

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1516

To achieve a balanced Federal budget by fiscal year 2002 and each year thereafter, achieve significant deficit reduction in fiscal year 1996 and each year through 2002, establish a Board of Estimates, require the President's budget and the congressional budget process to meet specified deficit reduction and balance requirements, enforce those requirements through a multiyear congressional budget process and, if necessary, sequestration, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. VISCLOSKY (for himself, Mr. STENHOLM, Mr. DOOLEY, and Mr. BARRETT of Wisconsin) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Ways and Means, Rules, and Government Reform and Oversight, 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 achieve a balanced Federal budget by fiscal year 2002 and each year thereafter, achieve significant deficit reduction in fiscal year 1996 and each year through 2002, establish a Board of Estimates, require the President's budget and the congressional budget process to meet specified deficit reduction and balance requirements, enforce those requirements through a multiyear congressional budget process and, if necessary, sequestration, 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                   **TITLE I—BALANCING THE**  
4                   **BUDGET**

5                   **PART A—PURPOSE**

6 **SECTION 1. SHORT TITLES; REPEALERS.**

7       (a) SHORT TITLE OF THIS ACT.—This Act may be  
8 cited as the “Balanced Budget Enforcement Act of 1995”.

9       (b) SHORT TITLE OF PART B.—Part B of this Act  
10 may be cited as the “Deficit Elimination Act of 1995”.

11       (c) REPEALER.—Parts C, D, and E of the Balanced  
12 Budget and Emergency Deficit Control Act of 1985 are  
13 repealed.

14 **SEC. 2. PURPOSE.**

15       The purpose of this Act is—

16               (1) to mandate and achieve enough deficit re-  
17 duction in each year through fiscal year 2002 to  
18 eliminate the deficit by that year;

19               (2) from fiscal year 2003 onward, to mandate  
20 whatever deficit reduction may be needed to elimi-  
21 nate any deficit that may be projected;

22               (3) to achieve a portion of the mandated deficit  
23 reduction by limiting the total level of discretionary  
24 funding and the remainder by requiring a fixed

1 amount of deficit reduction from some combination  
2 of entitlement and receipts changes;

3 (4) to establish a Board of Estimates to arbitrate between OMB and CBO;

5 (5) to require the figures in the President's  
6 budget and the budget resolution to meet the provisions of this Act;

8 (6) to enforce each year's discretionary funding  
9 limits and entitlement/receipts requirements through  
10 the Congressional Budget Act, including multiyear  
11 allocations and reconciliation directives;

12 (7) to supplement Congressional Budget Act  
13 enforcement with across-the-board cuts or sequestration  
14 whenever the discretionary funding limits or entitlement/receipts  
15 requirements of this Act are not  
16 met;

17 (8) to provide a targeted sequestration that enforces  
18 the committee targets for entitlement reductions and receipts  
19 increases set forth in budget resolutions;  
20

21 (9) to create a backup comprehensive sequestration  
22 applicable in any fiscal year in which the committee targets  
23 in a budget resolution are not enforceable; and  
24

1           (10) to provide that reconciliation savings and  
2           sequestration savings shall be permanent.

3 **SEC. 3. TABLE OF CONTENTS.**

TITLE I—BALANCING THE BUDGET

PART A—PURPOSE

- Sec. 1. Short titles; repealers.
- Sec. 2. Purpose.
- Sec. 3. Table of contents.
- Sec. 4. Effective dates.

PART B—THE DEFICIT ELIMINATION ACT OF 1995

- Sec. 100. Definitions and treatments.
- Sec. 101. Direct spending and receipts: deficit reduction requirements.
- Sec. 102. Discretionary funding limits.
- Sec. 103. Balancing the budget in 2002.
- Sec. 104. Preventing deficits after 2002.
- Sec. 105. Spin-off law.
- Sec. 106. Direct spending and receipts scorecard.
- Sec. 107. Discretionary scorecard.
- Sec. 108. Targeted sequestration.
- Sec. 109. Comprehensive sequestration.
- Sec. 110. Across-the-board reduction of discretionary programs.
- Sec. 111. Exempt programs and activities.
- Sec. 112. General and special sequestration rules.
- Sec. 113. Sequestration through tax changes.
- Sec. 114. Estimating assumptions, reports, and orders.
- Sec. 115. The current policy baseline.
- Sec. 116. Baseline assuming deficit reduction.
- Sec. 117. Stabilization Reserve Fund.
- Sec. 118. Modifications if war or low growth.
- Sec. 119. Board of estimates.
- Sec. 120. Judicial review.

TITLE II—TECHNICAL AND CONFORMING AMENDMENTS

- Sec. 201. Amendments to the Congressional Budget and Impoundment Control Act of 1974.
- Sec. 202. Amendments to the Federal Credit Reform Act of 1990.
- Sec. 203. Amendments to the Rules of the House of Representatives.
- Sec. 204. Amendments to the Standing Rules of the Senate.
- Sec. 205. President's budget and supplemental budget estimates.
- Sec. 206. Amendments to other laws.

4 **SEC. 4. EFFECTIVE DATES.**

5 Except as otherwise specified, this Act and the amend-  
6 ments made by it shall take effect on its date of enactment

1 and shall apply to fiscal year 1996 and subsequent fiscal  
2 years.

3 **PART B—THE DEFICIT ELIMINATION ACT OF 1995**

4 **SEC. 100. DEFINITIONS AND TREATMENTS.**

5 As used in this part:

6 (1) The terms “budget authority”, “new budget  
7 authority”, “entitlement authority”, “outlays”, and  
8 “deficit” have the meanings given to such terms in  
9 section 3 of the Congressional Budget and Impound-  
10 ment Control Act of 1974, and the term “receipts”  
11 shall be treated as a synonym for the term “reve-  
12 nues” as it is used in that Act.

13 (2) The term “account” means an item for  
14 which appropriations are made in any appropriation  
15 Act and, for items not provided for in appropriation  
16 Acts, such term means an item for which there is a  
17 designated budget account identification code num-  
18 ber in the President’s budget.

19 (3) The term “aggregate first-year spendout  
20 rate” means the percent of new budget authority  
21 that is expended in the fiscal year for which the  
22 budget authority is provided.

23 (4) The term “Board of Estimates” or “Board”  
24 refers to the entity established by section 119.

1           (5) The term “budget year” means, with re-  
2           spect to a session of Congress, the fiscal year of the  
3           Government that starts on October 1 of the calendar  
4           year in which that session begins.

5           (6) The term “budget-year session” means any  
6           session of Congress that starts in the calendar year  
7           in which that budget year starts.

8           (7) The term “category” refers to all direct  
9           spending within the jurisdiction of a standing com-  
10          mittee of the House of Representatives as so des-  
11          ignated in the joint statement of managers accom-  
12          panying the conference report on this Act, as modi-  
13          fied from time to time by the Board of Estimates  
14          upon the written recommendation of the Speaker of  
15          the House of Representatives.

16          (8) The term “CBO” means the Director of the  
17          Congressional Budget Office.

18          (9) The term “current policy baseline” means  
19          the projection (described in section 115) of current-  
20          year levels of new budget authority, outlays, receipts,  
21          and the surplus or deficit into the budget year and  
22          the outyears.

23          (10) The term “current year” means the fiscal  
24          year that immediately precedes a budget year.

1           (11) The term “deposit insurance” refers to the  
2 expenses of the Federal Deposit Insurance Corpora-  
3 tion and the funds it incorporates, the Resolution  
4 Trust Corporation, the National Credit Union Ad-  
5 ministration and the funds it incorporates, the Of-  
6 fice of Thrift Supervision; the Comptroller of the  
7 Currency Assessment Funds, and the RTC Office of  
8 the Inspector General.

9           (12) The term “direct spending” means—

10           (A) budget authority provided by law other  
11 than appropriation Acts;

12           (B) entitlement authority; and

13           (C) the food stamp program.

14           If a law other than an appropriation Act alters the  
15 level of discretionary appropriations, that effect shall  
16 be treated as direct spending. Budget authority pro-  
17 vided from a transportation trust fund in any Act  
18 shall not be considered to be provided by a law other  
19 than an appropriation Act.

20           (13) The term “discretionary appropriations”  
21 means new budget authority (except to fund entitle-  
22 ment authority) provided by appropriation Acts and  
23 the term “discretionary programs” refers to pro-  
24 grams so financed. New budget authority provided  
25 from transportation trust funds by any Act shall be

1 considered to be provided by an appropriation Act.  
2 If an appropriation Act alters the level of direct  
3 spending, that effect shall be treated as a discre-  
4 tionary appropriation.

5 (14) The term “discretionary funding limit”  
6 means the total amount of discretionary new budget  
7 authority that, under section 102 or 104, may be en-  
8 acted in any fiscal year.

9 (15) The term “discretionary regulations” re-  
10 fers to regulations issued by the executive branch for  
11 which Congress delegates the authority to vary  
12 amounts, levels, rates, effective dates, or other fac-  
13 tors.

14 (16) The term “major estimating assumptions”  
15 refers to the list of items set forth under that head-  
16 ing in the joint explanatory statement of managers  
17 accompanying the conference report on this Act as  
18 modified by the Board under section 119.

19 (17) The term “OMB” means the Director of  
20 the Office of Management and Budget.

21 (18) The term “outyear” means any of the 4  
22 fiscal years that follow a budget year.

23 (19) The term “real economic growth” means  
24 the growth in the gross domestic product, adjusted

1 for inflation, consistent with Department of Com-  
2 merce definitions.

3 (20) The terms “sequester” and “sequestra-  
4 tion” refer to or mean the cancellation under section  
5 110 of budget authority provided by discretionary  
6 appropriations, the cancellation under section 108 or  
7 109 of direct spending authority, or the change in  
8 taxes under section 113.

9 (21) The term “sequestrable budget authority”  
10 means, for non-exempt accounts or activities within  
11 major functional category 050 (national defense), all  
12 budget authority, and for all other non-exempt ac-  
13 counts or activities, new budget authority.

14 (22) The term “Stabilization Reserve Fund” re-  
15 fers to the deposit fund established by section 117.

16 (23)(A) The following shall be treated as posi-  
17 tive numbers:

18 (i) A deficit.

19 (ii) A deficit increase or surplus decrease.

20 (iii) A deficit or surplus change and a defi-  
21 cit or surplus change target when the deficit is  
22 increased by, or the surplus is reduced by, the  
23 change.

24 (iv) A deficit reduction shortfall.

25 (v) An amount to be sequestered.

1 (B) The following shall be treated as negative  
2 numbers:

3 (i) A surplus.

4 (ii) A deficit reduction or surplus increase.

5 (iii) A deficit or surplus change and a defi-  
6 cit or surplus change target when the deficit is  
7 reduced by, or the surplus is increased by, the  
8 change.

9 **SEC. 101. DIRECT SPENDING AND RECEIPTS: DEFICIT RE-**  
10 **DUCTION REQUIREMENTS.**

11 The deficit reduction targets for direct spending and  
12 receipts legislation are as follows:

Fiscal Year	Deficit Reduction (in billions of dollars)
1996 .....	-31.9
1997 .....	-59.6
1998 .....	-80.6
1999 .....	-105.6
2000 .....	-125.3
2001 .....	-147.4
2002 .....	-169.4

13 The deficit reduction target for fiscal year 2002 shall be  
14 adjusted, if necessary, as provided by section 103.

15 **SEC. 102. DISCRETIONARY FUNDING LIMITS.**

16 (a) INITIAL AMOUNTS.—Subject to modifications  
17 under subsection (b), discretionary funding limits, meas-  
18 ured in terms of new budget authority, are as follows:

Fiscal Year	Limits (in billions of dollars)
1996 .....	540.0
1997 .....	540.0
1998 .....	540.0

Fiscal Year	Limits (in billions of dollars)
1999 .....	540.0
2000 .....	540.0
2001 .....	540.0
2002 .....	540.0

1           (b) ADJUSTMENTS TO FUNDING LIMITS.—Whenever  
2 appropriate, adjustments to the discretionary funding lim-  
3 its (and to those limits as cumulatively adjusted) for one  
4 or more fiscal years shall be made to reflect the following:

5           (1) CHANGES IN CONCEPTS.—For any fiscal  
6 year, the adjustments produced by any change in  
7 budget accounting concepts (including scorekeeping  
8 conventions, budget classifications, and definitions)  
9 shall equal the current-year levels of new budget au-  
10 thority using up-to-date concepts minus those levels  
11 using the concepts in effect before the change. Such  
12 changes in concepts may only be made in consulta-  
13 tion with the Committees on Appropriations and the  
14 Budget of the House of Representatives and Senate,  
15 CBO, and OMB. A change in budget classifications  
16 includes any change from the assumption that all  
17 amounts provided in appropriation Acts are classi-  
18 fied as discretionary except those included under the  
19 heading “Mandatory Appropriations” in the joint ex-  
20 planatory statement of managers accompanying the  
21 conference report on this Act.

1           (2) CHANGES IN INFLATION.—(A) For the  
2 budget year and each outyear through 2002, the ad-  
3 justments produced by changes in inflation shall  
4 equal the discretionary funding limit for each such  
5 year multiplied by the inflation adjustment factor  
6 (for the fiscal year immediately preceding the cur-  
7 rent year) computed under subparagraph (B).

8           (B) The inflation adjustment factor shall be  
9 calculated by subtracting 1 from the ratio of (i) the  
10 level of year-over-year inflation measured for the fis-  
11 cal year immediately preceding the current year, and  
12 (ii) the applicable estimated level for that year set  
13 forth below:

14                     For 1995, 1.030

15                     For 1996, 1.033.

16                     For 1997, 1.034

17                     For 1998, 1.034

18                     For 1999, 1.034

19                     For 2000, 1.034

20           Inflation shall be measured by the average of the es-  
21 timated consumer price index for all urban consum-  
22 ers for a fiscal year divided by the average index for  
23 the prior fiscal year.

24           (3) EXPIRING HOUSING CONTRACTS.—For each  
25 budget year through 2002, the adjustment shall be

1 the amount of new budget authority needed to renew  
2 expiring multiyear subsidized housing contracts or  
3 provide contracts to replace units lost due to prepay-  
4 ments, with the per-contract renewal/replacement  
5 cost equal to the average current-year cost of re-  
6 newal or replacement contracts.

7 (4) EMERGENCIES.—If for any fiscal year ap-  
8 propriations for discretionary accounts are enacted  
9 that are designated as emergency requirements by  
10 statute, the adjustment shall be the amount of those  
11 appropriations that the President also designates, in  
12 writing, as emergency requirements within 5 days of  
13 the enactment of those appropriations. If any  
14 amount previously designated as an emergency re-  
15 quirement is rescinded, the adjustment shall be the  
16 amount of that rescission.

17 (5) NEW LIMITS FOR 2002 AND THEREAFTER.—  
18 The adjustment for fiscal year 2002 shall be the ad-  
19 justment (if any) under section 103, and the limit  
20 for any succeeding fiscal year shall be the limit es-  
21 tablished under section 104.

22 (6) TRANSPORTATION TRUST FUNDS.—For any  
23 fiscal year, the adjustment produced by the enact-  
24 ment of any law that raises excise taxes dedicated to  
25 a transportation trust fund shall be the amount of

1 the net receipts produced by that tax increase which  
2 that law specifically appropriates for that purpose.

3 **SEC. 103. BALANCING THE BUDGET IN 2002.**

4 If at the start of the 2002 budget-year session the  
5 baseline assuming deficit reduction (set forth in section  
6 116) projects a deficit (or surplus) for that year, then the  
7 direct spending and receipts deficit reduction requirement  
8 for that year under section 101 and the discretionary  
9 funding limit for that year under section 102 shall each  
10 be changed by amounts that, when debt service effects are  
11 added, will produce a balanced budget. These changes  
12 shall be accomplished by the enactment of a spin-off law  
13 described in section 105; or if no spin-off law is enacted,  
14 then the direct spending and receipts deficit reduction re-  
15 quirement for fiscal year 2002 under section 101 shall be  
16 adjusted by two-thirds of the total required change (ex-  
17 cluding debt service effects) and the discretionary funding  
18 limit for fiscal year 2002 under section 102 shall be ad-  
19 justed to produce an outlay change equal to one-third of  
20 the total required change (excluding debt service effects).  
21 Any adjustment in the discretionary funding limit (wheth-  
22 er in a spin-off law or by application of the above formula)  
23 shall be assumed to produce an outlay change equal to  
24 the change in new budget authority times the aggregate

1 first-year spendout rate for fiscal year 2002 chosen by the  
2 Board of Estimates.

3 **SEC. 104. PREVENTING DEFICITS AFTER 2002.**

4 Starting with the 2003 budget-year session, the re-  
5 quired change in the level of direct spending and receipts  
6 (relative to the current policy baseline described in section  
7 115) for the budget year and a discretionary funding limit  
8 for that year shall be established. That change in direct  
9 spending and receipts and that discretionary funding limit  
10 (plus the associated effect on debt service) shall produce  
11 a balanced budget. That change and that limit shall be  
12 specified in a spin-off law described in section 105; or if  
13 no spin-off law is enacted, then the change in direct spend-  
14 ing and receipts for the budget year shall be two-thirds  
15 of the baseline level of deficit or surplus (excluding debt  
16 service effects) and the discretionary funding limit for the  
17 budget year shall be the baseline level of discretionary new  
18 budget authority adjusted to produce an outlay change  
19 equal to one-third of the baseline level of deficit or surplus  
20 (excluding debt service changes). Any adjustment in the  
21 discretionary funding limit relative to the baseline level of  
22 discretionary new budget authority (whether in a spin-off  
23 law or by application of the above formula) shall be as-  
24 sumed to produce an outlay change equal to the change  
25 in new budget authority times the aggregate first-year

1 spendout rate for budget year chosen by the Board of  
2 Estimates.

3 **SEC. 105. SPIN-OFF LAW.**

4 (a) Through the use of the procedures described in  
5 section 301(b)(5) or 310(c) of the Congressional Budget  
6 Act of 1974 or by other means, a law to carry out section  
7 103 or 104 may be enacted. If required by section 103  
8 or 104, that law shall specify a discretionary funding limit  
9 for the budget year. That law shall specify the budget-  
10 year amount of direct spending change required of or al-  
11 lowed by each committee of the House of Representatives  
12 in laws within that committee's jurisdiction and the budg-  
13 et-year amount of receipts change required of or allowed  
14 by the Committee on Ways and Means of the House of  
15 Representatives in laws within that committee's jurisdic-  
16 tion. A law shall not be considered a spin-off law under  
17 this section unless—

18 (1) for each of fiscal years 1996 through 2001,  
19 the total of those amounts for the budget year  
20 equals the amount specified in section 101 less the  
21 amount of deficit reduction achieved for that year  
22 measured under section 106; or

23 (2) for fiscal year 2002 and each year there-  
24 after, the targets set by the spin-off bill for the  
25 budget year will produce a balanced budget in that

1 year under the estimates and assumptions chosen by  
2 the Board of Estimates for that year.

3 **SEC. 106. DIRECT SPENDING AND RECEIPTS SCORECARD.**

4 (a) ESTABLISHMENT OF SCORECARD: 1996–2002.—

5 There shall be a scorecard for each fiscal year through  
6 2002 upon which shall be entered the estimated increase  
7 or decrease in the deficit (relative to the start-of-session  
8 current policy baseline described in section 115) for the  
9 current year, the budget year, and each fiscal year through  
10 2002 due to—

11 (1) the enactment, after August 15, 1995, of  
12 any law,

13 (2) the imposition of any sequestration under  
14 section 108 or 109, or

15 (3) the change in the baseline from the applica-  
16 tion of section 115(b)(3), which relates to certain ex-  
17 piring provisions of law and to veterans' compensa-  
18 tion,

19 affecting the level of direct spending or the level of re-  
20 ceipts. Entries under the preceding sentence shall not in-  
21 clude resulting debt service changes or any incidental  
22 changes in intragovernmental receipts of Federal trust  
23 funds. Amounts shall be entered on the scorecard within  
24 10 days after the enactment of each such law or the im-  
25 position of any sequestration, and may not thereafter be al-

1 tered except to reflect decisions made by the Board of Es-  
2 timates or to correct clerical errors or errors in the appli-  
3 cation of this Act.

4 (b) ESTABLISHMENT OF SCORECARD: 2003 AND  
5 THEREAFTER.—There shall be a scorecard, created anew  
6 for each budget year starting with 2003, upon which shall  
7 be entered the estimated increase or decrease in the deficit  
8 or surplus (relative to the start-of-session current policy  
9 baseline described in section 115) for the budget year, in  
10 any amount that would have been entered if subsection  
11 (a) applied to budget years after 2002.

12 (c) DEFICIT REDUCTION REQUIREMENTS.—For each  
13 fiscal year, the scorecard shall also include, as applicable,  
14 the amount of the direct spending and receipts deficit re-  
15 duction target for that year under section 101 or the  
16 amount (if any) of the direct spending and receipts deficit  
17 change target under section 104. Each such deficit reduc-  
18 tion amount shall be entered as though it were a deficit  
19 increase, so that an equal amount of deficit reduction will  
20 have to be achieved to forestall a sequestration, and each  
21 such surplus decrease amount (if any) shall be entered as  
22 though it were a surplus increase, so that the amount of  
23 later surplus decreases will be limited.

24 (d) LOOKBACK.—If in any budget-year session a law  
25 is enacted affecting the current-year level of direct spend-

1 ing or receipts, the amount of that current-year effect  
2 shall be entered on the scorecard under the column for  
3 the budget year. To mandate year-after savings of  
4 amounts that would have been saved but for the lower se-  
5 questration rule in that section, entries shall also be made  
6 as specified in paragraphs (2) and (3) of section 114(j).

7 (e) DIVISION BETWEEN DIRECT SPENDING AND RE-  
8 CEIPTS.—The scorecard shall be divided between changes  
9 in the deficit resulting from direct spending changes and  
10 changes in the deficit resulting from changes in receipts.  
11 Solely for purposes of this section, any change in the defi-  
12 cit resulting from an alteration of the Federal tax treat-  
13 ment of a direct spending benefit shall be treated as a  
14 change in direct spending.

15 (f) EMERGENCIES.—If after the enactment of this  
16 Act a provision of direct spending or receipts legislation  
17 is enacted that is designated as an emergency requirement  
18 by statute and that the President also designates, in writ-  
19 ing, as an emergency requirement within 5 days of the  
20 enactment of that legislation, then no entries resulting  
21 from that provision shall be made on the scorecard.

22 (g) TREATMENT OF CERTAIN DEDICATED EXCISE  
23 TAXES.—For each fiscal year, the scorecard shall also in-  
24 clude only that part of the net increase in receipts result-

1 ing from an increase in an excise tax dedicated to a trans-  
2 portation trust fund that—

3 (1) was not specifically appropriated (as pro-  
4 vided in section 102(b)(6)); or

5 (2) to the extent specifically appropriated (as  
6 provided in section 102(b)(6)), is not estimated to be  
7 expended in that fiscal year.

8 **SEC. 107. DISCRETIONARY SCORECARD.**

9 (a) ESTABLISHMENT OF SCORECARD.—There shall  
10 be a scorecard for each fiscal year starting with 1996 upon  
11 which shall be entered the amount of discretionary appro-  
12 priations for that fiscal year due to—

13 (1) the enactment of any law in the budget-year  
14 session,

15 (2) the enactment of any law in any previous  
16 session of Congress, or

17 (3) the imposition of any sequestration under  
18 section 110.

19 Amounts shall be entered on the scorecard within 10 days  
20 after the enactment of each such law or the imposition  
21 of any sequestration, and may not thereafter be altered  
22 except to reflect decisions made by the Board of Estimates  
23 or to correct clerical errors or errors in the application  
24 of this Act.

1 (b) LOOKBACK.—(1) If in any current-year session  
2 any discretionary appropriation is enacted that would  
3 cause the discretionary funding limit for the current year  
4 to be exceeded, then the amount of that excess shall be  
5 entered on the scorecard under the column for the budget  
6 year. To mandate year-after savings of amounts that  
7 would have been saved but for the lower sequestration rule  
8 in that section, entries shall also be made as specified in  
9 paragraphs (2) and (3) of section 114(j).

10 (2) If any discretionary appropriation is enacted after  
11 June 30, 1995, and before October 1, 1995, that would  
12 have caused a look-back sequester under section 251(a)(5)  
13 of the Balanced Budget and Emergency Deficit Control  
14 Act of 1985 as in effect immediately before the date of  
15 enactment of this Act, then the amount that would have  
16 been sequestered shall be entered on the scorecard as a  
17 cost under the column for the budget year.

18 **SEC. 108. TARGETED SEQUESTRATION.**

19 (a) APPLICATION.—This section shall apply for any  
20 budget year only if a spin-off law as described in section  
21 105 is in effect for that year on the date of the final se-  
22 questration report described in section 114.

23 (b) SEQUESTRATION IN EACH CATEGORY BASED ON  
24 BUDGET-YEAR SHORTFALL.—(1) The purpose of this  
25 subsection is to ensure that the changes achieved during

1 a session in direct spending for each category and in re-  
2 cepts are at least as great as those required, or are no  
3 more than those allowed, for the budget year.

4 (2) The amount to be sequestered for the budget year  
5 from direct spending programs in each category is the  
6 amount by which changes in direct spending achieved dur-  
7 ing the budget-year session are estimated under section  
8 106 to result in a greater amount of direct spending than  
9 allowed in that category in the spin-off law.

10 (3) The amount that receipts are to be increased for  
11 the budget year by the imposition of surtaxes is the  
12 amount by which changes in receipts achieved during that  
13 budget-year session are estimated under section 106 to re-  
14 sult in lower total receipts for that year than allowed in  
15 the spin-off law.

16 (c) SEQUESTRATION IN EACH CATEGORY BASED ON  
17 OUTYEAR SHORTFALL.—(1) The purpose of this sub-  
18 section is to ensure that the outyear changes in direct  
19 spending for each category and the outyear changes in re-  
20 cepts achieved during a session are, on average, at least  
21 as great as those required, or are no more than those al-  
22 lowed, for the budget year.

23 (2) The amount to be sequestered for the budget year  
24 in any category under subsection (b)(2), if any, shall be  
25 increased whenever the average outyear change in direct

1 spending in that category achieved during that budget-  
2 year session estimated under section 106 or paragraph (4)  
3 would produce higher deficits during the outyears than if  
4 that average change had equaled the budget-year target  
5 for changes in direct spending in that category. That in-  
6 creased amount to be sequestered (if applicable) shall be—

7           (A) one-quarter of the sum of those changes in  
8           direct spending for the 4 outyears; minus

9           (B) the budget-year target for changes in direct  
10          spending.

11          (3) The amount that receipts are to be increased for  
12 the budget year under subsection (b)(3), if any, shall be  
13 increased whenever the average outyear change in receipts  
14 achieved during that budget-year session estimated under  
15 section 106 or paragraph (4) would produce higher deficits  
16 during the outyears than if that average change had  
17 equaled the budget-year target for changes in receipts.  
18 That additional amount that receipts are to be increased  
19 (if applicable) shall be—

20           (A) one-quarter of the sum of those changes in  
21           receipts for the four outyears achieved; minus

22           (B) the budget-year target for changes in re-  
23          ceipts.

24          (4) For any outyear after 2002, CBO and OMB shall  
25 make cost estimates within 10 days after the enactment

1 of any direct spending or receipts legislation of the outyear  
2 effects of that legislation that would have gone on the di-  
3 rect spending and receipts scorecard under section 106(a)  
4 if the scorecard had covered that outyear.

5 (d) FINGERPRINT RULE.—For purposes of this sec-  
6 tion, the category to which a change in direct spending  
7 is attributed shall be the category of the committee that  
8 authored the change or reported the legislation to which  
9 the change was offered as an amendment. If it is impos-  
10 sible to tell which committee authored a change, the cat-  
11 egory to which such a change is attributed shall be the  
12 category of the committee with jurisdiction over the pro-  
13 gram that was changed, as defined under section 100(9).

14 (e) SEQUESTRATION.—Within 15 days after Con-  
15 gress adjourns to end a session and on the same day as  
16 a sequestration, if any, under section 110, there shall be  
17 a sequestration—

18 (1) to reduce the amount of direct spending in  
19 the current policy baseline in any category by the  
20 sum of the amounts specified in subsections (b)(2)  
21 and (c)(2) unless that sum is less than \$50,000,000;  
22 and

23 (2) to increase the amount of receipts in the  
24 current policy baseline by the sum of the amounts

1 specified in subsections (b)(3) and (c)(3) unless that  
2 sum is less than \$250,000,000.

3 The amount required to be sequestered from direct spend-  
4 ing in a category shall be achieved by reducing each non-  
5 exempt direct spending account (or activity within an ac-  
6 count) within that category by the uniform percentage  
7 necessary to achieve 80 percent of that amount, and in-  
8 creasing receipts to achieve the other 20 percent of that  
9 amount as specified in sections 59B, 59C, and 59D of the  
10 Internal Revenue Code of 1986, necessary to achieve that  
11 amount.

12 **SEC. 109. COMPREHENSIVE SEQUESTRATION.**

13 (a) APPLICATION.—This section shall apply for any  
14 budget year unless a spin-off law as described in section  
15 105 is in effect for that year on the date of the final se-  
16 questration report described in section 114.

17 (b) SEQUESTRATION BASED ON BUDGET-YEAR  
18 SHORTFALL.—The amount to be sequestered for the  
19 budget year is the amount (if any) by which the sum of  
20 all budget-year entries on the direct spending and receipts  
21 scorecard under section 106 is greater than zero.

22 (c) SEQUESTRATION BASED ON OUTYEAR SHORT-  
23 FALL.—(1) The purpose of this subsection is to ensure  
24 that the outyear changes in direct spending and in receipts  
25 achieved during a session are, on average, at least as great

1 as those required, or are no more than those allowed, for  
2 the budget year.

3 (2) The amount to be sequestered under subsection  
4 (b), if any, shall be increased whenever the average out-  
5 year change in direct spending and receipts, combined,  
6 achieved during that budget-year session would result in  
7 higher deficits than if that average change had equaled  
8 the amount targeted for the budget year, with that budg-  
9 et-year target being the amount that the sequestration  
10 preview report for the budget year shows was needed to  
11 bring the budget-year entries on the direct spending and  
12 receipts scorecard to zero. That increased amount to be  
13 sequestered shall be—

14 (A) one-quarter of the sum of those achieved  
15 changes in direct spending and receipts, combined,  
16 for the 4 outyears; minus

17 (B) the budget-year target for changes in direct  
18 spending and receipts, combined.

19 (d) SEQUESTRATION.—Within 15 days after Con-  
20 gress adjourns to end a session and on the same day as  
21 a sequestration, if any, under section 110, there shall be  
22 a sequestration to reduce the amount of direct spending  
23 and increase the amount of receipts in the current policy  
24 baseline by the sum of the amounts specified in sub-  
25 sections (b) and (c) unless that sum is less than

1 \$500,000,000. The amount required to be sequestered  
2 shall be achieved by reducing each non-exempt direct  
3 spending account (or activity within an account) by the  
4 uniform percentage necessary to achieve 80 percent of  
5 that sum, and increasing receipts to achieve the other 20  
6 percent of that sum as specified in sections 59B, 59C, and  
7 59D of the Internal Revenue Code of 1986, necessary to  
8 achieve that amount.

9 **SEC. 110. ACROSS-THE-BOARD REDUCTION OF DISCRE-**  
10 **TIONARY PROGRAMS.**

11 (a) SEQUESTRATION.—Within 15 days after Con-  
12 gress adjourns to end a session, and on the same day as  
13 a sequestration (if any) under section 108 or 109, there  
14 shall be a sequestration to reduce the amount of discre-  
15 tionary sequestrable budget authority in the current policy  
16 baseline for the budget year by the amount (if any) needed  
17 to eliminate any excess of new budget authority for that  
18 year over the discretionary funding limit for that year as  
19 measured under section 107, unless that excess is less  
20 than \$250,000,000.

21 (b) UNIFORM REDUCTION.—Each nonexempt ac-  
22 count (or activity within an account) shall be reduced by  
23 a dollar amount calculated by multiplying the level of  
24 sequestrable budget authority in the baseline for that ac-  
25 count or activity by the uniform percentage necessary to

1 reduce new budget authority by the amount in subsection  
2 (a).

3 (c) FEDERAL PERSONNEL.—If the President uses  
4 the authority under section 111(b) to exempt any amounts  
5 appropriated for military personnel from sequestration, all  
6 remaining sequestrable budget authority within  
7 subfunction 051 shall be further reduced by the uniform  
8 percentage needed to fully offset the reduction in the  
9 amount sequestered resulting from that exemption.

10 (d) PART-YEAR APPROPRIATIONS.—If, on the date  
11 specified in subsection (a), there is in effect an Act making  
12 or continuing appropriations for part of a fiscal year for  
13 any budget account, then the dollar reduction calculated  
14 for that account under subsections (b) and (c) shall be  
15 applied to—

16 (1) the annualized amount otherwise available  
17 by law in that account under that or a subsequent  
18 part-year appropriation; and

19 (2) when a full-year appropriation for that ac-  
20 count is enacted, from the amount otherwise pro-  
21 vided by that appropriation.

22 **SEC. 111. EXEMPT PROGRAMS AND ACTIVITIES.**

23 (a) DESCRIPTIONS AND LISTS.—Except as provided  
24 in subsection (c), the following budget accounts, activities

1 within accounts, or income shall be exempt from seques-  
2 tration—

3 (1) net interest;

4 (2) deposit insurance and pension benefit guar-  
5 antees;

6 (3) all payments to trust funds from excise  
7 taxes or other receipts or collections properly cred-  
8 itable to those trust funds;

9 (4) offsetting receipts and collections;

10 (5) all payments from one Federal direct spend-  
11 ing budget account to another Federal budget ac-  
12 count; all intragovernmental funds including those  
13 from which funding is derived primarily from other  
14 Government accounts, except to the extent that such  
15 funds are augmented by direct appropriations for  
16 the fiscal year for which the order is in effect; and  
17 those obligations of discretionary accounts or activi-  
18 ties that are financed by intragovernmental pay-  
19 ments from another discretionary account or activ-  
20 ity;

21 (6) expenses to the extent they result from pri-  
22 vate donations, bequests, or voluntary contributions  
23 to the Government;

24 (7) nonbudgetary activities, including but not  
25 limited to—

1 (A) credit liquidating and financing ac-  
2 counts;

3 (B) the Pension Benefit Guarantee Cor-  
4 poration Trust Funds;

5 (C) the Thrift Savings Fund;

6 (D) the Federal Reserve System; and

7 (E) appropriations for the District of Co-  
8 lumbia to the extent they are appropriations of  
9 locally raised funds;

10 (8) payments resulting from Government insur-  
11 ance, Government guarantees, or any other form of  
12 contingent liability, to the extent those payments re-  
13 sult from contractual or other legally binding com-  
14 mitments of the Government at the time of any se-  
15 questration;

16 (9) the following accounts, which largely fulfill  
17 requirements of the Constitution or otherwise make  
18 payments to which the Government is committed—

19 Administration of Territories, Northern Mari-  
20 ana Islands Covenant grants (14-0412-0-1-806);

21 Bureau of Indian Affairs, miscellaneous pay-  
22 ments to Indians (14-2303-0-1-452);

23 Bureau of Indian Affairs, miscellaneous trust  
24 funds, tribal trust funds (14-9973-0-7-999);

25 Claims, defense;

1 Claims, judgments, and relief act (20-1895-0-  
2 1-806);

3 Compact of Free Association, economic assist-  
4 ance pursuant to Public Law 99-658 (14-0415-0-  
5 1-806);

6 Compensation of the President (11-0001-0-1-  
7 802);

8 Customs Service, miscellaneous permanent ap-  
9 propriations (20-9992-0-2-852);

10 Eastern Indian land claims settlement fund  
11 (14-2202-0-1-806)

12 Farm Credit System Financial Assistance Cor-  
13 poration, interest payments (20-1850-0-1-351);

14 Internal Revenue collections of Puerto Rico  
15 (20-5737-0-2-852);

16 Panama Canal Commission, operating expenses  
17 and capital outlay (95-5190-0-2-403);

18 Payments of Vietnam and USS Pueblo pris-  
19 oner-of-war claims (15-0104-0-1-153);

20 Payments to copyright owners (03-5175-0-2-  
21 376);

22 Payments to the United States territories, fiscal  
23 assistance (14-0418-0-1-801);

24 Salaries of Article III judges;

1 Soldier's and Airmen's Home, payment of  
2 claims (84-8930-0-7-705);

3 Washington Metropolitan Area Transit Author-  
4 ity, interest payments (46-0300-0-1-401).

5 (10) the following noncredit special, revolving,  
6 or trust-revolving funds—

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

8 Exchange Stabilization Fund (20-4444-0-3-  
9 155);

10 Foreign Military Sales trust fund (11-82232-  
11 0-7-155);

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 Fed-  
17 eral unemployment account (established by section  
18 904(g) of such Act) under title XII of such Act and  
19 any advance appropriated to the Federal unemploy-  
20 ment account pursuant to section 1203 of such Act;  
21 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;

3 (12) the earned income tax credit (payments to  
4 individuals pursuant to section 32 of the Internal  
5 Revenue Code of 1986).

6 (b) OPTIONAL EXEMPTIONS OF MILITARY PERSON-  
7 NEL.—(1) The President may exempt some or all of the  
8 budgetary resources of any military personnel account  
9 from sequestration under section 109.

10 (2) The President may not use the authority under  
11 paragraph (1) unless he notifies the Congress of the extent  
12 to which such authority will be exercised for the budget  
13 year on or before the preceding August 29.

14 (c) FEDERAL ADMINISTRATIVE EXPENSES.—

15 (1) Notwithstanding any provision of law other  
16 than paragraph (3), administrative expenses in-  
17 curred by the departments and agencies, including  
18 independent agencies, of the Federal Government in  
19 connection with any program, project, activity, or ac-  
20 count shall be subject to reduction pursuant to any  
21 sequestration order, without regard to the exemp-  
22 tions under subsection (a) and regardless of whether  
23 the program, project, activity, or account is self-sup-  
24 porting and does not receive appropriations.

1           (2) Payments made by the Federal Government  
2           to reimburse or match administrative costs incurred  
3           by a State or political subdivision under or in con-  
4           nection with any program, project, activity, or ac-  
5           count shall not be considered administrative ex-  
6           penses of the Federal Government for purposes of  
7           this section, and shall be subject to sequestration to  
8           the extent (and only to the extent) that other pay-  
9           ments made by the Federal Government under or in  
10          connection with that program, project, activity, or  
11          account are subject to that reduction or sequestra-  
12          tion; except that Federal payments made to a State  
13          as reimbursement of administrative costs incurred  
14          by that State under or in connection with the unem-  
15          ployment compensation programs specified in sub-  
16          section (a)(11) shall be subject to reduction or se-  
17          questration under this part notwithstanding the ex-  
18          emption otherwise granted to such programs under  
19          that subsection.

20           (3) Notwithstanding any other provision of law,  
21          the administrative expenses of the following pro-  
22          grams shall be exempt from sequestration:

23                   (A) Deposit insurance.

24                   (B) The Federal Retirement Thrift Invest-  
25          ment Board.

1 (C) The Federal Reserve System.

2 **SEC. 112. GENERAL AND SPECIAL SEQUESTRATION RULES.**

3 (a) PERMANENT SEQUESTRATION OF DIRECT  
4 SPENDING AND RECEIPTS.—

5 (1) The purpose of any direct spending or re-  
6 cepts sequestration under this Act is to ensure defi-  
7 cit reduction in the budget year and all subsequent  
8 fiscal years, so that the budget-year deficit reduction  
9 target in section 101 is met and so that it will be  
10 feasible to meet the increasingly ambitious targets  
11 for the subsequent years.

12 (2) Obligations in sequestered direct spending  
13 accounts shall be reduced in the fiscal year in which  
14 a sequestration occurs and in all succeeding fiscal  
15 years. Notwithstanding any other provision of this  
16 section, after the first direct spending sequestration  
17 or receipts sequestration, any later sequestration  
18 shall reduce direct spending or increase receipts (as  
19 the case may be) by an amount in addition to, rath-  
20 er than in lieu of, the reduction in direct spending  
21 or the increase in receipts in place under the exist-  
22 ing sequestration or sequestrations.

23 (b) UNIFORM PERCENTAGES.—

24 (1) In calculating the uniform percentage appli-  
25 cable to the sequestration of all nonexempt direct

1 spending programs or activities and receipts under  
2 section 109, or the uniform percentage applicable to  
3 the sequestration of nonexempt direct spending pro-  
4 grams or activities within a category under section  
5 108, the sequestrable base for direct spending rules  
6 and activities is the total budget-year level of outlays  
7 for those programs or activities in the current policy  
8 baseline minus—

9 (A) those budget-year outlays resulting  
10 from obligations incurred in the current or  
11 prior fiscal years, and

12 (B) those budget-year outlays resulting  
13 from exemptions under section 111.

14 (2) For any direct spending program in  
15 which—

16 (A) outlays pay for entitlement benefits,

17 (B) a budget-year sequestration takes ef-  
18 fect after the 1st day of the budget year, and

19 (C) that delay reduces the amount of enti-  
20 tlement authority that is subject to sequestra-  
21 tion in the budget year,

22 the uniform percentage otherwise applicable to the  
23 sequestration of that program in the budget year  
24 shall be increased as necessary to achieve the same

1 budget-year outlay reduction in that program as  
2 would have been achieved had there been no delay.

3 (3) If the uniform percentage otherwise applica-  
4 ble to the budget-year sequestration of a program or  
5 activity is increased under paragraph (2), then it  
6 shall revert to the uniform percentage calculated  
7 under paragraph (1) when the budget year is com-  
8 pleted.

9 (c) GENERAL RULES FOR SEQUESTRATION.—

10 (1) INDEFINITE AUTHORITY.—Except as other-  
11 wise provided, sequestration in accounts for which  
12 obligations are indefinite shall be taken in a manner  
13 to ensure that obligations in the fiscal year of a se-  
14 questration and succeeding fiscal years are reduced,  
15 from the level that would actually have occurred, by  
16 the applicable sequestration percentage or percent-  
17 ages.

18 (2) CANCELLATION OF BUDGETARY RE-  
19 SOURCES.—Budgetary resources sequestered from  
20 any account other than an entitlement trust, special,  
21 or revolving fund account shall revert to the Treas-  
22 ury and be permanently canceled or repealed.

23 (3) INDEXED BENEFIT PAYMENTS.—If, under  
24 any entitlement program—

1 (A) benefit payments are made to persons  
2 or governments more frequently than once a  
3 year, and

4 (B) the amount of entitlement authority is  
5 periodically adjusted under existing law to re-  
6 flect changes in a price index,

7 then for the first fiscal year to which a sequestration  
8 order applies, the benefit reductions in that program  
9 accomplished by the order shall take effect starting  
10 with the payment made at the beginning of January  
11 or 7 weeks after the order is issued, whichever is  
12 later. For the purposes of this subsection, Veterans  
13 Compensation shall be considered a program that  
14 meets the conditions of the preceding sentence.

15 (4) PROGRAMS, PROJECTS, OR ACTIVITIES.—  
16 Except as otherwise provided, the same percentage  
17 sequestration shall apply to all programs, projects,  
18 and activities within a budget account (with pro-  
19 grams, projects, and activities as delineated in the  
20 appropriation Act or accompanying report for the  
21 relevant fiscal year covering that account, or for ac-  
22 counts not included in appropriation Acts, as delin-  
23 eated in the most recently submitted President's  
24 budget).

1           (5) IMPLEMENTING REGULATIONS.—Adminis-  
2           trative regulations or similar actions implementing  
3           the sequestration of a program or activity shall be  
4           made within 120 days of the effective date of the se-  
5           questration of that program or activity.

6           (6) DISTRIBUTION FORMULAS.—To the extent  
7           that distribution or allocation formulas differ at dif-  
8           ferent levels of budgetary resources within an ac-  
9           count, program, project, or activity, a sequestration  
10          shall be interpreted as producing a lower total ap-  
11          propriation, with that lower appropriation being obli-  
12          gated as though it had been the pre-sequestration  
13          appropriation and no sequestration had occurred.

14          (7) CONTINGENT FEES.—In any account for  
15          which fees charged to the public are legally deter-  
16          mined by the level of appropriations, fees shall be  
17          charged on the basis of the presequestration level of  
18          appropriations.

19          (d) NON-JOBS PORTION OF AFDC.—Any sequestra-  
20          tion order shall accomplish the full amount of any required  
21          reduction in payments for the non-jobs portion of the aid  
22          to families with dependant children program under the So-  
23          cial Security Act by reducing the Federal reimbursement  
24          percentage (for the fiscal year involved) by multiplying  
25          that reimbursement percentage, on a State-by-State basis,

1 by the uniform percentage applicable to the sequestration  
2 of nonexempt direct spending programs or activities.

3 (e) JOBS PORTION OF AFDC.—

4 (1) FULL AMOUNT OF SEQUESTRATION RE-  
5 QUIRED.—Any sequestration order shall accomplish  
6 the full amount of any required reduction of the job  
7 opportunities and basic skills training program  
8 under section 402(a)(19), and part F of title VI, of  
9 the Social Security Act, in the manner specified in  
10 this subsection. Such an order may not reduce any  
11 Federal matching rate pursuant to section 403(l) of  
12 the Social Security Act.

13 (2) NEW ALLOTMENT FORMULA.—

14 (A) GENERAL RULE.—Notwithstanding  
15 section 403(k) of the Social Security Act, each  
16 State's percentage share of the amount avail-  
17 able after sequestration for direct spending pur-  
18 suant to section 403(l) of such Act shall be  
19 equal to that percentage of the total amount  
20 paid to the States pursuant to such section  
21 403(l) for the prior fiscal year that is rep-  
22 resented by the amount paid to such State pur-  
23 suant to such section 403(l) for the prior fiscal  
24 year, except that a State may not be allotted an  
25 amount under this subparagraph that exceeds

1 the amount that would have been allotted to  
2 such State pursuant to such section 403(k) had  
3 the sequestration not been in effect.

4 (B) REALLOTMENT OF AMOUNTS REMAIN-  
5 ING UNALLOTTED AFTER APPLICATION OF GEN-  
6 ERAL RULE.—Any amount made available after  
7 sequestration for direct spending pursuant to  
8 section 403(l) of the Social Security Act that  
9 remains unallotted as a result of subparagraph  
10 (A) of this paragraph shall be allotted among  
11 the States in proportion to the absolute dif-  
12 ference between the amount allotted, respec-  
13 tively, to each State as a result of such sub-  
14 paragraph and the amount that would have  
15 been allotted to such State pursuant to section  
16 403(k) of such Act had the sequestration not  
17 been in effect, except that a State may not be  
18 allotted an amount under this subparagraph  
19 that results in a total allotment to the State  
20 under this paragraph of more than the amount  
21 that would have been allotted to such State  
22 pursuant to such section 403(k) had the seques-  
23 tration not been in effect.

24 (f) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any  
25 sequestration order shall accomplish the full amount of

1 any required reduction in payments under sections 455  
2 and 458 of the Social Security Act by reducing the Fed-  
3 eral matching rate for State administrative costs under  
4 the program, as specified (for the fiscal year involved) in  
5 section 455(a) of such Act, to the extent necessary to re-  
6 duce such expenditures by that amount.

7 (g) COMMODITY CREDIT CORPORATION.—

8 (1) EFFECTIVE DATE.—For the Commodity  
9 Credit Corporation, the date on which a sequestra-  
10 tion order takes effect in a fiscal year shall vary for  
11 each crop of a commodity. In general, the sequestra-  
12 tion order shall take effect when issued, but for each  
13 crop of a commodity for which 1-year contracts are  
14 issued as an entitlement, the sequestration order  
15 shall take effect with the start of the sign-up period  
16 for that crop that begins after the sequestration  
17 order is issued. Payments for each contract in such  
18 a crop shall be reduced under the same terms and  
19 conditions.

20 (2) DAIRY PROGRAM.—As the sole means of  
21 achieving any reduction in outlays under the milk  
22 price-support program, the Secretary of Agriculture  
23 shall provide for a reduction to be made in the price  
24 received by producers for all milk produced in the  
25 United States and marketed by producers for com-

1       merchial use. That price reduction (measured in cents  
2       per hundredweight of milk marketed) shall occur  
3       under subparagraph (A) of section 201(d)(2) of the  
4       Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)),  
5       shall begin on the day any sequestration order is is-  
6       sued, and shall not exceed the aggregate amount of  
7       the reduction in outlays under the milk price-support  
8       program, that otherwise would have been achieved  
9       by reducing payments made for the purchase of milk  
10      or the products of milk under this subsection during  
11      that fiscal year.

12           (3) EFFECT OF DELAY.—For purposes of sub-  
13      section (b)(1), the sequestrable base for the Com-  
14      modity Credit Corporation is the budget-year level of  
15      gross outlays resulting from new budget authority  
16      that is subject to reduction under paragraphs (1)  
17      and (2), and subsection (b)(2) shall not apply.

18           (4) CERTAIN AUTHORITY NOT TO BE LIM-  
19      ITED.—Nothing in this Act shall restrict the Cor-  
20      poration in the discharge of its authority and re-  
21      sponsibility as a corporation to buy and sell com-  
22      modities in world trade, or limit or reduce in any  
23      way any appropriation that provides the Corporation  
24      with funds to cover its net realized losses.

1 (h) CONSERVATION RESERVE PROGRAM.—Multiyear  
2 contracts under the conservation reserve program shall be  
3 considered binding and not subject to sequestration, but  
4 any contract entered into after a sequestration applicable  
5 to that program takes effect shall provide for payments  
6 reduced by the uniform percentage or percentages applica-  
7 ble to that sequestration.

8 (i) EXTENDED UNEMPLOYMENT COMPENSATION.—  
9 (1) A State may reduce each weekly benefit payment made  
10 under the Federal-State Extended Unemployment Com-  
11 pensation Act of 1970 for any week of unemployment oc-  
12 ccurring during any period with respect to which payments  
13 are reduced under any sequestration order by a percentage  
14 not to exceed the percentage by which the Federal pay-  
15 ment to the State under section 204 of such Act is to be  
16 reduced for such week as a result of such order.

17 (2) A reduction by a State in accordance with sub-  
18 paragraph (A) shall not be considered as a failure to fulfill  
19 the requirements of section 3304(a)(11) of the Internal  
20 Revenue Code of 1986.

21 (j) FEDERAL EMPLOYEES HEALTH BENEFITS  
22 FUND.—For the Federal Employees Health Benefits  
23 Fund, a sequestration order shall take effect with the next  
24 open season. The sequestration shall be accomplished by  
25 annual payments from that Fund to the General Fund of

1 the Treasury. Those annual payments shall be financed  
2 solely by charging higher premiums. For purposes of sub-  
3 section (b)(1), the sequestrable base for the Fund is the  
4 budget-year level of gross outlays resulting from claims  
5 paid after the sequestration order takes effect, and sub-  
6 section (b)(2) shall not apply.

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

14 (l) FEDERAL PAY.—

15 (1) IN GENERAL.—Except as provided in sec-  
16 tion 111(b)(3), new budget authority to pay Federal  
17 personnel shall be reduced by the uniform percent-  
18 age calculated under section 108, 109, or 110, as  
19 applicable, but no sequestration order may reduce or  
20 have the effect of reducing the rate of pay to which  
21 any individual is entitled under any statutory pay  
22 system (as increased by any amount payable under  
23 section 5304 of title 5, United States Code, or sec-  
24 tion 302 of the Federal Employees Pay Comparabil-  
25 ity Act of 1990) or the rate of any element of mili-

1 tary pay to which any individual is entitled under  
2 title 37, United States Code, or any increase in rates  
3 of pay which is scheduled to take effect under sec-  
4 tion 5303 of title 5, United States Code, section  
5 1009 of title 37, United States Code, or any other  
6 provision of law.

7 (2) DEFINITIONS.—For purposes of this sub-  
8 section:

9 (A) The term “statutory pay system” shall  
10 have the meaning given that term in section  
11 5302(1) of title 5, United States Code.

12 (B) The term “elements of military pay”  
13 means—

14 (i) the elements of compensation of  
15 members of the uniformed services speci-  
16 fied in section 1009 of title 37, United  
17 States Code,

18 (ii) allowances provided members of  
19 the uniformed services under sections 403a  
20 and 405 of such title, and

21 (iii) cadet pay and midshipman pay  
22 under section 203(c) of such title.

23 (C) The term “uniformed services” shall  
24 have the meaning given that term in section  
25 101(3) of title 37, United States Code.

1       (m) GUARANTEED STUDENT LOANS.—(A) For all  
2 student loans under parts B and D of title IV of the High-  
3 er Education Act of 1965 made on or after the date of  
4 a sequestration, the origination fees shall be increased by  
5 a uniform percentage sufficient to produce the dollar sav-  
6 ings in student loan programs for the fiscal year of the  
7 sequestration required by section 108 or 109, and all sub-  
8 sequent origination fees shall be increased by the same  
9 percentage, notwithstanding any other provision of law.

10       (B) The origination fees to which paragraph (A) ap-  
11 plies are those specified in sections 428H(f)(1), 438(c),  
12 and 455(c) of that Act.

13       (n) INSURANCE PROGRAMS.—Any sequestration in a  
14 Federal program that sells insurance contracts to the pub-  
15 lic (including the Federal Crop Insurance Fund, the Na-  
16 tional Insurance Development Fund, the National Flood  
17 Insurance Fund, insurance activities of the Overseas Pri-  
18 vate Insurance Corporation, and Veterans' life insurance  
19 programs) shall be accomplished by annual payments from  
20 the insurance fund or account to the general fund of the  
21 Treasury. The amount of each annual payment by each  
22 such fund or account shall be the amount received by the  
23 fund or account by increasing premiums on contracts en-  
24 tered into after the date a sequestration order takes effect

1 by the uniform sequestration percentage, and premiums  
2 shall be increased accordingly.

3 (o) MEDICAID.—The November 15th estimate of  
4 medicaid spending by States shall be the base estimate  
5 from which the uniform percentage reduction under any  
6 sequestration, applied across-the-board by State, shall be  
7 made. Succeeding Federal payments to States shall reflect  
8 that reduction. The Health Care Financing Administra-  
9 tion shall reconcile actual medicaid spending for each fis-  
10 cal year with the base estimate as reduced by the uniform  
11 percentage, and adjust each State's grants as soon as  
12 practicable, but no later than 100 days after the end of  
13 the fiscal year to which the base estimate applied, to com-  
14 ply with the sequestration order.

15 (p) MEDICARE.—

16 (1) TIMING OF APPLICATION OF REDUC-  
17 TIONS.—

18 (A) IN GENERAL.—Except as provided in  
19 subparagraph (B), if a reduction is made in  
20 payment amounts pursuant to a sequestration  
21 order, the reduction shall be applied to payment  
22 for services furnished after the effective date of  
23 the order. For purposes of the previous sen-  
24 tence, in the case of inpatient services furnished  
25 for an individual, the services shall be consid-

1           ered to be furnished on the date of the individ-  
2           ual's discharge from the inpatient facility.

3           (B) PAYMENT ON THE BASIS OF COST RE-  
4           PORTING PERIODS.—In the case in which pay-  
5           ment for services of a provider of services is  
6           made under title XVIII of the Social Security  
7           Act on a basis relating to the reasonable cost  
8           incurred for the services during a cost reporting  
9           period of the provider, if a reduction is made in  
10          payment amounts pursuant to a sequestration  
11          order, the reduction shall be applied to payment  
12          for costs for such services incurred at any time  
13          during each cost reporting period of the pro-  
14          vider any part of which occurs after the effec-  
15          tive date of the order, but only (for each such  
16          cost reporting period) in the same proportion as  
17          the fraction of the cost reporting period that oc-  
18          curs after the effective date of the order.

19          (2) NO INCREASE IN BENEFICIARY CHARGES IN  
20          ASSIGNMENT-RELATED CASES.—If a reduction in  
21          payment amounts is made pursuant to a sequestra-  
22          tion order for services for which payment under part  
23          B of title XVIII of the Social Security Act is made  
24          on the basis of an assignment described in section  
25          1842(b)(3)(B)(ii), in accordance with section

1 1842(b)(6)(B), or under the procedure described in  
2 section 1870(f)(1) of such Act, the person furnishing  
3 the services shall be considered to have accepted  
4 payment of the reasonable charge for the services,  
5 less any reduction in payment amount made pursu-  
6 ant to a sequestration order, as payment in full.

7 (3) NO EFFECT ON COMPUTATION OF AAPCC.—  
8 In computing the adjusted average per capita cost  
9 for purposes of section 1876(a)(4) of the Social Se-  
10 curity Act, the Secretary of Health and Human  
11 Services shall not take into account any reductions  
12 in payment amounts which have been or may be ef-  
13 fected under this part.

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

22 (1) the uniform sequestration percentage, times

23 (2) the estimated gross obligations of the Postal  
24 Service Fund in that year other than those obliga-

1        tions financed with an appropriation for revenue  
2        foregone for that year.

3 Any such payment for a fiscal year shall be made as soon  
4 as possible during the fiscal year, except that it may be  
5 made in installments within that year if the payment  
6 schedule is approved by the Secretary of the Treasury.

7 Within 30 days after the sequestration order is issued, the  
8 Postmaster General shall submit to the Postal Rate Com-  
9 mission a plan for financing the annual payment for that  
10 fiscal year and publish that plan in the Federal Register.

11 The plan may assume efficiencies in the operation of the  
12 Postal Service, reductions in capital expenditures, in-  
13 creases in the prices of services, or any combination, but  
14 may not assume a lower Fund surplus or higher Fund  
15 deficit and must follow the requirements of existing law  
16 governing the Postal Service in all other respects. Within  
17 30 days of the receipt of that plan, the Postal Rate Com-  
18 mission shall approve the plan or modify it in the manner  
19 that modifications are allowed under current law. If the  
20 Postal Rate Commission does not respond to the plan  
21 within 30 days, the plan submitted by the Postmaster  
22 General shall go into effect. Any plan may be later revised  
23 by the submission of a new plan to the Postal Rate Com-  
24 mission, which may approve or modify it.

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

11 (1) the direct spending uniform sequestration  
12 percentage, times

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

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

1 surplus or a higher fund deficit and must follow the re-  
2 quirements of existing law governing the fund in all other  
3 respects. The administrator of a fund or the TVA Board  
4 is authorized to take the actions specified above in order  
5 to make the annual payments to the Treasury.

6 (s) VETERANS' HOUSING LOANS.—(1) For all hous-  
7 ing loans guaranteed, insured, or made under chapter 37  
8 of title 38, United States Code, on or after the date of  
9 a sequestration, the origination fees shall be increased by  
10 a uniform percentage sufficient to produce the dollar sav-  
11 ings in veterans' housing programs for the fiscal year of  
12 the sequestration required by section 108 or 109, and all  
13 subsequent origination fees shall be increased by the same  
14 percentage, notwithstanding any other provision of law.

15 (2) The origination fees to which paragraph (1) ap-  
16 plies are those referred to in section 3729 of title 38,  
17 United States Code.

18 **SEC. 113. SEQUESTRATION THROUGH SURTAXES.**

19 (a) GENERAL RULE.—Subchapter A of chapter 1 of  
20 the Internal Revenue Code of 1986 (relating to determina-  
21 tion of tax liability) is amended by adding at the end  
22 thereof the following new part:

23 **“PART VIII—TAX SEQUESTRATION SURTAXES**

“Sec. 59B. Imposition of surtax on individuals.

“Sec. 59C. Imposition of surtax on corporations.

“Sec. 59D. Definitions and special rules.

1 **“SEC. 59B. IMPOSITION OF SURTAX ON INDIVIDUALS.**

2 “(a) SECTION 1.—In the case of an individual, the  
3 amount of the tax imposed under section 1 for any taxable  
4 year shall be increased by the applicable surtax percentage  
5 of the tax imposed under section 1 for such taxable year  
6 (determined without regard to this section).

7 “(b) MINIMUM TAX.—In the case of an individual,  
8 the amount of the tentative minimum tax determined  
9 under section 55 for any taxable year shall be increased  
10 by the applicable surtax percentage of the amount of the  
11 tentative minimum tax for such taxable year (determined  
12 without regard to this section).

13 “(c) SURTAX TO APPLY TO ESTATES AND TRUSTS.—  
14 For purposes of this section, the term ‘individual’ includes  
15 any estate or trust taxable under section 1.

16 “(d) COORDINATION WITH OTHER PROVISIONS.—  
17 The provisions of this section—

18 “(1) shall be applied after section 1(h), but

19 “(2) before the application of any other provi-  
20 sion of this title which refers to the amount of the  
21 tax imposed by section 1 or 55, as the case may be.

22 **“SEC. 59C. IMPOSITION OF SURTAX ON CORPORATIONS.**

23 “(a) NORMAL CORPORATE TAX.—

24 “(1) IN GENERAL.—In the case of a corpora-  
25 tion, the amount of the tax imposed under section  
26 11 for any taxable year shall be increased by the ap-

1 plicable surtax percentage of the amount of the tax  
2 imposed under section 11 for such taxable year (de-  
3 termined without regard to this section).

4 “(2) TREATMENT OF CERTAIN TAXES.—For  
5 purposes of paragraph (1), a tax shall be treated as  
6 imposed under section 11 if the amount of such tax  
7 is determined by reference to the provisions of sec-  
8 tion 11 (or by reference to any rate contained there-  
9 in).

10 “(b) MINIMUM TAX.—In the case of a corporation,  
11 the amount of the tentative minimum tax determined  
12 under section 55 for any taxable year shall be increased  
13 by the applicable surtax percentage of the amount of the  
14 tentative minimum tax for such taxable year (determined  
15 without regard to this section).

16 “(c) COORDINATION WITH OTHER PROVISIONS.—  
17 The provisions of this section shall be applied—

18 “(1) after the application of section 1201 and  
19 801(a)(2), but

20 “(2) before the application of any other provi-  
21 sion of this title which refers to the amount of tax  
22 imposed by section 11 or 55, as the case may be.

23 **“SEC. 59D. DEFINITIONS AND SPECIAL RULES.**

24 “(a) APPLICABLE SURTAX PERCENTAGE.—For pur-  
25 poses of this subpart—

1           “(1) IN GENERAL.—The term ‘applicable surtax  
2 percentage’ means, with respect to a taxable year be-  
3 ginning in a calendar year, the sum, rounded up to  
4 the nearest 0.5 percentage point, of—

5                   “(A) the surtax percentage (if any) deter-  
6 mined under paragraph (2) for such calendar  
7 year, plus

8                   “(B) the sum of the surtax percentages (if  
9 any) for all preceding calendar years.

10           “(2) SURTAX PERCENTAGE.—The surtax per-  
11 centage for a calendar year is the surtax percentage  
12 included in the final sequestration report effectuated  
13 by the sequestration order under section 114 of the  
14 Deficit Elimination Act of 1995 for the fiscal year  
15 in which the calendar year begins.

16           “(b) SECTION 15 NOT TO APPLY.—Section 15 shall  
17 not apply to any change in rates under this part.

18           “(c) ADJUSTMENT TO APPLICATION OF CERTAIN  
19 PROVISIONS.—

20                   “(1) DIVIDENDS PAID ON CERTAIN PREFERRED  
21 STOCK.—In computing for a taxable year of a cor-  
22 poration the fractions described in sections  
23 244(a)(2) and 247(a)(2), the denominator shall,  
24 under regulations prescribed by the Secretary, be in-  
25 creased to reflect the provisions of this part.



1 (b) SUBMISSION AND AVAILABILITY OF REPORTS.—

2 Each report required by this section shall be submitted,  
3 in the case of CBO, to the House of Representatives, the  
4 Senate, OMB, and the Board and, in the case of OMB,  
5 to the House of Representatives, the Senate, the Presi-  
6 dent, and the Board on the day it is issued. On the follow-  
7 ing day a notice of the report shall be printed in the Fed-  
8 eral Register.

9 (c) EXCHANGE OF PRELIMINARY CURRENT POLICY  
10 BASELINES.—On December 15 or 3 weeks after Congress  
11 adjourns to end a session, whichever is later, OMB and  
12 CBO shall exchange their preliminary current policy base-  
13 lines for the budget-year session starting in January.

14 (d) SEQUESTRATION PREVIEW REPORTS.—

15 (1) REPORTING REQUIREMENT.—On December  
16 31 or 2 weeks after exchanging preliminary current  
17 policy baselines, whichever is later, OMB and CBO  
18 shall each submit a sequestration preview report.

19 (2) CONTENTS.—Each preview report shall set  
20 forth the following:

21 (A) MAJOR ESTIMATING ASSUMPTIONS.—

22 The major estimating assumptions for the cur-  
23 rent year, the budget year, and the outyears,  
24 and an explanation of them.

1 (B) CURRENT POLICY BASELINE.—A de-  
2 tailed display of the current policy baseline for  
3 the current year, the budget year, and the out-  
4 years, with an explanation of changes in the  
5 baseline since it was last issued that includes  
6 the effect of policy decisions made during the  
7 intervening period and an explanation of the  
8 differences between OMB and CBO for each  
9 item set forth in the report.

10 (C) DEFICITS ASSUMING COMPLIANCE.—  
11 Estimates for the budget year and each subse-  
12 quent year through fiscal year 2002 of the defi-  
13 cits or surpluses in the current policy baseline  
14 assuming deficit reduction specified in section  
15 116.

16 (D) DISCRETIONARY FUNDING LIMITS.—  
17 (i) estimates for the current year, the budget  
18 year, and each outyear through 2002 of the dis-  
19 cretionary funding limits and an explanation of  
20 each adjustment made to those limits under  
21 section 102(b), (ii) starting with fiscal year  
22 2002, an estimate of the aggregate first-year  
23 spendout rate for the budget year for discre-  
24 tionary programs, (iii) starting with budget  
25 year 2002, an estimate for the current year and

1 for the budget year of the discretionary funding  
2 limits under the spinoff law under section 105,  
3 or if no such law exists for a fiscal year, for  
4 those limits established under the automatic ap-  
5 plication of section 103 or 104.

6 (E) SEQUESTRATION OF DISCRETIONARY  
7 ACCOUNTS.—Estimates of the uniform percent-  
8 age and the amount of budgetary resources to  
9 be sequestered from discretionary programs  
10 given the baseline level of appropriations, and if  
11 the President chooses to exempt some or all  
12 military personnel from sequestration, the effect  
13 of that decision on the percentage and amounts.

14 (F) DEFICIT REDUCTION REQUIREMENTS  
15 FOR DIRECT SPENDING AND RECEIPTS.—An es-  
16 timate for direct spending and receipts of the  
17 deficit reduction remaining to be achieved for  
18 the budget year under section 101 or 104 or of  
19 the decrease in the surplus allowed for that  
20 year under section 104 (given the amount al-  
21 ready achieved as measured under section 106).

22 (G) DIRECT SPENDING SEQUESTRATION.—  
23 Estimates of the uniform percentage and the  
24 amount of targeted sequestration under section  
25 108 that will be necessary in each direct spend-

1 ing category to meet the direct spending targets  
2 for the budget year in the spin-off law under  
3 section 105, or if no such law has been enacted  
4 for the budget year, the uniform percentage and  
5 the amount of comprehensive sequestration of  
6 direct spending programs that will be necessary  
7 under section 109.

8 (H) RECEIPTS SEQUESTRATION.—Esti-  
9 mates of the increase in receipts under section  
10 108 that will be necessary to meet the receipts  
11 targets for the budget year in the spin-off law  
12 under section 105, or if no such law has been  
13 enacted for the budget year, the increase in re-  
14 cepts that will be necessary under section 109;  
15 including the surtax percentage needed to  
16 achieve the increase in receipts required under  
17 section 108 or the uniform percentage under  
18 section 109.

19 (e) SELECTION OF OFFICIAL SEQUESTRATION PRE-  
20 VIEW REPORT.—On January 15 or 2 weeks after receiving  
21 the OMB and CBO sequestration preview reports, which-  
22 ever is later, the Board shall choose either the OMB or  
23 CBO sequestration preview report as the official report for  
24 purposes of this Act. The Board shall add to the chosen  
25 report an analysis of which reports submitted in previous

1 years have proven to be more accurate and recommenda-  
2 tions about methods of improving the accuracy of future  
3 reports. That report shall be set forth, without change,  
4 in the budget submitted by the President under section  
5 1105(a) of title 31, United States Code, for the budget  
6 year.

7 (f) AGREEING ON EARLIER DATES.—The Chairman  
8 of the Board may set earlier dates for subsections (c), (d),  
9 and (e) if OMB and CBO concur.

10 (g) NOTIFICATION REGARDING MILITARY PERSON-  
11 NEL.—On or before August 29, the President shall notify  
12 the Congress of the manner in which he intends to exercise  
13 flexibility with respect to military personnel accounts  
14 under section 111(b).

15 (h) FINAL SEQUESTRATION REPORTS.—

16 (1) REPORTING REQUIREMENT.—Not later than  
17 10 days following the end of a budget-year session,  
18 OMB and CBO shall each submit a final sequestra-  
19 tion report.

20 (2) CONTENTS.—That report shall be based  
21 upon laws enacted through the date of the report  
22 and shall set forth all the information and estimates  
23 required of a sequestration preview report required  
24 by subsections (d)(2)(D) through (H). In addition,  
25 that report shall include—

1 (A) for each account to be sequestered, the  
2 baseline level of sequestrable budgetary re-  
3 sources and the resulting reductions in new  
4 budget authority and outlays;

5 (B) the effects of sequestration on the level  
6 of direct spending outlays for each fiscal year  
7 through 2002; and

8 (C) the effects of sequestration on the level  
9 of receipts for each fiscal year through 2002.

10 (i) SELECTION OF OFFICIAL FINAL SEQUESTRATION  
11 REPORT.—Not later than 5 days after receiving the final  
12 OMB and CBO sequestration reports, the Board shall  
13 choose either the OMB or CBO final sequestration report  
14 as the official report for purposes of this Act, and shall  
15 issue a report stating that decision and making any com-  
16 ments that the Board chooses.

17 (j) PRESIDENTIAL ORDER.—(1) On the day that the  
18 Board chooses a final sequestration report, the President  
19 shall issue an order fully implementing without change all  
20 sequestrations and tax actions required by—

21 (A) the final sequestration report that requires  
22 the lesser amount of discretionary sequestration  
23 under section 110; and

24 (B) the final sequestration report that requires  
25 the lesser total amount of direct spending and re-

1        ceipts sequestration under section 108 or 109 (as  
2        applicable).

3        The order shall be effective on issuance and shall be issued  
4        only if sequestration is required.

5        (2)(A) If both the CBO and OMB final sequestration  
6        reports require a sequestration of discretionary programs,  
7        and the Board chooses the report requiring the greater  
8        sequestration, then a positive amount equal to the dif-  
9        ference between the CBO and OMB estimates of discre-  
10        tionary new budget authority for the budget year shall be  
11        subtracted from the budget-year column and added to the  
12        column for the first outyear of the discretionary scorecard  
13        under section 107 as though that amount had been en-  
14        acted in the next session of Congress.

15        (B) If one final sequestration report requires a se-  
16        questration of discretionary programs and the Board  
17        chooses that report, then an amount equal to the dif-  
18        ference between that report's estimate of discretionary  
19        new budget authority for the budget year and the discre-  
20        tionary funding limit for that year shall be subtracted  
21        from the budget-year column and added to column for the  
22        first outyear of the discretionary scorecard under section  
23        107 as though that amount had been enacted in the next  
24        session of Congress.

1           (3)(A) If both the CBO and OMB final sequestration  
2 reports require a sequestration of direct spending or re-  
3 cepts, and the Board chooses the report requiring the  
4 greater sequestration, then a positive amount equal to the  
5 difference between the total CBO and OMB estimates of  
6 required budget-year direct spending and receipts seques-  
7 trations shall be subtracted from the budget-year column  
8 and added to the column for the first outyear of the direct  
9 spending and receipts scorecard under section 106 as  
10 though that amount had been enacted in the next session  
11 of Congress.

12           (B) If one final sequestration report requires a se-  
13 questration of direct spending or receipts and the Board  
14 chooses that report, then the estimate of total required  
15 budget-year direct spending and receipts sequestrations  
16 shall be subtracted from the budget-year column and  
17 added to column for the first outyear of the direct spend-  
18 ing and receipts scorecard under section 106 as though  
19 that amount had been enacted in the next session of  
20 Congress.

21           (k) LOW-GROWTH REPORT.—At any time until the  
22 end of fiscal year 1997, the Director of the Board shall  
23 notify the Congress if—

24                   (1) during the period consisting of the quarter  
25           during which such notification is given, the quarter

1 preceding that notification, and the 4 quarters fol-  
2 lowing that notification, CBO or OMB has deter-  
3 mined that real economic growth is projected or esti-  
4 mated to be less than zero for each of any 2 con-  
5 secutive quarters within that period; or

6 (2) the most recent of the Department of Com-  
7 merce's advance, preliminary, or final reports of ac-  
8 tual real economic growth for each of the most re-  
9 cently reported quarter and the immediately preced-  
10 ing quarter is less than 1 percent.

11 (I) USE OF MAJOR ESTIMATING ASSUMPTIONS AND  
12 SCOREKEEPING CONVENTIONS.—In the estimates, projec-  
13 tions, and reports under subsections (c) and (d), CBO and  
14 OMB shall use the best and most recent estimating as-  
15 sumptions available. In all other reports required by this  
16 section and in all estimates or calculations required by this  
17 Act, CBO and OMB shall use—

18 (1) current-year and budget-year discretionary  
19 funding limits chosen by the Board and the esti-  
20 mates chosen by the Board of the deficit reduction  
21 (or decrease in the surplus) through changes in di-  
22 rect spending and receipts required (or allowed) in  
23 the budget year;

24 (2) in estimating the effects of bills and discre-  
25 tionary regulations, the major estimating assump-

1 tions most recently chosen by the Board, except to  
2 the extent that they must be altered to reflect actual  
3 results occurring or measured after the Board's  
4 choice; and

5 (3) scorekeeping conventions determined after  
6 consultation among the House and Senate Commit-  
7 tees on the Budget, CBO, and OMB.

8 In applying the two previous sentences, the major estimat-  
9 ing assumptions and other calculations required by this  
10 Act that are included in the statement of managers accom-  
11 panying the conference report on this Act shall be consid-  
12 ered, for all purposes of this Act, to be the report of the  
13 Board chosen under subsection (e) for fiscal year 1993.

14 (m) BILL COST ESTIMATES.—Within 10 days after  
15 the enactment of any discretionary appropriations, direct  
16 spending, or receipts legislation, CBO and OMB shall  
17 transmit to each other, the Board, and to the Congress  
18 an estimate of the budgetary effects of that law, following  
19 the estimating requirements of this section. Those esti-  
20 mates may not change after the 10-day period except—

21 (1) to the extent those estimates are subsumed  
22 within (and implicitly changed by) the estimates  
23 made in preparation of a new baseline under sub-  
24 sections (c), (d), and (h);

1           (2) to reflect a choice of the Board regarding  
2           an official set of estimates under subsections (l) and  
3           (n); and

4           (3) to correct clerical errors or errors in the ap-  
5           plication of this Act.

6 **SEC. 115. THE CURRENT POLICY BASELINE.**

7           (a) IN GENERAL.—For any budget year, the baseline  
8           refers to a projection of current-year levels of new budget  
9           authority, outlays, revenues, and the surplus or deficit into  
10          the budget year and the outyears based on laws enacted  
11          through, and discretionary regulations promulgated as  
12          final by, the applicable date.

13          (b) DIRECT SPENDING AND RECEIPTS.—For the cur-  
14          rent year, the budget year, and each outyear, the baseline  
15          shall be calculated using the following assumptions:

16               (1) IN GENERAL.—Laws providing or creating  
17               direct spending and receipts are assumed to operate  
18               in the manner specified in those laws for each such  
19               year, funding for entitlement authority is assumed  
20               to be adequate to make all payments required by  
21               those entitlements, and funding for deposit insur-  
22               ance is assumed to be adequate to meet the costs of  
23               the Financial Institutions Reform, Recovery, and  
24               Enforcement Act of 1989 or successor laws.

1           (2) EXCEPTIONS.—Except as provided in para-  
2 graph (3):

3           (A) No program with estimated current-  
4 year gross new budget authority greater than  
5 \$100 million is assumed to expire in the budget  
6 year or outyears. In carrying out the preceding  
7 sentence, expiring entitlement programs and  
8 programs financed by indefinite budget author-  
9 ity are assumed to continue as in effect just  
10 prior to their expiration, and other expiring  
11 programs are assumed to continue with new  
12 budget authority projected as under subsection  
13 (c)(4).

14           (B) The percentage increase for veterans'  
15 compensation for a fiscal year is assumed to be  
16 the same as that required by law for veterans'  
17 pensions unless otherwise provided by a law en-  
18 acted in that session.

19           (C) Excise taxes dedicated to a trust fund,  
20 if expiring, are assumed to continue at the rates  
21 in effect immediately prior to their expiration.

22           (3) CUTOFF DATE.—Programs or taxes that ex-  
23 pire on or before December 31 and that have not  
24 been reauthorized by the date of the final sequestra-  
25 tion report are assumed to expire. If an increase in

1 veterans compensation has not been enacted by the  
2 date of the final sequestration report, it is not  
3 assumed.

4 (c) DISCRETIONARY APPROPRIATIONS.—For the cur-  
5 rent year, the budget year, and each outyear, the baseline  
6 shall be calculated using the following assumptions regard-  
7 ing discretionary programs:

8 (1) INFLATION OF CURRENT-YEAR APPROPRIA-  
9 TIONS.—New budget authority shall be at the level  
10 provided for that fiscal year in appropriation Acts.  
11 If for any account an appropriation has not yet been  
12 enacted, new budget authority is assumed to be at  
13 the level available in the current year, adjusted se-  
14 quentially and cumulatively for expiring housing con-  
15 tracts as specified in paragraph (2), for inflation as  
16 specified in paragraph (3), and to account for  
17 changes required by law in the level of agency pay-  
18 ments for personnel benefits other than pay.

19 (2) EXPIRING HOUSING CONTRACTS.—New  
20 budget authority to renew expiring multiyear sub-  
21 sidized housing contracts or provide contracts to re-  
22 place units lost due to prepayments shall be adjusted  
23 to reflect the difference in the number of such con-  
24 tracts that are estimated to expire or be prepaid in  
25 that fiscal year and the number expiring or being

1 prepaid in the current year, with the per-contract re-  
2 newal/replacement cost equal to the average current-  
3 year cost of renewal or replacement contracts.

4 (3) INFLATORS.—The inflator to adjust new  
5 budget authority relating to personnel is the percent  
6 by which the average rate of basic pay for statutory  
7 pay systems, computed as specified in section  
8 5303(a) of title 5, United States Code, for that fis-  
9 cal year exceeds the average rate of pay for the cur-  
10 rent year. The inflator to adjust all other budgetary  
11 resources is the percent by which the average of the  
12 estimated gross domestic product fixed-weight price  
13 index for that fiscal year differs from the average of  
14 such estimated index for the current year.

15 (4) PART-YEAR APPROPRIATIONS; PERMISSIVE  
16 TRANSFERS.—If, for any account, a continuing ap-  
17 propriation is in effect for less than an entire fiscal  
18 year, then the amount available for that fiscal year  
19 is assumed to equal the amount that would be avail-  
20 able if that continuing appropriation covered the en-  
21 tire fiscal year. If law permits the transfer of budget  
22 authority among budget accounts in the current  
23 year, the current-year level for an account shall re-  
24 flect transfers accomplished by the applicable date  
25 or assumed for the current year in the President's

1 original budget or midsession review for the budget  
2 year.

3 (d) UP-TO-DATE CONCEPTS.—In deriving the base-  
4 line for any budget year or outyear, current-year amounts  
5 shall be calculated using the concepts and definitions that  
6 are required for that budget year.

7 **SEC. 116. BASELINE ASSUMING DEFICIT REDUCTION.**

8 For any budget year, a baseline assuming deficit re-  
9 duction refers to a projection of current policy baseline  
10 surpluses or deficits into the budget year and the outyears  
11 that is adjusted in aggregate by—

12 (1) assuming compliance with the deficit reduc-  
13 tion targets for direct spending and receipts legisla-  
14 tion under section 101 without any adjustment pur-  
15 suant to section 103;

16 (2) assuming compliance with the discretionary  
17 funding limits under section 102 without any adjust-  
18 ment pursuant to section 103; and

19 (3) excluding amounts resulting from legislation  
20 that has been designated as an emergency require-  
21 ment under section 102(b)(4) or 106(f).

22 **SEC. 117. STABILIZATION RESERVE FUND.**

23 (a) ESTABLISHMENT AND PURPOSE.—There is here-  
24 by established as a deposit fund in the Treasury a Sta-  
25 bilization Reserve Fund (“Fund”), to be administered by

1 the Secretary of the Treasury. The purpose of that Fund  
2 is to accumulate balances during years of comparative  
3 prosperity, which balances may later be used to cover the  
4 loss of receipts and the increase in outlays that occur dur-  
5 ing times of comparative economic distress.

6 (b) AMOUNTS PAID TO THE FUND.—On the last day  
7 of any fiscal year for which an actual surplus has oc-  
8 curred, the amount of that surplus shall be paid to the  
9 Fund. In fiscal year 2003, the Secretary of the Treasury  
10 shall pay an additional \$10 billion from the general fund  
11 of the Treasury to the Fund. In each fiscal year starting  
12 with 2000, the Secretary of the Treasury shall pay an ad-  
13 ditional \$20 billion to the Fund from the general fund of  
14 the Treasury. Balances in the Fund shall not receive inter-  
15 est.

16 (c) TRANSFER OF FUND BALANCES.—At any time  
17 starting with the fiscal year 2003 session, a law may be  
18 enacted withdrawing some or all of the current balance  
19 of the Stabilization Reserve Fund and paying that  
20 amount, as a receipt, to the General Fund of the Treas-  
21 ury. That law may also provide for the later transfer to  
22 the Treasury (as a receipt) of some or all of the current-  
23 year estimated surplus (if any), to be paid into the Sta-  
24 bilization Reserve Fund at the end of the current year  
25 under subsection (b). Except for transfers to the General

1 Fund of the Treasury, no law reducing the balances of  
2 the Stabilization Reserve Fund may be enacted in any  
3 year.

4 **SEC. 118. MODIFICATIONS IF WAR OR LOW GROWTH.**

5 (a) WAR.—Upon the enactment of a declaration of  
6 war—

7 (1) the subsequent issuance of any sequestra-  
8 tion report or any sequestration order is precluded;

9 (2) sections 302(f), 310(d), and 311 of the  
10 Congressional Budget Act of 1974 are suspended;  
11 and

12 (3) sections 1105(f) and 1103 of title 31, Unit-  
13 ed States Code, are suspended.

14 (b) PEACE.—In the event of a suspension of seques-  
15 tration procedures due to a declaration of war, then, effec-  
16 tive with the first fiscal year that begins in the session  
17 after the state of war is concluded by Senate ratification  
18 of the necessary treaties, the provisions of subsection (a)  
19 triggered by that declaration of war are no longer effec-  
20 tive. The provisions of this Act that would have applied  
21 to the fiscal year that started in the calendar year in which  
22 the declaration of war was enacted shall instead apply to  
23 the first fiscal year that begins in the session after the  
24 state of was is concluded. The preceding sentence shall  
25 apply in the same manner to each succeeding fiscal year.

1 If the implementation of this subsection requires adding  
2 entries to the direct spending and receipts scorecard under  
3 section 106, CBO and OMB shall submit estimates of  
4 those entries as part of their next sequestration preview  
5 report under section 114.

6 (c) LOW GROWTH.—

7 (1) TRIGGER.—Within 20 days after the Board  
8 issues a low-growth report under section 114(k), the  
9 majority leader of the House of Representatives  
10 may, and the majority leader of the Senate shall, in-  
11 troduce a joint resolution in the form set forth in  
12 paragraph (2).

13 (2) FORM OF JOINT RESOLUTION.—

14 (A) The matter after the resolving clause  
15 in any joint resolution introduced pursuant to  
16 paragraph (1) shall be as follows: “That the  
17 conditions specified in section 114(k) of the  
18 Deficit Elimination Act of 1995 are met. The  
19 implementation of the Congressional Budget  
20 Act of 1974, chapter 11 of title 31, United  
21 States Code, and the Deficit Elimination Act of  
22 1995 are modified as follows:

23 (1) the subsequent issuance of any se-  
24 questration report or any sequestration  
25 order is precluded;

1 (2) sections 302(f), 310(d), and 311  
2 of the Congressional Budget Act of 1974  
3 are suspended; and

4 (3) sections 1105(f) and 1103 of title  
5 31, United States Code, are suspended.

6 The provisions of this joint resolution shall  
7 cease to be effective with respect to the first fis-  
8 cal year beginning at least 12 months after its  
9 enactment.”.

10 (B) The title of the joint resolution shall  
11 be “Joint resolution modifying certain provi-  
12 sions of law pursuant to section 118(c) of the  
13 Deficit Elimination Act of 1995.”; and the joint  
14 resolution shall not contain any preamble.

15 (3) COMMITTEE ACTION.—Each joint resolution  
16 introduced pursuant to paragraph (1) shall be re-  
17 ferred to the Committees on Rules, Government Op-  
18 erations, and Budget of the House of Representa-  
19 tives or to the Committee on the Budget of the Sen-  
20 ate, as the case may be.

21 (4) SENATE BUDGET COMMITTEE CONSIDER-  
22 ATION.—The Committee on the Budget of the Sen-  
23 ate shall report the joint resolution with or without  
24 amendment on or before the 20th day after the date  
25 on which the joint resolution is introduced. If any

1 committee fails to report the joint resolution within  
2 that 20-day period, it shall be automatically dis-  
3 charged from further consideration of the joint reso-  
4 lution, and the joint resolution shall be placed on the  
5 appropriate calendar.

6 (5) COMMITTEE AMENDMENTS.—Amendments  
7 reported by any committee under paragraph (3)  
8 shall only strike the second and third sentences of  
9 the joint resolution as introduced and insert matter  
10 providing—

11 (A) changes to the budget targets or dates  
12 under sections 101 through 104 to allow higher  
13 discretionary funding limits or lower direct  
14 spending and receipts deficit reduction require-  
15 ments for any fiscal year or years;

16 (B) conforming amendments that may be  
17 needed to chapter 11 of title 31, United States  
18 Code; and

19 (C) conforming amendments that may be  
20 needed to the Congressional Budget Act of  
21 1974 or the rules of the House of Representa-  
22 tives or the Senate.

23 (6) CONSIDERATION OF JOINT RESOLUTION.—

24 (A) A vote on final passage of a joint reso-  
25 lution reported to the Senate or discharged pur-

1           suant to paragraph (3) shall be taken on or be-  
2           fore the close of the 10th calendar day of ses-  
3           sion after the date on which the joint resolution  
4           is reported or after the Committee has been dis-  
5           charged from further consideration of the joint  
6           resolution.

7           (B)(i) In the Senate, a joint resolution  
8           under this paragraph shall be privileged. It  
9           shall not be in order to move to reconsider the  
10          vote by which the motion is agreed to or dis-  
11          agreed to.

12          (ii) Debate in the Senate on a joint resolu-  
13          tion under this paragraph, and all debatable  
14          motions and appeals in connection therewith,  
15          shall be limited to not more than five hours.  
16          The time shall be equally divided between, and  
17          controlled by, the majority leader and the mi-  
18          nority leader or their designees.

19          (iii) Debate in the Senate on any debatable  
20          motion or appeal in connection with a joint res-  
21          olution under this paragraph shall be limited to  
22          not more than one hour, to be equally divided  
23          between, and controlled by, the mover and the  
24          manager of the joint resolution, except that in  
25          the event the manager of the joint resolution is

1 in favor of any such motion or appeal, the time  
2 in opposition thereto shall be controlled by the  
3 minority leader or his designee.

4 (iv) A motion in the Senate to further limit  
5 debate on a joint resolution under this para-  
6 graph is not debatable. A motion to table or to  
7 recommit a joint resolution under this para-  
8 graph is not in order.

9 (C) If, after a joint resolution has been re-  
10 ported to one House and prior to its passage by  
11 that House, an identical joint resolution is re-  
12 ceived from the other House, then—

13 (i) the procedure in that House shall  
14 be the same as if no such joint resolution  
15 had been received from the other House,  
16 but

17 (ii) the vote on final passage shall be  
18 on the joint resolution of the other House,  
19 and

20 when the joint resolution is agreed to, the Clerk  
21 of the House of Representatives (in the case of  
22 a House joint resolution agreed to in the House  
23 of Representatives) or the Secretary of the Sen-  
24 ate (in the case of a Senate joint resolution  
25 agreed to in the Senate) shall cause the joint

1 resolution to be engrossed, certified, and trans-  
2 mitted to the other House of the Congress as  
3 soon as practicable.

4 (D) Amendments to a joint resolution con-  
5 sidered under this paragraph shall be in order  
6 in the Senate only if germane to that resolution  
7 in the form in which it was reported or dis-  
8 charged.

9 (7) CONSIDERATION OF A CONFERENCE RE-  
10 PORT.—Consideration of a conference report on a  
11 joint resolution under this subsection shall be gov-  
12 erned by the Standing Rules of the Senate, and by  
13 provisions of paragraph (5)(a) and (B) as if those  
14 provisions applied to conference reports.

15 **SEC. 119. BOARD OF ESTIMATES.**

16 (a) ESTABLISHMENT.—There is established a Board  
17 of Estimates.

18 (b) DUTIES OF THE BOARD.—(1) On the dates speci-  
19 fied in section 114, the Board shall issue a report to the  
20 President and the Congress which states whether it has  
21 chosen (with no modification)—

22 (A) the sequestration preview report for the  
23 budget year submitted by OMB under section  
24 114(d) or the report for that year submitted by  
25 CBO under section 114(d); and

1 (B) the final sequestration report for the budg-  
2 et year submitted by OMB under section 114(h) or  
3 the report for that year submitted by CBO under  
4 section 114(h);

5 that shall be used for purposes of this Act, chapter 11  
6 of title 31, United States Code, and section 403 of the  
7 Congressional Budget Act of 1974. In making its choice,  
8 the Board shall choose the report that, in its opinion, is  
9 the more accurate.

10 (2) At any time the Board may change the list of  
11 major estimating assumptions to be used by OMB and  
12 CBO in preparing their sequestration preview reports.

13 (3) At any time the Board may approve a revision  
14 to the list of the direct spending jurisdiction of the stand-  
15 ing committees of the House of Representatives to be used  
16 for implementing targeted sequestration under section  
17 108. Each such revision must be requested in writing by  
18 the Speaker of the House of Representatives and may be  
19 approved or disapproved, but may not be modified.

20 (c) MEMBERSHIP.—

21 (1) NUMBER AND APPOINTMENT.—The Board  
22 shall be composed of 5 members, the chairman of  
23 the Board of Governors of the Federal Reserve Sys-  
24 tem and 4 other members to be appointed by the  
25 President as follows:

1 (A) One from a list of at least 5 individ-  
2 uals nominated for such appointment by the  
3 Speaker of the House of Representatives.

4 (B) One from a list of at least 5 individ-  
5 uals nominated for such appointment by the  
6 majority leader of the Senate.

7 (C) One from a list of at least 5 individ-  
8 uals nominated for such appointment by the mi-  
9 nority leader of the House of Representatives.

10 (D) One from a list of at least 5 individ-  
11 uals nominated for such appointment by the mi-  
12 nority leader of the Senate.

13 No member appointed by the President may be an  
14 officer or employee of any government. A vacancy in  
15 the Board shall be filled in the manner in which the  
16 original appointment was made.

17 (2) CONTINUATION OF MEMBERSHIP.—If any  
18 member of the Board appointed by the President be-  
19 comes an officer or employee of a government, he  
20 may continue as a member of the Board for not  
21 longer than the 30-day period beginning on the date  
22 he becomes such an officer or employee.

23 (3) TERMS.—(A) Members shall be appointed  
24 for terms of 4 years.

1           (B) Any member appointed to fill a vacancy oc-  
2           curring before the expiration of the term for which  
3           his predecessor was appointed shall be appointed  
4           only for the remainder of such term. A member may  
5           serve after the expiration of his term until his suc-  
6           cessor has taken office.

7           (4) BASIC PAY.—Members of the Board shall  
8           serve without pay.

9           (5) QUORUM.—Three members of the Board  
10          shall constitute a quorum but a lesser number may  
11          hold hearings.

12          (6) CHAIRMAN.—The Chairman of the Board  
13          shall be chosen annually by its members.

14          (7) MEETINGS.—The Board shall meet at the  
15          call of the Chairman or a majority of its members.

16          (d) DIRECTOR AND STAFF.—

17           (1) APPOINTMENT.—The Board shall have a  
18           Director who shall be appointed by the members of  
19           the Board. Subject to such rules as may be pre-  
20           scribed by the Board, the Director may appoint and  
21           fix the pay of such personnel as the Director consid-  
22           ers appropriate.

23           (2) APPLICABILITY OF CERTAIN CIVIL SERVICE  
24           LAWS.—The Director and staff of the Board may be  
25           appointed without regard to the provisions of title 5,

1 United States Code, governing appointments in the  
2 competitive service, and may be paid without regard  
3 to the provisions of chapter 51 and subchapter III  
4 of chapter 53 of such title relating to classification  
5 and General Schedule pay rates, except that no indi-  
6 vidual so appointed may receive pay in excess of the  
7 annual rate of basic pay payable for GS-18 of the  
8 General Schedule.

9 (3) STAFF OF FEDERAL AGENCIES.—Upon re-  
10 quest of the Board, the head of any Federal agency  
11 is authorized to detail, on a reimbursable basis, any  
12 of the personnel of such agency to the Board to as-  
13 sist the Board in carrying out its duties, notwith-  
14 standing section 202(a) of the Legislative Reorga-  
15 nization Act of 1946 (2 U.S.C. 72a(a)).

16 (e) POWERS.—

17 (1) HEARINGS AND SESSIONS.—The Board  
18 may, for the purpose of carrying out its duties, hold  
19 such hearings, sit and act at such times and places,  
20 take such testimony, and receive such evidence, as it  
21 considers appropriate.

22 (2) OBTAINING OFFICIAL DATA.—The Board  
23 may secure directly from any department or agency  
24 of the United States information necessary to enable  
25 it to carry out its duties. Upon request of the Chair-

1 man of the Board, the head of such department or  
2 agency shall furnish such information to the Board.

3 (3) ADMINISTRATIVE SUPPORT SERVICES.—The  
4 Administrator of General Services shall provide to  
5 the Board on a reimbursable basis such administra-  
6 tive support services as the Board may request.

7 **SEC. 120. JUDICIAL REVIEW.**

8 (a) EXPEDITED REVIEW.—

9 (1) Any Member of Congress may bring an ac-  
10 tion, in the United States District Court for the Dis-  
11 trict of Columbia, for declaratory judgment and in-  
12 junctive relief on the ground that any order that  
13 might be issued pursuant to section 114 violates the  
14 Constitution.

15 (2) Any Member of Congress, or any other per-  
16 son adversely affected by any action taken under  
17 this title, may bring an action, in the United States  
18 District Court for the District of Columbia, for de-  
19 claratory judgment and injunctive relief concerning  
20 the constitutionality of this title.

21 (3) Any Member of Congress may bring an ac-  
22 tion, in the United States District Court for the Dis-  
23 trict of Columbia, for declaratory and injunctive re-  
24 lief on the ground that the terms of an order issued

1 under section 114 do not comply with the require-  
2 ments of this title.

3 (4) A copy of any complaint in an action  
4 brought under paragraph (1), (2), or (3) shall be  
5 promptly delivered to the Secretary of the Senate  
6 and the Clerk of the House of Representatives, and  
7 each House of Congress shall have the right to inter-  
8 vene in such action.

9 (5) Any action brought under paragraph (1),  
10 (2), or (3) shall be heard and determined by a three-  
11 judge court in accordance with section 2284 of title  
12 28, United States Code.

13 Nothing in this section or in any other law shall infringe  
14 upon the right of the House of Representatives to inter-  
15 vene in an action brought under paragraph (1), (2), or  
16 (3) without the necessity of adopting a resolution to au-  
17 thorize such intervention.

18 (b) APPEAL TO SUPREME COURT.—Notwithstanding  
19 any other provision of law, any order of the United States  
20 District Court for the District of Columbia which is issued  
21 pursuant to an action brought under paragraph (1), (2),  
22 or (3) of subsection (a) shall be reviewable by appeal di-  
23 rectly to the Supreme Court of the United States. Any  
24 such appeal shall be taken by a notice of appeal filed with-  
25 in 10 days after such order is entered; and the jurisdic-

1 tional statement shall be filed within 30 days after such  
2 order is entered. No stay of an order issued pursuant to  
3 an action brought under paragraph (1), (2), or (3) of sub-  
4 section (a) shall be issued by a single Justice of the Su-  
5 preme Court.

6 (c) EXPEDITED CONSIDERATION.—It shall be the  
7 duty of the District Court for the District of Columbia  
8 and the Supreme Court of the United States to advance  
9 on the docket and to expedite to the greatest possible ex-  
10 tent the disposition of any matter brought under sub-  
11 section (a).

12 (d) NONCOMPLIANCE WITH SEQUESTRATION PROCE-  
13 DURES.—

14 (1) If it is finally determined by a court of com-  
15 petent jurisdiction that an order issued by the Presi-  
16 dent under section 114 for any fiscal year does not  
17 fully implement without change all sequestrations re-  
18 quired by the appropriate Office of Management and  
19 Budget or Congressional Budget Office report cho-  
20 sen by the Board to be the basis for the order, the  
21 President shall, within 20 days after such deter-  
22 mination is made, revise the order in accordance  
23 with such determination.

24 (2) If the order issued by the President under  
25 section 114 for any fiscal year does not fully imple-

1       ment without change all sequestrations required by  
2       the appropriate OMB or CBO report chosen by the  
3       Board to be the basis for the order on the claim or  
4       defense that the constitutional powers of the Presi-  
5       dent prevent such sequestration or reduction or per-  
6       mit the avoidance of such sequestration or reduction,  
7       and such claim or defense is finally determined by  
8       the Supreme Court of the United States to be valid,  
9       then the entire order issued pursuant to section 114  
10      for such fiscal year shall be null and void.

11      (e) TIMING OF RELIEF.—No order of any court  
12      granting declaratory or injunctive relief from the order of  
13      the President issued under section 114, including relief  
14      permitting or requiring the expenditure of funds seques-  
15      tered by such order, shall take effect during the pendency  
16      of the action before such court, during the time appeal  
17      may be taken, or, if appeal is taken, during the period  
18      before the court to which such appeal is taken has entered  
19      its final order disposing of such action.

20      (f) ALTERNATIVE PROCEDURES.—(1) If any order is  
21      invalidated because of the manner of appointment of mem-  
22      bers of the Board, then section 120(c)(1) is amended to  
23      read as follows:

24      “(1) NUMBER AND APPOINTMENT.—The Board shall  
25      be composed of 5 members, the Chairman of the Board

1 of Governors of the Federal Reserve System and 4 other  
2 members to be appointed by the President. No member  
3 appointed by the President may be an officer or employee  
4 of any government.”;

5 and any reports upon which such order was based shall  
6 be transmitted to the newly constituted Board.

7 (2) No later than 5 days after the receipt of the re-  
8 ports, the Board shall choose the report upon which the  
9 order is to be based.

10 (3) This report shall be deemed to be the report re-  
11 ceived by the President under section 114.

12 (g) PRESERVATION OF OTHER RIGHTS.—The rights  
13 created by this section are in addition to the rights of any  
14 person under law, subject to subsection (e).

15 (h) ECONOMIC DATA, ASSUMPTIONS, AND METH-  
16 ODOLOGIES.—The economic data and economic and tech-  
17 nical assumptions and estimation of methodologies used  
18 by OMB or CBO in preparing any report issued under  
19 section 114 shall not be subject to review in any judicial  
20 or administrative proceeding, and any choice made by the  
21 Board under section 114 shall not be subject to any such  
22 review.

1           **TITLE II—TECHNICAL AND**  
2           **CONFORMING AMENDMENTS**

3   **SEC. 201. AMENDMENTS TO THE CONGRESSIONAL BUDGET**  
4                           **AND IMPOUNDMENT CONTROL ACT OF 1974.**

5           (a) **REPEALER.**—Paragraph (2) of section 3 of the  
6 Congressional Budget and Impoundment Control Act of  
7 1974, the first time it appears, is repealed.

8           (b) **DEFINITION OF BUDGET AUTHORITY.**—Para-  
9 graph (2) of section 3 of the Congressional Budget and  
10 Impoundment Control Act of 1974, the second time it ap-  
11 pears, is amended by inserting “in any form” after “prom-  
12 issory notes”, by inserting at the end of subparagraph (A)  
13 the following new sentence: “Such term excludes trans-  
14 actions classified as means of financing.”, and by striking  
15 “With respect to” and all that follows through “retirement  
16 account, any” and inserting “Any”, by inserting after sub-  
17 paragraph (B) the following:

18                           “(C) **RELATIONSHIP TO ENTITLEMENT AU-**  
19                           **THORITY.**—For purposes of titles III and IV,  
20 all references to budget authority shall be con-  
21 sidered to include the amount of budget author-  
22 ity estimated to be needed to fund entitlement  
23 provisions under existing or proposed law, and  
24 all legislation increasing (or decreasing) the  
25 level of entitlement authority under existing law

1           shall be considered to provide (or decrease) new  
2           budget authority in that amount.”,

3 and by redesignating the next subparagraph accordingly.

4       (c) DEFINITION OF ENTITLEMENT AUTHORITY.—

5 Paragraph (9) of section 3 of the Congressional Budget  
6 and Impoundment Control Act of 1974 is amended by  
7 striking “spending authority described by section  
8 401(c)(2)(C)” and inserting the following: “, and the term  
9 ‘entitlement program’ refers to, any provision of law that  
10 has the effect of requiring the Government to make net  
11 payments (including intragovernmental payments) regard-  
12 less of the amount of budget authority that may be avail-  
13 able to make those payments. Those terms shall include  
14 amounts estimated to be required under provisions of law  
15 that depend on the fulfillment of non-legislative conditions  
16 or are indefinite as to amount or timing. Except as pro-  
17 vided in the next sentence, if a provision of law that other-  
18 wise requires the Government to make net payments is  
19 directly or indirectly limited by any other provision of law  
20 to an amount of available budget authority, then entitle-  
21 ment authority does not exist. Subchapter II of chapter  
22 13 of title 31, United States Code, and the sequestration  
23 provisions of the Deficit Elimination Act of 1995 shall not  
24 be considered provisions of law that limit entitlement au-  
25 thority to the amount of available budget authority.”

1 (d) DEFINITION OF MEANS OF FINANCING.—Section  
2 3 of the Congressional Budget and Impoundment Control  
3 Act of 1974 is amended by adding at the end the following  
4 new paragraph:

5 “(11) The term ‘means of financing’ means the  
6 financial transactions of the Government that con-  
7 sist of exchanges of money or monetary proxies of  
8 equal value and therefore are not counted as obliga-  
9 tions, outlays, or revenues, such as net Federal bor-  
10 rowing from the public in any form, debt redemp-  
11 tion, seignorage on coins and profits from the sale  
12 of gold, and changes in outstanding check or other  
13 monetary credits, including write-offs.”.

14 (e) CBO STUDIES.—Section 202(h) of the Congres-  
15 sional Budget Act of 1974 is amended by striking “out-  
16 lays, credit authority,” and inserting “outlays”.

17 (f) TIMETABLE.—Section 300 of the Congressional  
18 Budget Act of 1974 is amended by striking “February  
19 25” and inserting “Six weeks after the President’s budget  
20 submission”.

21 (g) REQUIRED CONTENTS OF BUDGET RESOLU-  
22 TION.—Section 301(a) of the Congressional Budget Act  
23 of 1974 is amended by striking “planning levels”, by strik-  
24 ing “two” and inserting “four”, by striking “, budget out-  
25 lays, direct loan obligations, and primary loan guarantee

1 commitments” both places it appears and inserting “and  
2 outlays”, by striking paragraphs (5), (6) and (7), by strik-  
3 ing the semicolon at the end of paragraph (4) and insert-  
4 ing a period, by inserting “and” after the semicolon at  
5 the end of paragraph (3), and by striking the last sen-  
6 tence.

7 (h) DELAYED ENROLLMENT.—Section 301(b)(3) of  
8 the Congressional Budget Act of 1974 is amended by  
9 striking “or new entitlement authority”.

10 (i) SPIN-OFF BILL.—(1) Paragraphs (5), (6), (7),  
11 and (8) of section 301(b) of the Congressional Budget Act  
12 of 1974 are amended to read as follows:

13 “(5) set forth in a separate section—

14 “(A) the appropriate level of the debt held  
15 by the public;

16 “(B) the discretionary funding limit for  
17 the fiscal year, but only if and to the extent re-  
18 quired by section 103 or 104 of the Deficit  
19 Elimination Act of 1995;

20 “(C) the amount of direct spending change  
21 required of or allowed by each committee of the  
22 House of Representatives in laws within that  
23 committee’s jurisdiction and the amount of re-  
24 cepts change required of or allowed by the  
25 Committee on Ways and Means of the House of

1           Representatives in laws within that committee’s  
2           jurisdiction, but only to the extent specified in  
3           section 105 of that Act; and

4                   “(D) the amount, if any, to be withdrawn  
5           from the Stabilization Reserve Fund and paid  
6           to the General Fund of the Treasury during the  
7           fiscal year under section 117 of that Act.”.

8           (2) Paragraph (4) of section 301(b) of the Congres-  
9           sional Budget Act of 1974 is amended by inserting “and”  
10          after the semicolon.

11          (j) TECHNICAL CORRECTION TO SECTION 301(e).—  
12          Section 301(e) of the Congressional Budget Act of 1974  
13          is amended by inserting “new” before “budget authority”  
14          in the second sentence.

15          (k) SECTION 301(i) POINT OF ORDER.—Section  
16          301(i) of the Congressional Budget Act of 1974 is amend-  
17          ed to read as follows:

18               “(i) It shall not be in order in the House of Rep-  
19          resentatives or the Senate to consider any concurrent reso-  
20          lution on the budget for a fiscal year beginning on October  
21          1 of the year in which the resolution is considered (or  
22          amendment to, motion regarding, or conference report on  
23          such a resolution) unless—

24                   “(1) it does not exceed the discretionary fund-  
25          ing limit, and

1           “(2) it fully meets the direct spending and re-  
2           ceipts deficit reduction requirement,  
3 for that fiscal year under sections 101 through 104 of the  
4 Deficit Elimination Act of 1995, using estimates of that  
5 limit and that requirement chosen by the Board of Esti-  
6 mates.”.

7           (l) COMMITTEE ALLOCATIONS AND SUBALLO-  
8 CATIONS.—Section 602 of the Congressional Budget Act  
9 of 1974 is amended—

10           (1) by striking “of—” and all that follows  
11           through “outlays;” both places it appears and insert-  
12           ing “of total new budget authority and outlays”;

13           (2) in subsection (a)(1)(B), by striking “com-  
14           mittee.” and inserting “committee, except that new  
15           budget authority and outlays for entitlement pro-  
16           grams funded through annual appropriations shall  
17           be allocated and scored both to the Committee on  
18           Appropriations and to the committee that authorized  
19           such programs.”; and

20           (3) in subsection (a)(3), by striking “, entitle-  
21           ment authority,” both times it appears and by strik-  
22           ing “, outlays, or social security outlays” both times  
23           it appears and inserting “or outlays”.

24           (m) REDESIGNATION OF COMMITTEE ALLOCA-  
25 TIONS.—Subsections (a) and (b) of section 302 of the

1 Congressional Budget Act of 1974 are repealed and sub-  
2 sections (a) and (b) of section 602 of that Act (as amend-  
3 ed by subsection (g)) are redesignated as subsections (a)  
4 and (b) of section 302, respectively.

5 (n) CONSIDERATION OF APPROPRIATION BILLS.—  
6 Section 302(c) of the Congressional Budget Act of 1974  
7 is amended by striking “—(1)” and everything that fol-  
8 lows through “401(c)(2) for a fiscal year;” and inserting  
9 “new budget authority for a fiscal year”.

10 (o) POINTS OF ORDER UNDER SECTION 302(f).—(1)  
11 Section 302(f)(1) of the Congressional Budget Act of  
12 1974 is amended to read as follows:

13 “(1) IN THE HOUSE OF REPRESENTATIVES.—It  
14 shall not be in order in the House of Representatives  
15 to consider any bill, joint resolution, or amendment  
16 providing new budget authority, or any conference  
17 report on any such bill or joint resolution, if—

18 “(A) the enactment of the bill or resolution  
19 as reported or in the form recommended in the  
20 conference report, or

21 “(B) the adoption of the amendment,  
22 when added to existing levels of new budget author-  
23 ity, would cause the level of new budget authority  
24 for the fiscal year starting in the year in which the  
25 most recent concurrent resolution on the budget was

1       agreed to, or for the sum of that fiscal year and the  
2       next 4 fiscal years, to exceed an allocation to a com-  
3       mittee made under subsection (a) for either period,  
4       or to exceed a suballocation made under subsection  
5       (b) for that fiscal year.”.

6       (2) Section 302(f)(2) of that Act is amended—

7           (A) in the first sentence, by striking “for budg-  
8       et outlays,”, by striking “new budget authority, or  
9       new spending authority (as defined in section  
10      401(c)(2))” and inserting “new budget authority”,  
11      by striking “outlays or” both places it appears, and  
12      by striking “or provides for social security outlays in  
13      excess of the appropriate allocation of social security  
14      outlays under subsection (a)”; and

15          (B) by striking the third sentence.

16      (3) Section 302(g) of that Act is amended by striking  
17      “budget authority” and all that follows through “credit  
18      authority” and inserting “budget authority and outlays”.

19      (p) SECTION 303.—Section 303 of the Congressional  
20      Budget Act of 1974 is amended—

21          (1) in its title by striking “, New Spending Au-  
22      thority, New Credit Authority,”;

23          (2) in subsection (a) by striking “either the  
24      House of Representatives or”, by inserting “or” at  
25      the end of paragraph (2), by striking “paragraphs

1 (4), (5), and (6), and after paragraph (6) by strik-  
2 ing “for” and inserting “covering” and by striking  
3 “(or, in the Senate, a concurrent resolution on the  
4 budget covering such fiscal year)”;

5 (3) in subsection (b) by repealing paragraph (1)  
6 and by striking “(2)”; and

7 (4) by adding at the end the following new sub-  
8 section:

9 “(d) POINT OF ORDER IN THE HOUSE OF REP-  
10 RESENTATIVES.—It shall not be in order in the House of  
11 Representatives to consider any bill, joint resolution,  
12 amendment, or conference report if that legislation, as re-  
13 ported, includes any provision—

14 “(1) providing new budget authority;

15 “(2) reducing the level of revenues; or

16 “(3) altering the limit on the debt held by the  
17 public;

18 that is first effective in the last fiscal year covered by the  
19 most recently agreed to concurrent resolution on the budg-  
20 et or any subsequent fiscal year.”.

21 (q) CONSIDERATION OF SPIN-OFF LEGISLATION.—  
22 Section 305 of the Congressional Budget Act of 1974 is  
23 amended by adding at the end the following new sub-  
24 section:

1       “(e) CONFERENCE REPORTS.—Conference reports on  
2 concurrent resolutions on the budget that contain addi-  
3 tional matter under section 301(b)(5) shall be considered  
4 first in the House of Representatives.”.

5       (r) COST ESTIMATES AND SCOREKEEPING RE-  
6 PORTS.—Section 308 of the Congressional Budget Act of  
7 1974 is amended—

8           (1) in its title, by striking “, NEW SPENDING  
9 AUTHORITY, OR NEW CREDIT AUTHORITY,”;

10          (2) by striking “, new spending authority de-  
11 scribed in section 401(c)(2), or new credit author-  
12 ity,” the 3 times it appears;

13          (3) in subsection (a), by striking “in the reports  
14 submitted”, by inserting “302(a) or” before  
15 “302(b)”, in paragraph (1)(B) by striking “spending  
16 authority” and everything that follows through  
17 “401(c)(2) which is” and inserting “budget author-  
18 ity” and by striking “annual appropriations” and in-  
19 sserting “annual discretionary appropriations”, and  
20 in paragraph (1)(C) by striking “such budget au-  
21 thority” and all that follows through “loan guaran-  
22 tee commitments” and inserting “new budget au-  
23 thority, outlays, or revenues”; and

24          (4) in subsection (c), by adding “and” at the  
25 end of paragraph (1), by striking “period;” and in-

1       serting “period.” at the end of paragraph (2), and  
2       by striking paragraphs (3), (4), and (5).

3       (s) RECONCILIATION.—Section 310 of the Congres-  
4       sional Budget Act of 1974 is amended—

5             (1) in subsection (a), by striking “which—(A)”  
6       and all that follows through “fiscal year, contained  
7       in” and inserting the following: “which outlays re-  
8       sulting from” and by striking “jurisdiction of a com-  
9       mittee is” and inserting “jurisdiction of a committee  
10      other than the Committee on Appropriations of ei-  
11      ther House are”;

12          (2) by repealing subsection (c) and inserting  
13      the following new subsection:

14      “(c) INCLUSION OF SPIN-OFF BILL IN RECONCILI-  
15      ATION LEGISLATION.—Reconciliation legislation may in-  
16      clude a separate title to be inserted by the Committee on  
17      the Budget consisting of a spin-off bill (containing the  
18      matter described in section 301(b)(5)), if such bill has not  
19      been enacted for the first fiscal year covered by that legis-  
20      lation. The targets for each category contained in this title  
21      shall be identical to the reconciliation directive contained  
22      in the most recently agreed to concurrent resolution on  
23      the budget.”;

24          (3) in subsection (d)(1), by striking “or new en-  
25      titlement authority”; and

1 (4) by repealing subsection (g).

2 (t) REVISION OF SECTION 311.—(1) Section 311 of  
3 the Congressional Budget Act of 1974 is amended to read  
4 as follows:

5 “ENFORCING THE REVENUE FLOOR

6 “SEC. 311. (a) POINT OF ORDER.—It shall not be  
7 in order in either the House of Representatives or the Sen-  
8 ate to consider any bill, joint resolution, amendment, mo-  
9 tion, or conference report if, as proposed to be adopted  
10 and when added to existing revenue levels, it would cause  
11 the level of revenues for the fiscal year starting in the year  
12 in which the most recent concurrent resolution on the  
13 budget was agreed to, or for the sum of that fiscal year  
14 and the 4 succeeding fiscal years, to be lower than the  
15 appropriate level of revenues for either period set forth  
16 in that concurrent resolution.

17 “(b) DETERMINATION OF REVENUE LEVELS.—For  
18 purposes of this section, the levels of revenues for a fiscal  
19 year shall be determined on the basis of estimates made  
20 by the Committee on the Budget of the House of Rep-  
21 resentatives or of the Senate, as the case may be.”.

22 (2) CONFORMING AMENDMENT.—The item relating  
23 to section 311 in the table of contents set forth in section  
24 1(b) is amended to read as follows:

“SEC. 311. Enforcing the revenue floor.”.

1       (u) TECHNICAL CORRECTION TO SECTION 312.—  
2 Section 312 of the Congressional Budget Act of 1974 is  
3 amended by inserting “(a)” after “312.”.

4       (v) CONSIDERATION OF LEGISLATION THAT HAS  
5 NOT BEEN REPORTED.—Section 312 of the Congres-  
6 sional Budget Act of 1974 is amended by inserting at the  
7 end the following:

8       “(c) CONSIDERATION OF LEGISLATION THAT HAS  
9 NOT BEEN REPORTED.—In the House of Representatives,  
10 any point of order under title III or IV that would lie  
11 against consideration of a bill or joint resolution as re-  
12 ported by a committee shall also lie against a motion to  
13 consider legislation respecting which no report has been  
14 filed.”

15       (w) CONFORMING AMENDMENTS TO SECTION 313.—  
16 Section 313 of the Congressional Budget Act of 1974 is  
17 amended by striking “or section 258C” and everything  
18 that follows through “Deficit Control Act of 1985”, by  
19 striking “; and (F)” and everything that follows through  
20 “310(g)”, by redesignating the second subsection (c) and  
21 subsection (d) as subsections (d) and (e), respectively, and  
22 by striking “or (b)(1)(F),”.

23       (x) BORROWING AND CONTRACT AUTHORITY.—Sec-  
24 tion 401 of the Congressional Budget Act of 1974 is  
25 amended

1 (1) in subsection (a), by striking “new spending  
2 authority described in subsection (c)(2)(A) or (B)”  
3 both times it appears and inserting “borrowing au-  
4 thority or contract authority”;

5 (2) by repealing subsections (b) and (c) and by  
6 redesignating subsection (d) as subsection (b); and

7 (3) in subsection (b) (as redesignated), by strik-  
8 ing “Subsections (a) and (b)” and inserting “Sub-  
9 section (a)”, by inserting “non-interest” before “re-  
10 ceipts” in paragraph (1)(B), by repealing paragraph  
11 (2), and by redesignating paragraph (3) as para-  
12 graph (2).

13 (y) CREDIT AUTHORITY.—Section 402(a) of the Con-  
14 gressional Budget Act of 1974 is amended by inserting  
15 before the period the following: “, except that this provi-  
16 sion shall not apply with respect to programs that, as of  
17 August 15, 1992, provide credit authority as an entitle-  
18 ment”.

19 (z) COSTS OF FEDERAL MANDATES; CONFORMING  
20 CHANGE TO SECTION 403.—Section 403 of the Congres-  
21 sional Budget Act of 1974 is amended

22 (1) by adding at the end the following new sub-  
23 section:

24 “(d) In fulfilling the requirements of subsection  
25 (a)(2), the Director shall place special emphasis on costs

1 imposed on State or local governments by the enactment  
2 or expansion of Federal mandates, and shall estimate both  
3 the costs of those mandates and the degree, if any, to  
4 which Federal financing is provided to State or local gov-  
5 ernments to cover those costs.”; and

6 (2) in subsection (a), by striking “of a public  
7 character”.

8 (aa) CONFORMING CHANGE TO SECTION 405.—Sec-  
9 tion 405 of the Congressional Budget Act of 1974 is  
10 amended by striking “spending authority” and all that fol-  
11 lows through “permanent appropriations” and inserting  
12 “new budget authority (other than through appropriations  
13 Acts) or entitlement authority”.

14 (bb) OFF-BUDGET AGENCIES.—Section 406(a) of the  
15 Congressional Budget Act of 1974 is amended by striking  
16 “credit authority, and estimates of outlays” and inserting  
17 “outlays,” by striking “the date of enactment” and all  
18 that follows through “Trust Funds,” and inserting “Au-  
19 gust 15, 1992,” and by striking “, outlays, and spending  
20 authority” and inserting “and outlays”.

21 (cc) REPEAL OF TITLE VI.—Title VI of the Congres-  
22 sional Budget Act of 1974 is repealed.

1 **SEC. 202. AMENDMENTS TO THE FEDERAL CREDIT REFORM**  
2 **ACT OF 1990.**

3 (a) DEFERRED COST SHARING.—The second sen-  
4 tence of section 502(1) of the Congressional Budget Act  
5 of 1974 is amended by inserting before the period the fol-  
6 lowing: , and Federal payments for the construction of a  
7 Federal project to the extent those payments must, by law  
8 or contract, be repaid to the Government”.

9 (b) LOAN MODIFICATIONS.—Section 502(5) of the  
10 Congressional Budget Act of 1974 is amended—

11 (1) in subparagraph (A), by inserting “or a  
12 modification thereof” after “guarantee”;

13 (2) in subparagraph (B), by striking ‘recover-  
14 ies.’ and inserting “recoveries, and routine work-  
15 outs of loans in imminent danger of default when  
16 those work-outs are to maximize repayments to the  
17 Government.”;

18 (3) in subparagraph (C), by striking “and” at  
19 the end of clause (i), by striking the period at the  
20 end of clause (ii) and inserting a comma, and by  
21 adding at the end the following:

22 “(iii) routine work-outs of loans in immi-  
23 nent danger of default when those work-outs  
24 are to minimize claims against the Govern-  
25 ment.”; and

1           (4) by striking subparagraph (D) and inserting  
2           the following new subparagraph:

3           “(D) The cost of a modification of a direct  
4           loan, a direct loan obligation, a loan guarantee, or  
5           a loan guarantee commitment shall be the net  
6           present value, at the time of the modification, of the  
7           change in cash flows estimated to occur as a result  
8           of that modification. OMB shall measure that  
9           change in relation to the current policy baseline in  
10          the most recent budget under section 1105(a) of  
11          title 31, United States Code. A modification may re-  
12          sult either from the enactment of legislation that di-  
13          rectly or indirectly alters the expected cash flows, or  
14          from the exercise of administrative discretion under  
15          existing law, and includes the sale (with or without  
16          recourse) of loan assets by the Government. Modi-  
17          fications do not include changes in loan terms result-  
18          ing from the exercise by the borrower of an option  
19          included in the loan contract.”.

20          (c) CREDIT REFORM ACT CLARIFICATION.—Section  
21          504 of the Congressional Budget Act of 1974 is amend-  
22          ed—

23                 (1) in subsection (b)(1), by striking “appropria-  
24                 tions of” and inserting “new”, by striking “are

1 made” and inserting “is provided”, and by inserting  
2 “in appropriation Acts” before the semicolon;

3 (2) in subsection (b)(2), by striking “enacted”  
4 and inserting “provided in an appropriation Act”;

5 (3) in subsection (d)(1) by striking “costs of  
6 outstanding direct loans and loan guarantees” and  
7 inserting “costs of outstanding direct loans (or di-  
8 rect loan obligations) or loan guarantees (or loan  
9 guarantee commitments)”;

10 (4) in subsection (e), by striking “A direct  
11 loan” and all that follows through “comitment” and  
12 inserting “An outstanding direct loan (or direct loan  
13 obligation) or loan guarantee (or loan guarantee  
14 commitment)”.

15 (d) CREDIT REFORM ACT CORRECTION.—(1) Section  
16 506 of the Congressional Budget Act of 1974 is repealed.

17 (2) Section 507 of the Congressional Budget Act of  
18 1974 is redesignated as section 506, and the table of con-  
19 tents in section 1(b) of the Congressional Budget and Im-  
20 poundment Control Act of 1974 is amended by striking  
21 the item relating to section 506 and striking “Sec. 507.”  
22 and inserting “Sec. 506.”.

23 (e) EXISTING RIGHTS NOT IMPAIRED.—Section 506  
24 of the Congressional Budget Act of 1974 (as redesignated)  
25 is amended by striking “title. Nothing” and inserting

1 “title, except that nothing” and by inserting after “con-  
2 strued” the following “(1) to alter the terms or conditions  
3 authorized to be included in loan or guarantee contracts  
4 or the rights and responsibilities of the government and  
5 the recipients of loans or guarantees under those contracts  
6 or the laws that authorize them, or (2)”.

7 (f) CREDIT REFORM LIQUIDATING ACCOUNTS.—(1)  
8 Section 502(8) of the Congressional Budget Act of 1974  
9 is amended by striking “budget account” and inserting  
10 “nonbudget account” and by striking the last sentence  
11 and inserting “Transactions between the Treasury or the  
12 Federal Financing Bank and any liquidating account shall  
13 be considered non-budgetary.”.

14 (2) Section 505(d) of the Congressional Budget Act  
15 of 1974 is amended by striking “If funds” and all that  
16 follows through “accounts, there” and inserting “There”  
17 and by striking “such obligations and commitments” and  
18 inserting “the obligations and commitments of liquidating  
19 accounts”.

20 (3) Section 506(b) of the Congressional Budget Act  
21 of 1974 (as redesignated) is amended by striking “be  
22 available, to” and all that follows through the end of that  
23 section, and inserting “immediately be transferred to the  
24 Federal Financing Bank to repay those debt obligations  
25 held by the Bank that were created to finance the loan

1 being repaid, and all amounts not transferred to the Bank  
2 shall immediately be paid to the general fund of the Treas-  
3 ury. All debt owed to the Treasury as a result of agency  
4 borrowing authority used before October 1, 1991, for  
5 loans or guarantees is hereby cancelled. The provisions of  
6 this subsection shall not diminish any rights or respon-  
7 sibilities guaranteed by subsection (a).”.

8 **SEC. 203. AMENDMENTS TO THE RULES OF THE HOUSE OF**  
9 **REPRESENTATIVES.**

10 (a) BUDGET COMMITTEE JURISDICTION.—Clause  
11 1(e)(2) of rule X of the Rules of the House of Representa-  
12 tives is amended by inserting “(A)” after “(2)” and by  
13 inserting at the end the following:

14 “(B) Budget targets contained in any joint resolution  
15 described in section 118 of the Deficit Elimination Act of  
16 1995 (relating to low growth).”.

17 (b) MISCELLANEOUS CONFORMING AMENDMENTS.—  
18 Clause 4 of rule X of the Rules of the House of Represent-  
19 atives is amended—

20 (1) by repealing subparagraph (2) of paragraph

21 (a) and by redesignating subparagraph (3) as sub-  
22 paragraph (2);

23 (2) in paragraph (g), by striking “February 25  
24 of each year” and inserting “within 6 weeks after  
25 the President’s budget submission”; and

1           (3) in paragraph (h), by striking “or section  
2           602 (in the case of fiscal years 1991 through  
3           1995)”.

4           (c) EMERGENCY DESIGNATIONS.—Clause 2(b) of rule  
5 XXI of the Rules of the House of Representatives is  
6 amended by striking “and” and by inserting before the  
7 period the following: “, and except emergency designations  
8 under section 102(b)(4) of the Deficit Elimination Act of  
9 1995”.

10          (d) REPEALER.—Clause 8 of rule XXI of the Rules  
11 of the House of Representatives is repealed.

12          (e) SPIN-OFF LEGISLATION.—Rule XLIX of the  
13 Rules of the House of Representatives is amended—

14           (1) by changing the name of that rule to “En-  
15           actment of Spin-Off Legislation under the Congres-  
16           sional Budget Act”;

17           (2) in clause 2 by striking “section 301, 304,  
18           or 310” and inserting “section 301 or 304”;

19           (3) in clause 1 by striking “adoption by the  
20           Congress” and all that follows through “for such pe-  
21           riod” and inserting “passage by the House of Rep-  
22           resentatives (under section 301 or 304 of the Con-  
23           gressional Budget Act of 1974) of a conference re-  
24           port or final agreement on any concurrent resolution

1 on the budget containing any matter under section  
2 301(b)(5) of that Act”;

3 (4) in clause 1 by striking “, increasing or de-  
4 creasing the statutory limit on the public debt”;

5 (5) in the last sentence of clause 1 by inserting  
6 “at the same time the engrossed copy of the concur-  
7 rent resolution on the budget is transmitted to the  
8 Senate” after “transmitted to the Senate for further  
9 legislative action”;

10 (6) in the first sentence of clause 2 by striking  
11 “be as follows” and all that follows through the pe-  
12 riod and inserting the following: “be the text of the  
13 section in the concurrent resolution on the budget  
14 included under section 301(b)(5) of the Congres-  
15 sional Budget Act of 1974, without change.”, and in  
16 the second sentence by striking “budget;” and all  
17 that follows through the period and inserting “budg-  
18 et.”; and

19 (7) in clause 3 by striking “301(d)” and insert-  
20 ing “301(e)”, and by striking “upon the statutory  
21 limit on the public debt”.

22 **SEC. 204. AMENDMENTS TO THE STANDING RULES OF THE**  
23 **SENATE.**

24 The Standing Rules of the Senate are amended by  
25 adding at the end the following:

**“Rule —****“SPIN-OFF LEGISLATION**

1  
2  
3       “Upon passage of a conference report on any concur-  
4 rent resolution on the budget containing additional matter  
5 under section 301(b)(5) of the Congressional Budget Act  
6 of 1974, the joint resolution passed by the House of Rep-  
7 resentatives under rule XLIX of the Rules of the House  
8 of Representatives shall be deemed to have been passed  
9 by the Senate, and shall be prepared for transmittal to  
10 the President under the applicable rules of the Senate and  
11 the House of Representatives. The vote by which the con-  
12 ference report on the concurrent resolution on the budget  
13 was agreed to in the Senate shall be deemed to have been  
14 a vote in favor of such joint resolution upon final passage  
15 in the Senate.”.

16 **SEC. 205. PRESIDENT’S BUDGET AND SUPPLEMENTAL**  
17 **BUDGET ESTIMATES.**

18       (a) DEFINITIONS.—Section 1101 of title 31, United  
19 States Code, is amended by adding at the end the follow-  
20 ing:

21               “(3) ‘Expenditures’ has the same meaning as  
22       the term ‘outlays’ in the Deficit Elimination Act of  
23       1995.

1           “(4) All other terms used herein or in the docu-  
2           ments prepared hereunder shall have the meanings  
3           set forth in the Deficit Elimination Act of 1995.”.

4           (b) BYRD AMENDMENT.—Section 1103 of title 31,  
5           United States Code, is amended by striking “commitment  
6           that budget” and inserting “commitment that, starting  
7           with fiscal year 2002,”.

8           (c) PRESIDENT’S BUDGET SUBMISSION.—Section  
9           1105(a) of title 31, United States Code, is amended—

10           (1) in the first sentence by striking “On or  
11           after the first Monday in January but not later than  
12           the first Monday in February of each year” and in-  
13           serting “On or before the first Monday in February  
14           or the 21st calendar day beginning after the date  
15           the Board of Estimates issues a report to the Presi-  
16           dent under section 114 of the Deficit Elimination  
17           Act of 1995”;

18           (2) in paragraph (15) by striking “section  
19           301(a)(1)–(5)” and inserting “section 301(a)(1)–  
20           (4);

21           (3) in paragraph (16) by striking “section  
22           3(a)(3)” and inserting “section 3(3)”; and

23           (4) by adding at the end the following new  
24           paragraph:

1           “(32) an analysis of the financial condition of  
2           Government-sponsored enterprises and the financial  
3           exposure of the Government, if any, posed by  
4           them.”.

5           (d) USE OF OFFICIAL ESTIMATES.—Section 1105(f)  
6 of title 31, United States Code, is amended by striking  
7 “Balanced Budget and Emergency Deficit Control Act of  
8 1985” and inserting “Deficit Elimination Act of 1995”  
9 and by inserting at the end the following new sentence:  
10 “That budget shall be consistent with the discretionary  
11 funding limit and the direct spending and receipts deficit  
12 reduction requirement for that year chosen by the Board  
13 of Estimates and shall be based upon the major estimating  
14 assumptions chosen by that Board.”.

15           (e) MIDSESSION REVIEW.—Section 1106(a) of title  
16 31, United States Code, is amended by striking “July 16  
17 of each year” and inserting “August 30 of each year” and  
18 by striking “submitted before July 16”.

19           (f) CURRENT POLICY BASELINE.—(1) The first sen-  
20 tence of section 1109 of title 31, United States Code, is  
21 amended to read as follows: “In the budget submitted  
22 under section 1105(a) or 1106(a), the President shall in-  
23 clude a current policy baseline (as defined in section 116  
24 of the Deficit Elimination Act of 1995) for the current  
25 year, the budget year, and the outyears, including a de-

1 tailed comparison of that baseline with his proposed budg-  
2 et for those years.”.

3 (2) Subsection (b) of that section 1109 is amended  
4 to read as follows:

5 “(b) The baseline referred to in subsection (a) shall  
6 be calculated using the major estimating assumptions cho-  
7 sen by the Board of Estimates under section 114 of the  
8 Deficit Elimination Act of 1995.”.

9 (g) GLOSSARY OF TERMS.—Section 1112(c) of title  
10 31, United States Code, is amended by striking “The  
11 Comptroller General—” and inserting “The Directors of  
12 CBO and OMB, jointly—”.

13 **SEC. 206. AMENDMENTS TO OTHER LAWS.**

14 (a) REPEALERS.—The following provisions of law are  
15 repealed:

16 (1) Section 710 of the Social Security Act.

17 (2) Section 201 (relating to 2-year appropria-  
18 tions) of Public Law 100–119 (2 U.S.C. 621 note).

19 (3) Section 203 (relating to financial manage-  
20 ment reform) of Public Law 100–119 (2 U.S.C. 621  
21 note).

22 (4) The first subparagraph (F) of section  
23 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C.  
24 1446(d)(2)(F)).

1 (b) ANTIDEFICIENCY ACT.—Section 1341(a)(1) of  
2 title 31, United States Code, is amended by striking “sec-  
3 tion 252 of the Balanced Budget and Emergency Deficit  
4 Control Act of 1985” both times it appears and inserting  
5 “the Deficit Elimination Act of 1995”.

6 (c) DEBT HELD BY THE PUBLIC.—(1) Section 3101  
7 of title 31, United States Code, is amended to read as  
8 follows:

9 **“SEC. 3101. PUBLIC DEBT LIMIT.**

10 “(a) The amount of public debt obligations issued  
11 under this chapter, and the amount of debt issued by  
12 agencies other than the Treasury under separate statutory  
13 authority, may be not more than \$4,900,000,000,000 out-  
14 standing at one time, subject to changes periodically made  
15 in that amount as provided by law through the congres-  
16 sional budget process described in rule XLIX of the Rules  
17 of the House of Representatives or otherwise.

18 “(b) Debt issued to United States Government trust  
19 funds or to other agencies or accounts of the United  
20 States Government (except the Federal Reserve System)  
21 shall be excluded from the amount of debt taken into ac-  
22 count in deciding whether the limit of subsection (a) has  
23 been exceeded.

1       “(c) The limit in subsection (a) shall be applied to  
 2 the face amount of securities except for securities issued  
 3 on a discount basis:

4           “(1) Securities issued on a discount basis that  
 5 are redeemable before maturity at the option of their  
 6 holders shall be included in the total subject to sub-  
 7 section (a) at their current redemption values.

8           “(2) Securities issued on a discount basis that  
 9 are not redeemable before maturity at the option of  
 10 their holders shall be included in the total subject to  
 11 subsection (a) in an amount equal to the sum of—

12           “(A) the original purchase price of the ob-  
 13 ligation, plus

14           “(B) the portion of the discount on the ob-  
 15 ligation attributable to periods before the begin-  
 16 ning of such month (as determined under the  
 17 principles of section 1272(a) of the Internal  
 18 Revenue Code of 1986 without regard to any  
 19 exceptions contained in paragraph (2) of such  
 20 section).”.

○

HR 1516 IH—2

HR 1516 IH—3

HR 1516 IH—4

HR 1516 IH—5

HR 1516 IH—6

HR 1516 IH—7

HR 1516 IH—8

HR 1516 IH—9