiver by
20 roll-call vote.”.

21 **TITLE II**

22 **CHAPTER A**

23 **SEC. 201. SHORT TITLE.**

24 This Chapter may be cited as the “Line Item Veto
25 Act”.

1 **SEC. 202. LINE ITEM VETO AUTHORITY.—**

2 (a) IN GENERAL.—Notwithstanding the provisions of
3 part B of title X of the Congressional Budget and Im-
4 poundment Control Act of 1974, and subject to the provi-
5 sions of this section, the President may rescind all or part
6 of any dollar amount on any discretionary budget author-
7 ity specified in an appropriation Act or conference report
8 or joint explanatory statement accompanying a conference
9 report on the Act, or veto any targeted tax benefit which
10 is subject to the terms of this Act if the President—

11 (1) determines that—

12 (A) such rescission or veto would help re-
13 duce the Federal budget deficit;

14 (B) such rescission or veto will not impair
15 any essential Government functions; and

16 (C) such rescission or veto will not harm
17 the national interest; and

18 (2) notifies the Congress of such rescission or
19 veto by a special message not later than ten calendar
20 days (not including Sundays) after the date of en-
21 actment of an appropriation Act providing such
22 budget authority or a revenue or reconciliation Act
23 containing a targeted tax benefit.

24 (b) DEFICIT REDUCTION.—In each special message,
25 the President may also propose to reduce the appropriate
26 discretionary spending caps set forth pursuant to section

1 301 of the Congressional Budget Act of 1974 by an
2 amount that does not exceed the total amount of discre-
3 tionary budget authority rescinded by that message.

4 (c) SEPARATE MESSAGES.—The President shall sub-
5 mit a separate special message for each appropriation Act
6 and for each revenue or reconciliation Act under this sec-
7 tion.

8 (d) LIMITATION.—No special message submitted by
9 the President under this section may change any prohibi-
10 tion or limitation of discretionary budget authority set
11 forth in any appropriation Act.

12 (e) SPECIAL RULE FOR FISCAL YEAR 1996 APPRO-
13 PRIATION MEASURES.—Notwithstanding subsection
14 (a)(2), in the case of any unobligated discretionary budget
15 authority provided by any appropriation Act for fiscal year
16 1996, the President may rescind all or part of that discre-
17 tionary budget authority under the terms of this Act if
18 the President notifies the Congress of such rescission by
19 a special message not later than ten calendar days (not
20 including Sundays) after the date of enactment of this
21 Act.

22 **SEC. 203. LINE ITEM VETO EFFECTIVE UNLESS DIS-**
23 **APPROVED.**

24 (a)(1) Any amount of budget authority rescinded
25 under this Act as set forth in a special message by the

1 President shall be deemed canceled unless, during the pe-
2 riod described in subsection (b), a rescission/receipts dis-
3 approval bill making available all of the amount rescinded
4 is enacted into law.

5 (2) Any provision of law vetoed under this Act as set
6 forth in a special message by the President shall be
7 deemed repealed unless, during the period described in
8 subsection (b), a rescission/receipts disapproval bill restor-
9 ing that provision is enacted into law.

10 (b) The period referred to in subsection (a) is—

11 (1) a congressional review period of twenty cal-
12 endar days of session, beginning on the first cal-
13 endar day of session after the date of submission of
14 the special message, during which Congress must
15 complete action on the rescission/receipts disapproval
16 bill and present such bill to the President for ap-
17 proval or disapproval;

18 (2) after the period provided in paragraph (1),
19 an additional ten days (not including Sundays) dur-
20 ing which the President may exercise his authority
21 to sign or veto the rescission/receipts disapproval
22 bill; and

23 (3) if the President vetoes the rescission/re-
24 cepts disapproval bill during the period provided in

1 paragraph (2), an additional five calendar days of
2 session after the date of the veto.

3 (c) If a special message is transmitted by the Presi-
4 dent under this Act and the last session of the Congress
5 adjourns sine die before the expiration of the period de-
6 scribed in subsection (b), the rescission or veto, as the case
7 may be, shall not take effect. The message shall be deemed
8 to have been retransmitted on the first Monday in Feb-
9 ruary of the succeeding Congress and the review period
10 referred to in subsection (b) (with respect to such mes-
11 sage) shall run beginning after such first day.

12 **SEC. 204. DEFINITIONS.**

13 As used in this Act:

14 (a) The term “rescission/receipts disapproval
15 bill” means a bill or joint resolution which only dis-
16 approves, in whole, rescissions of discretionary budg-
17 et authority or only disapproves vetoes of targeted
18 tax benefits in a special message transmitted by the
19 President under this Act and—

20 (1) which does not have a preamble;

21 (2)(A) in the case of a special message re-
22 garding rescissions, the matter after the enact-
23 ing clause of which is as follows: “That Con-
24 gress disapproves each rescission of discre-
25 tionary budget authority of the President as

1 submitted by the President in a special message
2 on XXXX”, the blank space being filled in with
3 the appropriate date and the public law to
4 which the message relates; and

5 (B) in the case of a special message re-
6 garding vetoes of targeted tax benefits, the
7 matter after the enacting clause of which is as
8 follows: “That Congress disapproves each veto
9 of targeted tax benefits of the President as sub-
10 mitted by the President in a special message on
11 XXXX”, the blank space being filled in with
12 the appropriate date and the public law to
13 which the message relates; and

14 (3) the title of which is as follows: “A bill
15 disapproving the recommendations submitted by
16 the President on XXXX”, the blank space
17 being filled in with the date of submission of
18 the relevant special message and the public law
19 to which the message relates.

20 (b) The term “calendar days of session” shall
21 mean only those days on which both Houses of Con-
22 gress are in session.

23 (c) The term “targeted tax benefit” means any
24 provision of a revenue or reconciliation Act deter-
25 mined by the President to provide a Federal tax de-

1 duction, credit, exclusion, preference, or other con-
2 cession to 100 or fewer beneficiaries. Any partner-
3 ship, limited partnership, trust, or S corporation,
4 and any subsidiary or affiliate of the same parent
5 corporation, shall be deemed and counted as a single
6 beneficiary regardless of the number of partners,
7 limited partners, beneficiaries, shareholders, or affili-
8 ated corporate entities.

9 (d) The term “appropriation Act” means any
10 general or special appropriation Act, and any Act or
11 joint resolution making supplemental, deficiency, or
12 continuing appropriations.

13 **SEC. 205. CONGRESSIONAL CONSIDERATION OF LINE ITEM**
14 **VETOES.**

15 (a) **PRESIDENTIAL SPECIAL MESSAGE.**—Whenever
16 the President rescinds any budget authority as provided
17 in this Act or vetoes any provision of law as provided in
18 this Act, the President shall transmit to both Houses of
19 Congress a special message specifying—

20 (1) the amount of budget authority rescinded or
21 the provision vetoed;

22 (2) any account, department, or establishment
23 of the Government to which such budget authority
24 is available for obligation, and the specific project or
25 governmental functions involved;

1 (3) the reasons and justifications for the deter-
2 mination to rescind budget authority or veto any
3 provision pursuant of this Act;

4 (4) to the maximum extent practicable, the esti-
5 mated fiscal, economic, and budgetary effect of the
6 rescission or veto; and

7 (5) all actions, circumstances, and consider-
8 ations relating to or bearing upon the rescission or
9 veto and the decision to effect the rescission or veto
10 and to the maximum extent practicable, the esti-
11 mated effect of the rescission upon the objects, pur-
12 poses, and programs for which the budget authority
13 is provided.

14 (b) TRANSMISSION OF MESSAGES TO HOUSE
15 AND SENATE.—

16 (1) Each special message transmitted under the
17 Act shall be transmitted to the House of Represent-
18 atives and the Senate on the same day, and shall be
19 delivered to the Clerk of the House of Representa-
20 tives if the House is not in session, and to the Sec-
21 retary of the Senate if the Senate is not is session.
22 Each special message so transmitted shall be re-
23 ferred to the appropriate committees of the House of
24 Representatives and the Senate. Each such message
25 shall be printed as a document of each House.

1 (2) Any special message transmitted under the
2 Act shall be printed in the first issue of the Federal
3 Register published after such transmittal.

4 (c) INTRODUCTION OF RESCISSION/RECEIPTS DIS-
5 APPROVAL BILLS.—The procedures set forth in subsection
6 (d) shall apply to any rescission/receipts disapproval bill
7 introduced in the House of Representatives not later than
8 the third calendar day of session beginning on the day
9 after the date of submission of a special message by the
10 President under section 2.

11 (d) CONSIDERATION IN THE HOUSE OF REPRESENT-
12 ATIVES.

13 (1) The committee of the House of Representa-
14 tives to which a rescission/receipts disapproval bill is
15 referred shall report it without amendment, and with
16 or without recommendation, not later than the
17 eighth calendar day of session after the date of its
18 introduction. If the committee fails to report the bill
19 within that period, it is in order to move that the
20 House discharge the committee from further consid-
21 eration of the bill. A motion to discharge may be
22 made only by an individual favoring the bill (but
23 only after the legislative day on which a Member an-
24 nounces to the House the Member's intention to do
25 so). The motion is highly privileged. Debate thereon

1 shall be limited to not more than one hour, the time
2 to be divided in the House equally between a pro-
3 ponent and an opponent. The previous question shall
4 be considered as ordered on the motion to its adop-
5 tion without intervening motion. A motion to recon-
6 sider the vote by which the motion is agreed to or
7 disagreed to shall not be in order.

8 (2) After a rescission/receipts disapproval bill is
9 reported or the committee has been discharged from
10 further consideration, it is in order to move that the
11 House resolve into the Committee of the Whole
12 House on the state of the Union for consideration of
13 the bill. All points of order against the bill and
14 against consideration of the bill are waived. The mo-
15 tion is highly privileged. The previous question shall
16 be considered as order on that motion to its adop-
17 tion without intervening motion. A motion to recon-
18 sider the vote by which the motion is agreed to or
19 disagreed to shall not be in order. During consider-
20 ation of the bill in the Committee of the Whole, the
21 first reading of the bill shall be dispensed with. Gen-
22 eral debate shall proceed without intervening motion,
23 shall be confined to the bill, and shall not exceed two
24 hours equally divided and controlled by a proponent
25 and an opponent of the bill. No amendment to the

1 bill is in order, except any Member may move to
2 strike the disapproval of any rescission or rescissions
3 of budget authority or any proposed repeal of a tar-
4 geted tax benefit, as applicable, if supported by 49
5 other Members. At the conclusion of the consider-
6 ation of the bill for amendment, the Committee shall
7 rise and report the bill to the House. The previous
8 question shall be considered as ordered on the bill
9 and amendments thereto to final passage without in-
10 tervening motion. A motion to reconsider the vote on
11 passage of the bill shall not be in order.

12 (3) Appeals from the decisions of the Chair re-
13 lating to the application of the rules of the House
14 of Representatives to the procedure relating to a bill
15 described in subsection (a) shall be decided without
16 debate.

17 (4) It shall not be in order to consider more
18 than one bill described in subsection (c) or more
19 than one motion to discharge described in paragraph
20 (1) with respect to a particular special message.

21 (5) Consideration of any rescission/receipts dis-
22 approval bill under this subsection is governed by
23 the rules of the House of Representatives except to
24 the extent specifically provided by the provisions of
25 this Act.

1 (e) CONSIDERATION IN THE SENATE.—

2 (1) Any rescission/receipts disapproval bill re-
3 ceived in the Senate from the House shall be consid-
4 ered in the Senate pursuant to the provisions of this
5 Act.

6 (2) Debate in the Senate on any rescission/re-
7 cepts disapproval bill and debatable motions and ap-
8 peals in connection therewith, shall be limited to not
9 more than ten hours. The time shall be equally di-
10 vided between, and controlled by, the majority leader
11 and the minority leader or their designees.

12 (3) Debate in the Senate on any debatable mo-
13 tions or appeal in connection with such bill shall be
14 limited to one hour, to be equally divided between,
15 and controlled by the mover and the manager of the
16 bill, except that in the event the manager of the bill
17 is in favor of any such motion or appeal, the time
18 in opposition thereto shall be controlled by the mi-
19 nority leader or his designee. Such leaders, or either
20 of them, may, from the time under their control on
21 the passage of the bill, allot additional time to any
22 Senator during the consideration of any debatable
23 motion or appeal.

24 (4) A motion to further limit debate is not de-
25 batable. A motion to recommit (except a motion to

1 recommit with instructions to report back within a
2 specified number of days not to exceed one, not
3 counting any day on which the Senate is not in ses-
4 sion) is not in order.

5 (f) POINTS OF ORDER.—

6 (1) It shall not be in order in the Senate to
7 consider any rescission/receipts disapproval bill that
8 relates to any matter other than the rescission of
9 budget authority or veto of the provision of law
10 transmitted by the President under this Act.

11 (2) It shall not be in order in the Senate to
12 consider any amendment to a rescission/receipts dis-
13 approval bill.

14 (3) Paragraphs (1) and (2) may be waived or
15 suspended in the Senate only by a vote of three-
16 fifths of the members duly chosen and sworn.

17 **SEC. 206. REPORTS OF THE GENERAL ACCOUNTING OF-**
18 **FICE.**

19 Beginning on January 6, 1996, and at one-year inter-
20 vals thereafter, the Comptroller General shall submit a re-
21 port to each House of Congress which provides the follow-
22 ing information:

23 (a) A list of each proposed Presidential rescis-
24 sion of discretionary budget authority and veto of a
25 targeted tax benefit submitted through special mes-

1 sages for the fiscal year ending during the preceding
2 calendar year, together with their dollar value, and
3 an indication of whether each rescission of discre-
4 tionary budget authority or veto of a targeted tax
5 benefit was accepted or rejected by Congress.

6 (b) The total number of proposed Presidential
7 rescissions of discretionary budget authority and ve-
8 toes of a targeted tax benefit submitted through spe-
9 cial messages for the fiscal year ending during the
10 preceding calendar year, together with their total
11 dollar value.

12 (c) The total number of Presidential rescissions
13 of discretionary budget authority or vetoes of a tar-
14 geted tax benefit submitted through special mes-
15 sages for the fiscal year ending during the preceding
16 calendar year and approved by Congress, together
17 with their total dollar value.

18 (d) A list of rescissions of discretionary budget
19 authority initiated by Congress for the fiscal year
20 ending during the preceding calendar year, together
21 with their dollar value, and an indication of whether
22 each such rescission was accepted or rejected by
23 Congress.

24 (e) The total number of rescissions of discre-
25 tionary budget authority initiated and accepted by

1 Congress for the fiscal year ending during the pre-
2 ceding calendar year, together with their total dollar
3 value.

4 (f) A summary of the information provided by
5 subsections (b), (c) and (e) for each of the ten fiscal
6 years ending before the fiscal year during this cal-
7 endar year.

8 **SEC. 207. JUDICIAL REVIEW.**

9 (a) EXPEDITED REVIEW.—

10 (1) Any Member of Congress may bring an ac-
11 tion, in the United States District Court for the Dis-
12 trict of Columbia, for declaratory judgment and in-
13 junctive relief on the ground that any provision of
14 this Act violates the Constitution.

15 (2) A copy of any complaint in an action
16 brought under paragraph (1) shall be promptly de-
17 livered to the Secretary of the Senate and the Clerk
18 of the House of Representatives, and each House of
19 Congress shall have the right to intervene in such
20 action.

21 (3) Any action brought under paragraph (1)
22 shall be heard and determined by a three-judge
23 court in accordance with section 2284 of title 28,
24 United States Code.

1 Nothing in this section or in any other law shall infringe
2 upon the right of the House of Representatives to inter-
3 vene in an action brought under paragraph (1) without
4 the necessity of adopting a resolution to authorize such
5 intervention.

6 (b) APPEAL TO SUPREME COURT.—Notwithstanding
7 any other provision of law, any order of the United States
8 District Court for the District of Columbia which is issued
9 pursuant to an action brought under paragraph (1) of sub-
10 section (a) shall be reviewable by appeal directly to the
11 Supreme Court of the United States. Any such appeal
12 shall be taken by a notice of appeal filed within 10 days
13 after such order is entered; and the jurisdictional state-
14 ment shall be filed within 30 days after such order is en-
15 tered. No stay of an order issued pursuant to an action
16 brought under paragraph (1) of subsection (a) shall be
17 issued by a single Justice of the Supreme Court.

18 (c) EXPEDITED CONSIDERATION.—It shall be the
19 duty of the District Court for the District of Columbia
20 and the Supreme Court of the United States to advance
21 on the docket and to expedite to the greatest possible ex-
22 tent the disposition of any matter brought under sub-
23 section (a).

1 that is proposed to be rescinded for each program,
2 project, or activity to which that budget authority
3 relates or the targeted tax benefit proposed to be re-
4 pealed, as the case may be. It shall include a Deficit
5 Reduction Account. The President may place in the
6 Deficit Reduction Account an amount not to exceed
7 the total rescissions in that bill. A targeted tax bene-
8 fit may only be proposed to be repealed under this
9 section during the 20-calendar-day period (excluding
10 Saturdays, Sundays, and legal holidays) commencing
11 on the day after the date of enactment of the provi-
12 sion proposed to be repealed.

13 “(2) In the case of an appropriation Act that
14 includes accounts within the jurisdiction of more
15 than one subcommittee of the Committee on Appro-
16 priations, the President in proposing to rescind
17 budget authority under this section shall send a sep-
18 arate special message and accompanying draft bill
19 for accounts within the jurisdiction of each such sub-
20 committee.

21 “(3) Each special message shall specify, with
22 respect to the budget authority proposed to be re-
23 scinded, the following—

24 “(A) the amount of budget authority which
25 he proposes to be rescinded;

1 “(B) any account, department, or estab-
2 lishment of the Government to which such
3 budget authority is available for obligation, and
4 the specific project or governmental functions
5 involved;

6 “(C) the reasons why the budget authority
7 should be rescinded;

8 “(D) to the maximum extent practicable,
9 the estimated fiscal, economic, and budgetary
10 effect (including the effect on outlays and re-
11 ceipts in each fiscal year) of the proposed re-
12 scission; and

13 “(E) all facts, circumstances, and consider-
14 ations relating to or bearing upon the proposed
15 rescission and the decision to effect the pro-
16 posed rescission, and to the maximum extent
17 practicable, the estimated effect of the proposed
18 rescission upon the objects, purposes, and pro-
19 grams from which the budget authority is pro-
20 vided.

21 Each special message shall specify, and respect to
22 the proposed repeal of targeted tax benefits, the in-
23 formation required by subparagraphs (C), (D), and
24 (E), as it relates to the proposed repeal.

1 “(c) PROCEDURES FOR EXPEDITED CONSIDER-
2 ATION.—

3 “(1)(A) Before the close of the second legisla-
4 tive day of the House of Representatives after the
5 date of receipt of a special message transmitted to
6 Congress under subsection (b), the majority leader
7 or minority leader of the House of Representatives
8 shall introduce (by request) the draft bill accom-
9 panying that special message. If the bill is not intro-
10 duced as provided in the preceding sentence, then,
11 on the third legislative day of the House of Rep-
12 resentatives after the date of receipt of that special
13 message, any Member of that House may introduce
14 the bill.

15 “(B) The bill shall be referred to the Commit-
16 tee on Appropriations or the Committee on Ways
17 and Means of the House of Representatives, as ap-
18 plicable. The committee shall report the bill without
19 substantive revision and with or without rec-
20 ommendation. The bill shall be reported not later
21 than the seventh legislative day of that House after
22 the date of receipt of that special message. If that
23 committee fails to report the bill within that period,
24 that committee shall be automatically discharged

1 from consideration of the bill, and the bill shall be
2 placed on the appropriate calendar.

3 “(C)(i) During consideration under this para-
4 graph, any Member of the House of Representatives
5 may move to strike any proposed rescission or re-
6 scissions of budget authority or any proposed repeal
7 of a target tax benefit, as applicable, if supported by
8 49 other Members.

9 “(ii) It shall not be in order for a Member of
10 the House of Representatives to move to strike any
11 proposed rescission under clause (i) unless the
12 amendment reduces the appropriate Deficit Reduc-
13 tion Account if the program, project, or account to
14 which the proposed rescission applies was identified
15 in the Deficit Reduction Account in the special mes-
16 sage under subsection (b).

17 “(D) A vote on final passage of the bill shall be
18 taken in the House of Representatives on or before
19 the close of the 10th legislative day of that House
20 after the date of the introduction of the bill in that
21 House. If the bill is passed, the Clerk of the House
22 of Representatives shall cause the bill to be en-
23 grossed, certified, and transmitted to the Senate
24 within one calendar day of the day on which the bill
25 is passed.

1 “(2)(A) A motion in the House of Representa-
2 tives to proceed to the consideration of a bill under
3 this section shall be highly privileged and not debat-
4 able. An amendment to the motion shall not be in
5 order, nor shall it be in order to move to reconsider
6 the vote by which the motion is agreed to or dis-
7 agreed to.

8 “(B) Debate in the House of Representatives
9 on a bill under this section shall not exceed four
10 hours, which shall be divided equally between those
11 favoring and those opposing the bill. A motion fur-
12 ther to limit debate shall not be debatable. It shall
13 not be in order to move to recommit a bill under this
14 section or to move to reconsider the vote by which
15 the bill is agreed to or disagreed to.

16 “(C) Appeals from decisions of the Chair relat-
17 ing to the application of the Rules of the House of
18 Representatives to the procedure relating to a bill
19 under this section shall be decided without debate.

20 “(D) Except to the extent specifically provided
21 in the preceding provisions of this subsection, con-
22 sideration of a bill under this section shall be gov-
23 erned by the Rules of the House of Representatives.
24 It shall not be in order in the House of Representa-
25 tives to consider any rescission bill introduced pursu-

1 ant to the provisions of this section under a suspen-
2 sion of the rules or under a special rule.

3 “(3)(A) A bill transmitted to the Senate pursu-
4 ant to paragraph (1)(D) shall be referred to its
5 Committee on Appropriations or Committee on Fi-
6 nance, as applicable. That committee shall report
7 the bill without substantive revision and with or
8 without recommendation. The bill shall be reported
9 not later than the seventh legislative day of the Sen-
10 ate after it receives the bill. A committee failing to
11 report the bill within such period shall be automati-
12 cally discharged from consideration of the bill, and
13 the bill shall be placed upon the appropriate cal-
14 endar.

15 “(B)(i) During consideration under this para-
16 graph, any Member of the Senate may move to
17 strike any proposed rescission or rescissions of budg-
18 et authority or any proposed repeal of a targeted tax
19 benefit, as applicable, if supported by 14 other Mem-
20 bers.

21 “(ii) It shall not be in order for a Member of
22 the House or Senate to move to strike any proposed
23 rescission under clause (i) unless the amendment re-
24 duces the appropriate Deficit Reduction Account
25 (pursuant to section 314) if the program, project, or

1 account to which the proposed rescission applies was
2 identified in the Deficit Reduction Account in the
3 special message under subsection (b).

4 “(4)(A) A motion in the Senate to proceed to
5 the consideration of a bill under this section shall be
6 privileged and not debatable. An amendment to the
7 motion shall not be in order, nor shall it be in order
8 to move to reconsider the vote by which the motion
9 is agreed to or disagreed to.

10 “(B) Debate in the Senate on a bill under this
11 section, and all debatable motions and appeals in
12 connection therewith, (including debate pursuant to
13 subparagraph (C)), shall not exceed 10 hours. The
14 time shall be equally divided between, and controlled
15 by, the majority leader and the minority leader or
16 their designees.

17 “(C) Debate in the Senate on any debatable
18 motion or appeal in connection with a bill under this
19 section shall be limited to not more than 1 hours, to
20 be equally divided between, and controlled by, the
21 mover and the manager of the bill, except that in
22 the event the manager of the bill is in favor of any
23 such motion or appeal, the time in opposition there-
24 to, shall be controlled by the minority leader or his
25 designee. Such leaders, or either of them, may, from

1 time under their control on the passage of a bill,
2 allot additional time to any Senator during the con-
3 sideration of an debatable motion or appeal.

4 “(D) A motion in the Senate to further limit
5 debate on a bill under this section is not debatable.

6 A motion to recommit a bill under this section is not
7 in order.

8 “(d) AMENDMENTS AND DIVISIONS PROHIBITED.—
9 Except as otherwise provided by this section, no amend-
10 ment to a bill considered under this section shall be in
11 order in either the House of Representatives or the Sen-
12 ate. It shall not be in order to demand a division of the
13 question in the House of Representatives (or in a Commit-
14 tee of the Whole) or in the Senate. No motion to suspend
15 the application of this subsection shall be in order in either
16 House, nor shall it be in order in either House to suspend
17 the application of this subsection by unanimous consent.

18 “(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLI-
19 GATION.—

20 “(1) Any amount of budget authority proposed
21 to be rescinded in a special message transmitted to
22 Congress under subsection (b) shall be made avail-
23 able for obligation on the day after the date on
24 which either House rejects the bill transmitted with
25 that special message.

1 “(2) Any targeted tax benefit proposed to be re-
2 pealed under this section as set forth in a special
3 message transmitted to Congress under subsection
4 (b) shall be deemed repealed unless, during the pe-
5 riod described in that subsection, either House re-
6 jects the bill transmitted with that special message.

7 “(f) DEFINITIONS.—For purposes of this section—

8 “(1) The term ‘appropriation Act’ means any
9 general or special appropriation Act, and any Act or
10 joint resolution making supplemental, deficiency, or
11 continuing appropriations;

12 “(2) The term ‘legislative day’ means, with re-
13 spect to either House of Congress, any day of ses-
14 sion; and

15 “(3) The term ‘targeted tax benefit’ means any
16 provision which has the practical effect of providing
17 a benefit in the form of a different treatment to a
18 particular taxpayer or a limited class of taxpayers,
19 whether or not such provision is limited by its terms
20 to a particular taxpayer or a class of taxpayers.
21 Such term does not include any benefit provided to
22 a class of taxpayers distinguished on the basis of
23 general demographic conditions such as income,
24 number of dependents, or marital status.”.

1 (b) EXERCISE OF RULEMAKING POWERS.—Section
2 904 of the Congressional Budget Act of 1974 (2 U.S.C.
3 621 note) is amended—

4 (1) in subsection (a), by striking “and 1017”
5 and inserting “1012, and 1017”; and

6 (2) in subsection (d), by striking “section
7 1017” and inserting “sections 1012 and 1017”.

8 (c) CONFORMING AMENDMENTS.—

9 (1) Section 1011 of the Congressional Budget
10 Act of 1974 (2 U.S.C. 682(5)) is amended by re-
11 pealing paragraphs (3) and (5) and by redesignating
12 paragraph (4) as paragraph (3).

13 (2) Section 1014 of such Act (2 U.S.C. 685) is
14 amended—

15 (A) in subsection (b)(1), by striking “or
16 the reservation”; and

17 (B) in subsection (e)(1), by striking “or a
18 reservation” and by striking “or each such res-
19 ervation”.

20 (3) Section 1015(a) of such Act (2 U.S.C. 686)
21 is amended by striking “is to establish a reserve or”,
22 by striking “the establishment of such a reserve or”,
23 and by striking “reserve or” each other place it ap-
24 pears.

1 (4) Section 1017 of such Act (2 U.S.C. 687) is
2 amended—

3 (A) in subsection (a), by striking “rescis-
4 sion bill introduced with respect to a special
5 message or”;

6 (B) in subsection (b)(1), by striking “re-
7 scission bill or”, by striking ‘bill or’ the second
8 place it appears, by striking “rescission bill with
9 respect to the same special message or”, and by
10 striking “, and the case may be,”;

11 (C) in subsection (b)(2), by striking “bill
12 or” each place it appears;

13 (D) in subsection (c), by striking “rescis-
14 sion” each place it appears and by striking “bill
15 or” each place it appears;

16 (E) in subsection (d)(1), by striking “re-
17 scission bill or” and by striking “, and all
18 amendments thereto (in the case of a rescission
19 bill)”;

20 (F) in subsection (d)(2)—

21 (i) by striking the first sentence;

22 (ii) by amending the second sentence
23 to read as follows: “Debate on any debat-
24 able motion or appeal in connection with
25 an impoundment resolution shall be limited

1 to 1 hour, to be equally divided between,
2 and controlled by, the mover and the man-
3 ager of the resolution, except that in the
4 event that the manager of the resolution is
5 in favor of any such motion or appeal, the
6 time in opposition thereto shall be con-
7 trolled by the minority leader or his des-
8 ignee.”;

9 (iii) by striking the third sentence;
10 and

11 (iv) in the fourth sentence, by striking
12 “rescission bill or” and by striking
13 “amendment, debatable motion,” and by
14 inserting “debatable motion”;

15 (G) in paragraph (d)(3), by striking the
16 second and third sentences; and

17 (H) by striking paragraphs (4), (5), (6),
18 and (7) of paragraph (d).

19 (d) CLERICAL AMENDMENTS.—The item relating to
20 section 1012 in the table of sections for subpart B of title
21 X of the Congressional Budget and Impoundment Control
22 Act of 1974 is amended to read as follows: “Sec. 1012.
23 Expedited consideration of certain proposed rescissions
24 and targeted tax benefits.”.

TITLE III

MISCELLANEOUS PROVISIONS

SEC. 301. TRANSITION RULES.

(a) IN GENERAL.—With respect to fiscal years 1996 and 1997, for purposes of this Act, the concurrent resolution on the budget for fiscal year 1996 (H. Con. Res. 67) is deemed to be a joint budget resolution pursuant to section 301.

(b) CAP LEVELS.—Consistent with subsection (a), spending cap levels for fiscal year 1996 through fiscal year 2002 are established as follows:

(1) Discretionary Appropriations (Outlays)—

(A) Fiscal year 1996—

(i) for the defense category \$265,406,000,000 in new budget authority and \$264,043,000,000 in outlays; and

(ii) for the non-defense category \$219,668,000,000 in new budget authority and \$267,725,000,000 in outlays;

(B) Fiscal year 1997—

(i) for the defense category \$267,962,000,000 in new budget authority and \$265,734,000,000 in outlays; and

1 (ii) for the non-defense category
2 \$214,468,000,000 in new budget authority
3 and \$254,561,000,000 in outlays;

4 (C) Fiscal year 1998—

5 (i) for the defense category
6 \$269,731,000,000 in new budget authority
7 and \$264,531,000,000 in outlays; and

8 (ii) for the non-defense category
9 \$220,961,000,000 in new budget authority
10 and \$248,101,000,000 in outlays.

11 (D) Fiscal year 1999: \$482,207,000,000 in
12 new budget authority and \$510,482,000,000 in
13 outlays;

14 (E) Fiscal year 2000: \$489,379,000,000 in
15 new budget authority and \$514,234,000,000 in
16 outlays;

17 (F) Fiscal year 2001: \$496,601,000,000 in
18 budget authority and \$516,403,000,000 in out-
19 lays; and

20 (G) Fiscal year 2002: \$498,837,000,000 in
21 budget authority and \$515,075,000,000 in out-
22 lays.

23 (2) Direct Spending—Social Security (Out-
24 lays)—

25 (A) Fiscal year 1996: \$352,000,000,000;

- 1 (B) Fiscal year 1997: \$371,000,000,000;
2 (C) Fiscal year 1998: \$391,000,000,000;
3 (D) Fiscal year 1999: \$411,000,000,000;
4 (E) Fiscal year 2000: \$433,000,000,000;
5 (F) Fiscal year 2001: \$456,000,000,000;

6 and

- 7 (G) Fiscal year 2002: \$480,000,000,000.

8 (3) Direct Spending-Medicare (Outlays)—

- 9 (A) Fiscal year 1996: \$171,000,000,000;
10 (B) Fiscal year 1997: \$180,000,000,000;
11 (C) Fiscal year 1998: \$189,000,000,000;
12 (D) Fiscal year 1999: \$200,000,000,000;
13 (E) Fiscal year 2000: \$212,000,000,000;
14 (F) Fiscal year 2001: \$227,000,000,000;

15 and

- 16 (G) Fiscal year 2002: \$244,000,000,000.

17 (4) Direct Spending—Medicaid—

- 18 (A) Fiscal year 1996: \$96,000,000,000;
19 (B) Fiscal year 1997: \$102,000,000,000;
20 (C) Fiscal year 1998: \$106,000,000,000;
21 (D) Fiscal year 1999: \$110,000,000,000;
22 (E) Fiscal year 2000: \$115,000,000,000;
23 (F) Fiscal year 2001: \$119,000,000,000;

24 and

- 25 (G) Fiscal year 2002: \$124,000,000,000.

- 1 (5) Direct Spending—Other (Outlays)—
2 (A) Fiscal year 1996: \$177,000,000,000;
3 (B) Fiscal year 1997: \$184,000,000,000;
4 (C) Fiscal year 1998: \$188,000,000,000;
5 (D) Fiscal year 1999: \$203,000,000,000;
6 (E) Fiscal year 2000: \$216,000,000,000;
7 (F) Fiscal year 2001: \$221,000,000,000;
8 and
9 (G) Fiscal year 2002: \$230,000,000,000.

10 **SEC. 302. EFFECTIVE DATES.**

11 (a) IN GENERAL.—Except for Title II, the provisions
12 of this Act are effective upon enactment.

13 (b) LINE-ITEM VETO AND ENHANCED RESCISSION
14 AUTHORITY.—

15 (1) Pursuant to the provisions of section 4 of
16 this title, chapter A of title II of this Act is effective
17 upon enactment; and

18 (2) Chapter B of title II of this Act is effective
19 upon the invalidation of chapter A of such title.

20 **SEC. 303. CONFORMING AMENDMENTS.**

21 (a) Part C (Emergency Powers to Eliminate Deficits
22 in Excess of Maximum Deficit Amount) of the Balanced
23 Budget and Emergency Deficit Control Act of 1985, as
24 amended, is repealed.

1 (b) Section 1122(c) of title 31, United States Code,
2 is amended by striking “The Comptroller General—” and
3 inserting in lieu thereof “The Directors of OMB and CBO,
4 jointly—”.

5 (c) Section 710 of the Social Security Act is repealed.

6 (d) In section 305 of the Congressional Budget Act
7 of 1974, strike out the word “concurrent” wherever it ap-
8 pears and insert in lieu thereof the word “joint”.

9 (e) In section 308 of the Congressional Budget Act
10 of 1974—

11 (1) strike out the word “concurrent” wherever
12 it appears and insert in lieu thereof the word
13 “joint”; and

14 (2) strike out “new spending authority de-
15 scribed in section 401(c)(2)” wherever it appears
16 and insert in lieu thereof “new entitlement author-
17 ity”.

18 (f) In section 310 of the Congressional Budget Act
19 of 1974, strike out the word “concurrent” wherever it ap-
20 pears and insert in lieu thereof the word “joint”.

21 (g) In section 311 of the Congressional Budget Act
22 of 1974, strike out the word “concurrent” wherever it ap-
23 pears and insert in lieu thereof the word “joint”.

24 (h)(1) Section 401 of the Congressional Budget Act
25 of 1974 is repealed, and

1 (2) Section 402 of such Act is renumbered as section
2 401, and section 403 of such Act is renumbered as section
3 402.

4 (i) Section 404 of such Act is—

5 (1) Renumbered as section 403, and

6 (2) Amended to read as follows—

7 SEC. 403. “(a) AMENDMENT OF HOUSE RULES.—

8 “(1) Paragraph (b) of clause 1 of rule XI of the
9 Rules of the House of Representatives is amended
10 by striking subparagraph (4);

11 “(2) Clause 4(a)(2) of such rule is repealed;
12 and

13 “(3) Clause 4(a)(3) of such rule is redesignated
14 as clause 4(a)(2).

15 “(b) AMENDMENT OF SENATE RULES.—Subpara-
16 graph (b) of paragraph 1 of rule XXV of the Standing
17 Rules of the Senate is amended by striking clause 3 and
18 clause 4.”.

19 (j) Section 405 of such Act is repealed.

20 (k) Section 406 of such Act is renumbered as section
21 404.

1 **SEC. 304. AMENDMENTS TO TITLE 31, UNITED STATES**
2 **CODE.**

3 (a) DEFINITION.—Section 1101 of title 31, United
4 States Code, is amended by adding at the end thereof the
5 following new paragraph:

6 “(3) ‘budget biennium’ has the meaning given
7 to such term in paragraph (2) of section 3 of the
8 Congressional Budget and Impoundment Control
9 Act of 1974 (2 U.S.C. 622(2))”.

10 (b) BUDGET CONTENTS AND SUBMISSION TO THE
11 CONGRESS.—

12 (1) So much of section 1105(a) of title 31,
13 United States Code, as precedes paragraph (1)
14 thereof is amended to read as follows:

15 “(a) On or before the first Monday in February of
16 each odd-numbered year, beginning with the One Hundred
17 Fifth Congress, the President shall transmit to the Con-
18 gress the budget for the biennium beginning on October
19 1 of such calendar year. The budget transmitted under
20 this subsection shall include a budget message and sum-
21 mary and supporting information. The President shall in-
22 clude in each budget the following.”.

23 (2) Section 1105(a)(5) of title 31, United
24 States Code, is amended by striking “the fiscal year
25 for which the budget is submitted and the 4 fiscal
26 years after that year” and inserting “each fiscal

1 year in the biennium for which the budget is submit-
2 ted and in the succeeding two biennia”.

3 (3) Section 1105(a)(6) of title 31, United
4 States Code, is amended by striking “the fiscal year
5 for which the budget is submitted and the 4 fiscal
6 years after that year” and inserting “each fiscal
7 year in the biennium for which the budget is submit-
8 ted and in the succeeding two biennia”.

9 (4) Section 1105(a)(9)(C) of title 31, United
10 States Code, is amended by striking “the fiscal
11 year” and inserting “each fiscal year in the bien-
12 nium”.

13 (5) Section 1105(a)(12) of title 31, United
14 States Code, is amended—

15 (A) by striking “the fiscal year” in sub-
16 paragraph (A) and inserting “each fiscal year
17 in the biennium”; and

18 (B) by striking “4 fiscal years after that
19 year” in subparagraph (B) and inserting “4 fis-
20 cal years immediately following the second fiscal
21 year in such biennium”.

22 (6) Section 1105(a)(13) of title 31, United
23 States Code, is amended by striking “the fiscal
24 year” and inserting “each fiscal year in the bien-
25 nium”.

1 (7) Section 1105(a)(14) of title 31, United
2 States Code, is amended by striking “that year” and
3 inserting “each fiscal year in the biennium for which
4 the budget is submitted”.

5 (8) Section 1105(a)(16) of title 31, United
6 States Code, is amended by striking “the fiscal
7 year” and inserting “each fiscal year in the bien-
8 nium”.

9 (9) Section 1105(a)(17) of title 31, United
10 States Code, is amended—

11 (A) by striking “the fiscal year following
12 the fiscal year” and inserting “each fiscal year
13 in the two biennia following the biennium”;

14 (B) by striking “that following fiscal year”
15 and inserting “each such fiscal year”; and

16 (C) by striking “fiscal year before the fis-
17 cal year” and inserting “biennium before the bi-
18 ennium”.

19 (10) Section 1105(a)(18) of title 31, United
20 States Code, is amended—

21 (A) by striking “the prior fiscal year” and
22 inserting “each of the 2 most recently com-
23 pleted fiscal years”;

24 (B) by striking “for that year” and insert-
25 ing “with respect to that fiscal year”; and

1 (C) by striking “in that year” and insert-
2 ing “in that fiscal year”.

3 (11) Section 1105(a)(19) of title 31, United
4 States Code, is amended—

5 (A) by striking “the prior fiscal year” and
6 inserting “each of the 2 most recently com-
7 pleted fiscal years”;

8 (B) by striking “for that year” and insert-
9 ing “with respect to that fiscal year”; and

10 (C) by striking “in that year” each place
11 it appears and inserting “in that fiscal year”.

12 (c) ESTIMATED EXPENDITURES OF LEGISLATIVE
13 AND JUDICIAL BRANCHES.—Section 1105(b) of title 31,
14 United States Code, is amended by striking “each year”
15 and inserting “each even-numbered year”.

16 (d) RECOMMENDATIONS TO MEET ESTIMATED DE-
17 FICIENCIES.—Section 1105(c) of title 31, United States
18 Code, is amended—

19 (1) by striking “fiscal year for” each place it
20 appears and inserting “biennium for”;

21 (2) by inserting “or current biennium, as the
22 case may be,” after “current fiscal year”; and

23 (3) by striking “that year” and inserting “that
24 period”.

1 (e) STATEMENT WITH RESPECT TO CERTAIN
2 CHANGES.—Section 1105(d) of title 31, United States
3 Code, is amended by striking “fiscal year” and inserting
4 “biennium”.

5 (f) CAPITAL INVESTMENT ANALYSIS.—Section
6 1105(e) of title 31, United States Code, is amended by
7 striking “ensuing fiscal year” and inserting “biennium to
8 which such budget relates”.

9 (g) SUPPLEMENTAL BUDGET ESTIMATES AND
10 CHANGES.—

11 (1) Section 1106(a) of title 31, United States
12 Code, is amended—

13 (A) in the matter preceding paragraph (1)
14 by striking “fiscal year” and inserting “bien-
15 nium”;

16 (B) in paragraph (1) by striking “that fis-
17 cal year” and inserting “each fiscal year in
18 such biennium”;

19 (C) in paragraph (2) by striking “4 fiscal
20 years following the fiscal year” and inserting “4
21 fiscal years following the biennium”;

22 (D) by striking “future fiscal years” in
23 paragraph (3) and inserting “the 4 fiscal years
24 following the biennium for which the budget is
25 submitted”; and

1 (E) by striking “fiscal year” in paragraph
2 (3) and inserting “biennium”.

3 (2) Section 1106(b) of title 31, United States
4 Code, is amended by striking “the fiscal year” and
5 inserting “each fiscal year in the biennium”.

6 (h) YEAR-AHEAD REQUESTS FOR AUTHORIZING
7 LEGISLATION.—Section 1110 of title 31, United States
8 Code, is amended—

9 (1) by striking “fiscal year” and inserting “bi-
10 ennium (beginning on or after October 1, 1997)”;
11 and

12 (2) by striking “year before the year in which
13 the fiscal year begins” and inserting “second cal-
14 endar year preceding the calendar year in which the
15 biennium begins”.

16 (i) BUDGET INFORMATION ON CONSULTING SERV-
17 ICES.—Section 1114 of title 31, United States Code, is
18 amended—

19 (1) by striking “The” each place it appears and
20 inserting “For each biennium beginning with the bi-
21 ennium beginning on October 1, 1997, the “; and

22 (2) by striking “each year” each place it ap-
23 pears.

1 **SEC. 305. EFFECT OF CERTAIN JUDICIAL ACTIONS.**

2 (a) In the event that any of the provisions of title
3 II, chapter A are invalidated, all provisions of such chap-
4 ter are invalidated; and

5 (b) Immediately upon a final determination invalidat-
6 ing chapter A of title II, chapter B of title II shall become
7 effective.

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