

109TH CONGRESS
2^D SESSION

H. R. 6426

To amend the Balanced Budget and Emergency Deficit Control Act of 1985 to provide for a sequestration on December 31, 2009, to eliminate the actual budget deficit for fiscal year 2009, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 8, 2006

Mr. BARTON of Texas (for himself and Mr. TERRY) introduced the following bill; which was referred to the Committee on the Budget

A BILL

To amend the Balanced Budget and Emergency Deficit Control Act of 1985 to provide for a sequestration on December 31, 2009, to eliminate the actual budget deficit for fiscal year 2009, 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,*

3 **SECTION 1. SEQUESTRATION OF FEDERAL SPENDING TO**
4 **ELIMINATE THE FY2009 BUDGET DEFICIT.**

5 (a) SEQUESTRATION TO REDUCE THE PUBLIC
6 DEBT.—Part C of the Balanced Budget and Emergency
7 Deficit Control Act of 1985 is amended by adding after
8 section 253 the following new sections:

1 **“SEC. 253A. SEQUESTRATION TO ELIMINATE THE FY2009**
2 **BUDGET DEFICIT.**

3 “(a) SEQUESTRATION.—On December 31, 2009,
4 there shall be a sequestration of an amount equivalent to
5 the actual amount of the deficit (if any) for fiscal year
6 2009, as determined by OMB. OMB shall submit its def-
7 icit report to the House of Representatives, the Senate,
8 and the President not later than December 15, 2009. On
9 the following day a notice of the report shall be printed
10 in the Federal Register.

11 “(b) APPLICABILITY.—Except as provided by sec-
12 tions 253B and 253C, each account of the United States
13 shall be reduced by a dollar amount calculated by multi-
14 plying the level of budgetary resources in that account at
15 that time by the uniform percentage necessary to carry
16 out subsection (a). All obligational authority reduced
17 under this section shall be done in a manner that makes
18 such reductions permanent.

19 “(c) FINAL SEQUESTRATION REPORT.—

20 “(1) REPORTING REQUIREMENT.—On the date
21 specified in subsection (a), OMB shall issue a final
22 sequestration report, updated to reflect laws enacted
23 through that date.

24 “(2) CONTENT.—The final report shall set
25 forth estimates for each of the following:

1 “(A) For each category for which a seques-
2 tration is required, the sequestration percent-
3 ages necessary to achieve the required reduc-
4 tion.

5 “(B) For the budget year, for each account
6 to be sequestered, estimates of the baseline level
7 of sequesterable budgetary resources and result-
8 ing outlays and the amount of budgetary re-
9 sources to be sequestered and resulting outlay
10 reductions.

11 “(C) The effects on outlays of the seques-
12 tration in each outyear for direct spending pro-
13 grams.

14 “(d) **PRESIDENTIAL ORDER.**—On the date specified
15 in subsection (a), if in its final sequestration report OMB
16 estimates that any sequestration is required, the President
17 shall issue an order fully implementing without change all
18 sequestrations required by the OMB calculations set forth
19 in that report. This order shall be effective on issuance.”.

20 **SEC. 253B. EXEMPT ACCOUNTS.**

21 “(a) **SOCIAL SECURITY BENEFITS; TIER I RAILROAD**
22 **RETIREMENT BENEFITS; AND MEDICARE BENEFITS.**—
23 (1) Benefits payable under the old-age, survivors, and dis-
24 ability insurance program established under title II of the
25 Social Security Act, and benefits payable under section

1 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act
2 of 1974, shall be exempt from reduction under the order
3 issued under section 253A.

4 “(2) Payments made under title XVIII of the Social
5 Security Act shall be exempt from reduction under the
6 order issued under section 253A.

7 “(b) DESCRIPTIONS AND LISTS.—The following
8 budget accounts or activities shall be exempt from seques-
9 tration under section 253A:

10 “(1) net interest;

11 “(2) all payments to trust funds from excise
12 taxes or other receipts or collections properly cred-
13 itable to those trust funds;

14 “(3) all payments from one Federal direct
15 spending budget account to another Federal budget
16 account; and all intragovernmental funds including
17 those from which funding is derived primarily from
18 other Government accounts, except to the extent
19 that such funds are augmented by direct appropria-
20 tions for the fiscal year for which the order is in ef-
21 fect;

22 “(4) activities resulting from private donations,
23 bequests, or voluntary contributions to the Govern-
24 ment;

1 “(5) payments from any revolving fund or
2 trust-revolving fund (or similar activity) that pro-
3 vides deposit insurance or other Government insur-
4 ance, Government guarantees, or any other form of
5 contingent liability, to the extent those payments re-
6 sult from contractual or other legally binding com-
7 mitments of the Government at the time of any se-
8 questration;

9 “(6) credit liquidating and financing accounts;

10 “(7) the following accounts, which largely fulfill
11 requirements of the Constitution or otherwise make
12 payments to which the Government is committed:

13 “Administration of Territories, Northern
14 Mariana Islands Covenant grants (14-0412-0-
15 1-806);

16 “Armed Forces Retirement Home Trust
17 Fund, payment of claims (84-8930-0-7-705);

18 “Bureau of Indian Affairs, miscellaneous
19 payments to Indians (14-2303-0-1-452);

20 “Bureau of Indian Affairs, miscellaneous
21 trust funds, tribal trust funds (14-9973-0-7-
22 999);

23 “Claims, defense;

24 “Claims, judgments, and relief act (20-
25 1895-0-1-806);

1 “Compact of Free Association, economic
2 assistance pursuant to Public Law 99-658 (14-
3 0415-0-1-806);

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

6 “Customs Service, miscellaneous perma-
7 nent appropriations (20-9992-0-2-852);

8 “Eastern Indian land claims settlement
9 fund (14-2202-0-1-806);

10 “Farm Credit Administration, Limitation
11 on Administration Expenses (78-4131-0-3-
12 351);

13 “Farm Credit System Financial Assistance
14 Corporation, interest payments (20-1850-0-1-
15 351);

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

18 “Panama Canal Commission, operating ex-
19 penses and capital outlay (95-5190-0-2-403);

20 “Payments of Vietnam and USS Pueblo
21 prisoner-of-war claims (15-0104-0-1-153);

22 “Payments to copyright owners (03-5175-
23 0-2-376);

24 “Payments to health care trust funds (75-
25 0580-0-1-571);

1 “Payments to social security trust funds
2 (75-0404-0-1-651);

3 “Payments to the United States terri-
4 tories, fiscal assistance (14-0418-0-1-801);

5 “Payments to widows and heirs of de-
6 ceased Members of Congress (00-0215-0-1-
7 801);

8 “Pension Benefit Guaranty Corporation
9 Fund (16-4204-0-3-601);

10 “Salaries of Article III judges;

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

14 “(8) the following noncredit special, revolving,
15 or trust-revolving funds:

16 “Coinage profit fund (20-5811-0-2-803);

17 “Comptroller of the Currency;

18 “Director of the Office of Thrift Super-
19 vision;

20 “Exchange Stabilization Fund (20-4444-
21 0-3-155);

22 “Federal Housing Finance Board;

23 “Foreign Military Sales trust fund (11-
24 82232-0-7-155);

1 “National Credit Union Administration,
2 central liquidating facility (25–4470–0–3–373);

3 “National Credit Union Administration,
4 credit union insurance fund (25–4468–0–3–
5 373); and

6 “National Credit Union Administration op-
7 erating fund (25–4056–0–3–373);

8 “(9) Thrift Savings Fund;

9 “(10) appropriations for the District of Colum-
10 bia to the extent they are appropriations of locally
11 raised funds;

12 “(11)(A) any amount paid as regular unemploy-
13 ment compensation by a State from its account in
14 the Unemployment Trust Fund (established by sec-
15 tion 904(a) of the Social Security Act);

16 “(B) any advance made to a State from the
17 Federal unemployment account (established by sec-
18 tion 904(g) of such Act) under title XII of such Act
19 and any advance appropriated to the Federal unem-
20 ployment account pursuant to section 1203 of such
21 Act; and

22 “(C) any payment made from the Federal Em-
23 ployees Compensation Account (as established under
24 section 909 of such Act) for the purpose of carrying
25 out chapter 85 of title 5, United States Code, and

1 funds appropriated or transferred to or otherwise
2 deposited in such Account; and

3 “(12)(A) FDIC, Bank Insurance Fund (51–
4 4064–0–3–373);

5 “(B) FDIC, FSLIC Resolution Fund (51–
6 4065–0–3–373); and

7 “(C) FDIC, Savings Association Insurance
8 Fund (51–4066–0–3–373).

9 “(c) FEDERAL RETIREMENT AND DISABILITY AC-
10 COUNTS.—The following Federal retirement and disability
11 accounts shall be exempt from reduction under the order
12 issued under section 253A:

13 “Civil service retirement and disability fund
14 (24–8135–0–7–602).

15 “Black Lung Disability Trust Fund (20–8144–
16 0–7–601).

17 “Foreign Service Retirement and Disability
18 Fund (19–8186–0–7–602).

19 “District of Columbia Judicial Retirement and
20 Survivors Annuity Fund (20–8212–0–7–602).

21 “Judicial Survivors’ Annuities Fund (10–8110–
22 0–7–602).

23 “Payments to the Railroad Retirement Ac-
24 counts (60–0113–0–1–601).

1 “Tax Court Judges Survivors Annuity Fund
2 (23–8115–0–7–602).

3 “Employees Life Insurance Fund (24–8424–0–
4 8–602).

5 “(d) FEDERAL ADMINISTRATIVE EXPENSES.—

6 “(1) Notwithstanding any provision of law
7 other than paragraph (3), administrative expenses
8 incurred by the departments and agencies, including
9 independent agencies, of the Government in connec-
10 tion with any program, project, activity, or account
11 shall be subject to reduction pursuant to any seques-
12 tration order, without regard to any exemption, ex-
13 ception, limitation, or special rule otherwise applica-
14 ble with respect to such program, project, activity,
15 or account, and regardless of whether the program,
16 project, activity, or account is self-supporting and
17 does not receive appropriations.

18 “(2) Payments made by the Government to re-
19 imburse or match administrative costs incurred by a
20 State or political subdivision under or in connection
21 with any program, project, activity, or account shall
22 not be considered administrative expenses of the
23 Government for purposes of this section, and shall
24 be subject to sequestration to the extent (and only
25 to the extent) that other payments made by the Gov-

1 ernment under or in connection with that program,
2 project, activity, or account are subject to that re-
3 duction or sequestration; except that Federal pay-
4 ments made to a State as reimbursement of admin-
5 istrative costs incurred by that State under or in
6 connection with the unemployment compensation
7 programs specified in subsection (a)(11) shall be
8 subject to reduction or sequestration under section
9 253A notwithstanding the exemption otherwise
10 granted to such programs under that subsection.

11 “(3) Notwithstanding any other provision of
12 law, the administrative expenses of the following
13 programs shall be exempt from sequestration:

14 “(A) Comptroller of the Currency.

15 “(B) Federal Deposit Insurance Corpora-
16 tion.

17 “(C) Office of Thrift Supervision.

18 “(D) National Credit Union Administra-
19 tion.

20 “(E) National Credit Union Administra-
21 tion, central liquidity facility.

22 “(F) Federal Retirement Thrift Invest-
23 ment Board.

24 “(G) Resolution Funding Corporation.

25 “(H) Resolution Trust Corporation.

1 “(I) Board of Governors of the Federal
2 Reserve System.

3 “(e) VETERANS’ PROGRAMS.—The following pro-
4 grams shall be exempt from reduction under the order
5 issued under section 253A:

6 “General Post Funds (36–8180–0–7–705).

7 “Veterans Insurance and Indemnities (36–
8 0120–0–1–701).

9 “Service-Disabled Veterans Insurance Funds
10 (36–4012–0–3–701).

11 “Veterans Reopened Insurance Fund (36–
12 4010–0–3–701).

13 “Servicemembers’ Group Life Insurance Fund
14 (36–4009–0–3–701).

15 “Post-Vietnam Era Veterans Education Ac-
16 count (36–8133–0–7–702).

17 “National Service Life Insurance Fund (36–
18 8132–0–7–701).

19 “United States Government Life Insurance
20 Fund (36–8150–0–7–701).

21 “Veterans Special Life Insurance Fund (36–
22 8455–0–8–701).

1 **“SEC. 253C. EXCEPTIONS, LIMITATIONS, AND SPECIAL**
2 **RULES.**

3 “(a) NATIONAL WOOL ACT AND THE SPECIAL MILK
4 PROGRAM.—Automatic spending increases are increases
5 in outlays due to changes in indexes in the following pro-
6 grams:

7 “(1) National Wool Act; and

8 “(2) Special milk program.

9 In those programs all amounts other than the automatic
10 spending increases shall be exempt from reduction under
11 any sequestration order.

12 “(b) FOSTER CARE AND ADOPTION ASSISTANCE
13 PROGRAMS.—Any sequestration order shall make the re-
14 duction otherwise required under the foster care and adop-
15 tion assistance programs (established by part E of title
16 IV of the Social Security Act) only with respect to pay-
17 ments and expenditures made by States in which increases
18 in foster care maintenance payment rates or adoption as-
19 sistance payment rates (or both) are to take effect during
20 the fiscal year involved, and only to the extent that the
21 required reduction can be accomplished by applying a uni-
22 form percentage reduction to the Federal matching pay-
23 ments that each such State would otherwise receive under
24 section 474 of that Act (for such fiscal year) for that por-
25 tion of the State’s payments attributable to the increases
26 taking effect during that year. No State’s matching pay-

1 ments from the Government for foster care maintenance
2 payments or for adoption assistance maintenance pay-
3 ments may be reduced by a percentage exceeding the ap-
4 plicable domestic sequestration percentage. No State may,
5 after the date of the enactment of this Act, make any
6 change in the timetable for making payments under a
7 State plan approved under part E of title IV of the Social
8 Security Act which has the effect of changing the fiscal
9 year in which expenditures under such part are made.

10 “(c) VETERANS’ MEDICAL CARE.—The maximum
11 permissible reduction in budget authority for Veterans’
12 medical care (36–0160–0–1–703) for any fiscal year, pur-
13 suant to an order issued under section 253A, shall be 2
14 percent.

15 “(d) FEDERAL RETIREMENT PROGRAMS.—

16 “(1) For each of the programs listed in para-
17 graph (2) and except as provided in paragraph (3),
18 monthly (or other periodic) benefit payments shall
19 be reduced by the uniform percentage applicable to
20 direct spending sequestrations for such programs,
21 which shall in no case exceed 2 percent under any
22 sequestration order. When reduced under an end-of-
23 session sequestration order, those benefit reductions
24 shall occur starting with the payment made at the
25 start of January or 7 weeks after the order is

1 issued, whichever is later. When reduced under a
2 within-session sequestration order, those benefit re-
3 ductions shall occur starting with the next periodic
4 payment.

5 “(2) The programs subject to paragraph (1)
6 are:

7 “Central Intelligence Agency Retirement
8 and Disability Fund (56–3400–0–1–054).

9 “Comptrollers General Retirement System
10 (05–0107–0–1–801) Payments to the Foreign
11 Service Retirement and Disability Fund (72–
12 1036–0–1–153).

13 “Judicial Officer’ Retirement Fund (10–
14 8122–0–7–602).

15 “Claims Judges’ Retirement Fund (10–
16 8124–0–7–602).

17 “Pensions for former Presidents (47–
18 0105–0–1–802).

19 “National Oceanic and Atmospheric Ad-
20 ministration Retirement (13–1450–0–1–306).

21 “Railroad Industry Pension Fund (60–
22 8011–0–7–601).

23 “Retired pay, Coast Guard (70–0602–0–1–
24 403).

1 “Retirement pay and medical benefits for
2 commissioned officers, Public Health Service
3 (75-0379-0-1-551).

4 “Payments to Civil Service Retirement and
5 Disability Fund (24-0200-0-1-805).

6 “Payments to the Foreign Service Retirement
7 and Disability Fund (72-1036-0-1-153)

8 “Payments to Judiciary Trust Funds (10-
9 0941-0-1-752).

10 “(e) VETERANS PROGRAMS.—To achieve the total
11 percentage reduction required by the order issued under
12 section 253A, the percentage reduction that shall apply
13 to payments under the following programs shall in no
14 event exceed 2 percent:

15 “Canteen Service Revolving Fund (36-4014-0-
16 3-705).

17 “Medical Center Research Organizations (36-
18 4026-0-3-703).

19 “Disability Compensation Benefits (36-0102-
20 0-1-701).

21 “Education Benefits (36-0137-0-1-702).

22 “Vocational Rehabilitation and Employment
23 Benefits (36-0135-0-1-702).

24 “Pensions Benefits (36-0154-0-1-701).

25 “Burial Benefits (36-0139-0-1-701).

1 “Guaranteed Transitional Housing Loans For
2 Homeless Veterans Program Account (36-1119-0-
3 1-704).

4 “Housing Direct Loan Financing Account (36-
5 4127-0-1-704).

6 “Housing Guaranteed Loan Financing Account
7 (36-4129-0-3-704).

8 “Vocational Rehabilitation and Education Di-
9 rect Loan Financing Account (36-4259-0-3-702).

10 “(f) MILITARY HEALTH AND RETIREMENT.—To
11 achieve the total percentage reduction in military retire-
12 ment required by the order issued under section 253A, the
13 percentage reduction that shall apply to payments under
14 the Military retirement fund (97-8097-0-7-602), pay-
15 ments to the military retirement fund (97-0040-0-1-
16 054), and the Defense Health Program (97-0130-0-1-
17 051) shall in no event exceed 2 percent.

18 “(g) FEDERAL PAY.—

19 “(1) IN GENERAL.—For purposes of the order
20 issued under section 253A, new budget authority to
21 pay Federal personnel shall be reduced by the appli-
22 cable uniform percentage, but no sequestration order
23 may reduce or have the effect of reducing the rate
24 of pay to which any individual is entitled under any
25 statutory pay system (as increased by any amount

1 payable under section 5304 of title 5, United States
2 Code, or section 302 of the Federal Employees Pay
3 Comparability Act of 1990) or the rate of any ele-
4 ment of military pay to which any individual is enti-
5 tled under title 37, United States Code, or any in-
6 crease in rates of pay which is scheduled to take ef-
7 fect under section 5303 of title 5, United States
8 Code, section 1009 of title 37, United States Code,
9 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 “(h) CHILD SUPPORT ENFORCEMENT PROGRAM.—
5 Any sequestration order shall accomplish the full amount
6 of any required reduction in expenditures under sections
7 455 and 458 of the Social Security Act by reducing the
8 Federal matching rate for State administrative costs
9 under such program, as specified (for the fiscal year in-
10 volved) in section 455(a) of such Act, to the extent nec-
11 essary to reduce such expenditures by that amount.

12 “(i) EXTENDED UNEMPLOYMENT COMPENSATION.—
13 (1) A State may reduce each weekly benefit payment made
14 under the Federal-State Extended Unemployment Com-
15 pensation Act of 1970 for any week of unemployment oc-
16 ccurring during any period with respect to which payments
17 are reduced under an order issued under this title by a
18 percentage not to exceed the percentage by which the Fed-
19 eral payment to the State under section 204 of such Act
20 is to be reduced for such week as a result of such order.

21 “(2) A reduction by a State in accordance with sub-
22 paragraph (A) shall not be considered as a failure to fulfill
23 the requirements of section 3304(a)(11) of the Internal
24 Revenue Code of 1954.

25 “(j) COMMODITY CREDIT CORPORATION.—

1 “(1) POWERS AND AUTHORITIES OF THE COM-
2 MODITY CREDIT CORPORATION.—This title shall not
3 restrict the Commodity Credit Corporation in the
4 discharge of its authority and responsibility as a cor-
5 poration to buy and sell commodities in world trade,
6 to use the proceeds as a revolving fund to meet
7 other obligations and otherwise operate as a corpora-
8 tion, the purpose for which it was created.

9 “(2) REDUCTION IN PAYMENTS MADE UNDER
10 CONTRACTS.—(A) Payments and loan eligibility
11 under any contract entered into with a person by the
12 Commodity Credit Corporation prior to the time any
13 sequestration order has been issued shall not be re-
14 duced by an order subsequently issued. Subject to
15 subparagraph (B), after any sequestration order is
16 issued for a fiscal year, any cash payments made by
17 the Commodity Credit Corporation—

18 “(i) under the terms of any one-year con-
19 tract entered into in or after such fiscal year
20 and after the issuance of the order; and

21 “(ii) out of an entitlement account,
22 to any person (including any producer, lender, or
23 guarantee entity) shall be subject to reduction under
24 the order.

1 “(B) Each contract entered into with producers
2 or producer cooperatives with respect to a particular
3 crop of a commodity and subject to reduction under
4 subparagraph (A) shall be reduced in accordance
5 with the same terms and conditions. If some, but
6 not all, contracts applicable to a crop of a com-
7 modity have been entered into prior to the issuance
8 of any sequestration order, the order shall provide
9 that the necessary reduction in payments under con-
10 tracts applicable to the commodity be uniformly ap-
11 plied to all contracts for succeeding crops of the
12 commodity, under the authority provided in para-
13 graph (3).

14 “(3) DELAYED REDUCTION IN OUTLAYS PER-
15 MISSIBLE.—Notwithstanding any other provision of
16 this title, if any sequestration order is issued with
17 respect to a fiscal year, any reduction under the
18 order applicable to contracts described in paragraph
19 (2) may provide for reductions in outlays for the ac-
20 count involved to occur in the fiscal years following
21 the fiscal year to which the order applies.

22 “(4) UNIFORM PERCENTAGE RATE OF REDUC-
23 TION AND OTHER LIMITATIONS.—All reductions de-
24 scribed in paragraph (2) that are required to be

1 made in connection with any sequestration order
2 with respect to a fiscal year—

3 “(A) shall be made so as to ensure that
4 outlays for each program, project, activity, or
5 account involved are reduced by a percentage
6 rate that is uniform for all such programs,
7 projects, activities, and accounts, and may not
8 be made so as to achieve a percentage rate of
9 reduction in any such item exceeding the rate
10 specified in the order; and

11 “(B) with respect to commodity price sup-
12 port and income protection programs, shall be
13 made in such manner and under such proce-
14 dures as will attempt to ensure that—

15 “(i) uncertainty as to the scope of
16 benefits under any such program is mini-
17 mized;

18 “(ii) any instability in market prices
19 for agricultural commodities resulting from
20 the reduction is minimized; and

21 “(iii) normal production and mar-
22 keting relationships among agricultural
23 commodities (including both contract and
24 non-contract commodities) are not dis-
25 torted.

1 In meeting the criterion set out in clause (iii)
2 of subparagraph (B) of the preceding sentence,
3 the President shall take into consideration that
4 reductions under an order may apply to pro-
5 grams for two or more agricultural commodities
6 that use the same type of production or mar-
7 keting resources or that are alternative com-
8 modities among which a producer could choose
9 in making annual production decisions.

10 “(5) CERTAIN AUTHORITY NOT TO BE LIM-
11 ITED.—Nothing in this title shall limit or reduce in
12 any way any appropriation that provides the Com-
13 modity Credit Corporation with funds to cover the
14 Corporation’s net realized losses.

15 “(k) POSTAL SERVICE FUND.—Notwithstanding any
16 other provision of law, any sequestration of the Postal
17 Service Fund shall be accomplished by a payment from
18 that Fund to the General Fund of the Treasury, and the
19 Postmaster General of the United States shall make the
20 full amount of that payment during the fiscal year to
21 which the presidential sequestration order applies.

22 “(l) EFFECTS OF SEQUESTRATION.—The effects of
23 sequestration shall be as follows:

24 “(1) Budgetary resources sequestered from any
25 account other than an entitlement trust, special, or

1 revolving fund account shall revert to the Treasury
2 and be permanently canceled.

3 “(2) Except as otherwise provided, the same
4 percentage sequestration shall apply to all programs,
5 projects, and activities within a budget account (with
6 programs, projects, and activities as delineated in
7 the appropriation Act or accompanying report for
8 the relevant fiscal year covering that account, or for
9 accounts not included in appropriation Acts, as de-
10 lineated in the most recently submitted President’s
11 budget).

12 “(3) Administrative regulations or similar ac-
13 tions implementing a sequestration shall be made
14 within 120 days of the sequestration order. To the
15 extent that formula allocations differ at different
16 levels of budgetary resources within an account, pro-
17 gram, project, or activity, the sequestration shall be
18 interpreted as producing a lower total appropriation,
19 with that lower appropriation being obligated as
20 though it had been the pre-sequestration appropria-
21 tion and no sequestration had occurred.

22 “(4) Except as otherwise provided, obligations
23 in sequestered direct spending accounts shall be re-
24 duced in the fiscal year in which a sequestration oc-
25 curs and in all succeeding fiscal years.

1 “(5) If an automatic spending increase is se-
2 questered, the increase (in the applicable index) that
3 was disregarded as a result of that sequestration
4 shall not be taken into account in any subsequent
5 fiscal year.

6 “(6) Except as otherwise provided, sequestra-
7 tion in accounts for which obligations are indefinite
8 shall be taken in a manner to ensure that obliga-
9 tions in the fiscal year of a sequestration and suc-
10 ceeding fiscal years are reduced, from the level that
11 would actually have occurred, by the applicable se-
12 questration percentage.”.

13 **SEC. 2. EFFECTIVE DATE.**

14 Notwithstanding section 275(b) of the Balanced
15 Budget and Emergency Deficit Control Act of 1985, the
16 expiration date set forth in that section shall not apply
17 to the amendment made by section 1. The amendments
18 made by section 1 shall cease to have any effect imme-
19 diately after the sequestration required by the amendment
20 made by section 1 is effectuated.

○