

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3005

To amend the Congressional Budget Act of 1974 to establish a Federal regulatory budget and to impose cost controls on that budget, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 6, 1993

Mr. SMITH of Texas (for himself, Mr. KASICH, Mr. COX, and Mr. FRANKS of New Jersey) introduced the following bill; which was referred jointly to the Committees on Government Operations, Rules, and the Judiciary

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## A BILL

To amend the Congressional Budget Act of 1974 to establish a Federal regulatory budget and to impose cost controls on that budget, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Federal Regulation  
5 Reduction, Reform, and Budget Act of 1993”.

6 **SEC. 2. AMENDMENTS TO THE CONGRESSIONAL BUDGET**

7 **ACT OF 1974.**

8 (a) FEDERAL REGULATORY BUDGET COST CONTROL  
9 SYSTEM.—Title III of the Congressional Budget Act of

1 1974 is amended by inserting before section 300 the fol-  
2 lowing new center heading “**PART A—GENERAL**  
3 **PROVISIONS**” and by adding at the end the following  
4 new part:

5 “**PART B—FEDERAL REGULATORY BUDGET COST**  
6 **CONTROL**

7 **SEC. 321. OMB-CBO REPORTS.**

8 “(a) OMB-CBO INITIAL REPORT.—Within 1 year  
9 after the date of enactment of this section, OMB and CBO  
10 shall jointly issue a report to the President and each  
11 House of Congress that contains the following:

12 “(1) For the first budget year beginning after  
13 the issuance of this report, a projection of the aggre-  
14 gate direct cost to the private sector of complying  
15 with all Federal regulations in effect immediately be-  
16 fore issuance of the report containing the projection  
17 for that budget year of the effect of current-year  
18 Federal regulations into the budget year and the  
19 outyears based on those regulations.

20 “(2) A calculation of the estimated aggregate  
21 direct cost to the private sector of compliance with  
22 all Federal regulations as a percentage of the gross  
23 domestic product (GDP).

24 “(3) The estimated marginal cost (measured as  
25 a reduction in estimated gross domestic product) to

1 the private sector of compliance with all Federal reg-  
2 ulations in excess of 5 percent of the gross domestic  
3 product.

4 “(4) The effect on the domestic economy of dif-  
5 ferent types of Federal regulation.

6 “(5) The appropriate level of personnel, admin-  
7 istrative overhead, and programmatic savings that  
8 should be achieved on a fiscal year by fiscal year  
9 basis by Federal agencies that issue regulations with  
10 direct costs to the private sector through the reduc-  
11 tion of such aggregate costs to the private sector by  
12 equal percentage increments in the 6 years following  
13 the budget year until the aggregate level of such  
14 costs does not exceed 5 percent of the estimated  
15 gross domestic product for the same fiscal year as  
16 the estimated costs that will be incurred.

17 “(6) Recommendations for budgeting, technical,  
18 and estimating changes to improve the Federal regu-  
19 latory budgeting process.

20 “(b) UPDATE REPORTS.—OMB and CBO shall issue  
21 update reports on September 15th of the fifth year begin-  
22 ning after issuance of the initial report and at 5-year in-  
23 tervals thereafter containing all the information required  
24 in the initial report, but based upon all Federal regula-

1 tions in effect immediately before issuance of the most  
2 recent update report.

3       “(c) INITIAL BASELINE REPORT.—Within 30 days  
4 after the date of enactment of this section, OMB and CBO  
5 shall jointly issue a report to the President and each  
6 House of Congress that contains an initial aggregate regu-  
7 latory baseline for the first budget year that begins at  
8 least 120 days after that date of enactment. That baseline  
9 will be a projection of the aggregate direct cost to the pri-  
10 vate sector of complying with all Federal regulations in  
11 effect immediately before issuance of the report containing  
12 the projection for that budget year of the effect of current-  
13 year Federal regulations into the budget year and the out-  
14 years based on those regulations.

15 **“SEC. 322. AGGREGATE REGULATORY BASELINE.**

16       “(a) IN GENERAL.—For the first budget year begin-  
17 ning after the date of enactment of this section and for  
18 every other fiscal year thereafter, the aggregate regulatory  
19 baseline refers to a projection of the aggregate direct cost  
20 to the private sector of complying with all Federal regula-  
21 tions in effect immediately before issuance of the report  
22 containing the projection for that budget year of the effect  
23 of current-year Federal regulations into the budget year  
24 and the outyears based on those regulations. However, in  
25 the case of each of the succeeding fiscal years, the baseline

1 shall be adjusted for the estimated growth during that  
2 year in the gross domestic product (GDP)

3 “(b) OMB-CBO AGGREGATE REGULATORY BASE-  
4 LINE REPORTS.—(1) The first budget year for which there  
5 shall be an aggregate regulatory baseline shall be the  
6 budget year to which the initial OMB-CBO baseline report  
7 issued under section 321(c) pertains.

8 “(2) In the case of each budget year after the budget  
9 year referred to in paragraph (1), not later than Septem-  
10 ber 15 of the current year, OMB and CBO shall jointly  
11 issue a report containing the baseline referred to in sub-  
12 section (a) for that budget year.

13 **“SEC. 323. RECONCILIATION AND ALLOCATIONS.**

14 “(a) RECONCILIATION DIRECTIVES.—In addition to  
15 the requirements of section 310, a concurrent resolution  
16 on the budget for any fiscal year shall specify—

17 “(1) changes in laws and regulations necessary  
18 to reduce the aggregate direct cost to the private  
19 sector of complying with all Federal regulations by  
20 6.5 percent for the budget year (as measured  
21 against the aggregate regulatory baseline for the  
22 first budget year to which this part applies) and by  
23 equal percentage increments for each of the outyears  
24 (until the aggregate level of such costs does not ex-  
25 ceed 5 percent of the estimated gross domestic prod-

1       uct for the same fiscal year as the estimated costs  
2       that will be incurred) for Federal agencies that issue  
3       regulations producing direct costs to the private sec-  
4       tor; and

5           “(2) changes in laws necessary to achieve re-  
6       ductions in the level of personnel and administrative  
7       overhead and to achieve programmatic savings for  
8       the budget year and the outyears for those agencies  
9       of the following:

10           “(A) In the first outyear, one-fourth of the  
11       percent of reduction in regulatory authority  
12       from the aggregate regulatory base.

13           “(B) In the second outyear, one-third of  
14       the percent of reduction in regulatory authority  
15       from the aggregate regulatory base.

16           “(C) In the third, fourth, fifth, and sixth  
17       years following the budget year, one-half of the  
18       percent of reduction in regulatory authority  
19       from the aggregate regulatory base.

20       Section 310(c) shall not apply with respect to directions  
21       made under this section.

22           “(b) ALLOCATION OF TOTALS.—(1) The Committees  
23       on the Budget of the House or Representatives and the  
24       Senate shall each allocate aggregate 2-year regulatory au-  
25       thority among each committee of its House and by major

1 functional category for the first budget year beginning  
2 after the date of enactment of this section and for the  
3 second, fourth, and sixth years following the budget year  
4 and then every other year thereafter.

5       “(2) As soon as practicable after receiving an alloca-  
6 tion under paragraph (1), each committee shall subdivide  
7 its allocation among its subcommittees or among pro-  
8 grams over which it has jurisdiction.

9       “(c) POINT OF ORDER.—(1) It shall not be in order  
10 in the House of Representatives or the Senate to consider  
11 any bill or resolution, or amendment thereto, which would  
12 cause the appropriate allocation made under subsection  
13 (b) for a fiscal year of regulatory authority to be exceeded.

14       “(2) WAIVER.—The point of order set forth in para-  
15 graph (1) may only be waived by the affirmative vote of  
16 at least three-fifths of the Members voting, a quorum  
17 being present.

18       “(d) DETERMINATIONS BY BUDGET COMMITTEES.—  
19 For purposes of this section, the level of regulatory au-  
20 thority for a fiscal year shall be determined by the Com-  
21 mittee on the Budget of the House of Representatives or  
22 the Senate, as the case may be.

23       “(e) EXCEEDING ALLOCATION TOTALS.—Whenever  
24 any Committee of the House of Representatives exceeds  
25 its allocation of aggregate 2-year regulatory authority

1 under subsection (b)(1), any Member of the House of Rep-  
2 resentatives may offer a bill in the House (which shall be  
3 highly privileged, unamendable, and debateable for 30  
4 minutes) which shall only prohibit the issuance of regula-  
5 tions by any agency under the jurisdiction of that commit-  
6 tee for the fiscal years covered by that allocation until that  
7 committee eliminates its breach.

8 **“SEC. 324. ANALYSIS OF REGULATORY COSTS BY CONGRES-**  
9 **SIONAL BUDGET OFFICE.**

10 “CBO shall prepare for each bill or resolution of a  
11 public character reported by any committee of the House  
12 of Representatives or the Senate (except the Committee  
13 on Appropriations of each House), and submit to such  
14 committee—

15 “(1) an estimate of the costs which would be in-  
16 curred by the private sector in carrying out or com-  
17 plying with such bill or resolution in the fiscal year  
18 in which it is to become effective and in each of the  
19 4 fiscal years following such fiscal year, together  
20 with the basis of each such estimate; and

21 “(2) a comparison of the estimate of costs de-  
22 scribed in paragraph (1) with any available esti-  
23 mates of costs made by such committee or by any  
24 Federal agency.

1 **“SEC. 325. DEFINITIONS.**

2 “As used in this part:

3 “(1) The term ‘CBO’ refers to the Director of  
4 the Congressional Budget Office.

5 “(2) The term ‘OMB’ refers to the Director of  
6 the Office of Management and Budget.

7 “(3) The term ‘regulatory authority’ or ‘regu-  
8 latory cost’ means the direct cost to the private sec-  
9 tor of complying with Federal regulations.

10 “(4) The term ‘direct costs’ means (recognizing  
11 that direct costs are not the only costs associated  
12 with Federal regulation) all expenditures occurring  
13 as a direct result of complying with Federal regula-  
14 tion, rule, statement, or legislation, except those ap-  
15 plying to the military or agency organization, man-  
16 agement, and personnel.”.

17 **SEC. 3. PRESIDENT’S ANNUAL BUDGET SUBMISSIONS.**

18 Section 1105(a) of title 31, United States Code, is  
19 amended by adding at the end the following new para-  
20 graph:

21 “(29) a regulatory authority budget analysis of  
22 the aggregate direct cost to the private sector of  
23 complying with all current and proposed Federal  
24 regulations and proposals for complying with section  
25 323 of the Congressional Budget Act of 1974 for the  
26 budget year and the outyears.”

1 **SEC. 4. ESTIMATION AND DISCLOSURE OF COSTS OF FED-**  
2 **ERAL REGULATION.**

3 (a) COSTS TO PRIVATE SECTOR OF NEW FEDERAL  
4 REGULATIONS.—Chapter 6 of title 5, United States Code,  
5 popularly known as the “Regulatory Flexibility Act”, is  
6 amended—

7 (1) in section 603(a) in the second sentence by  
8 inserting before the period the following: “and the  
9 monetary costs to small entities, other businesses,  
10 and individuals of complying with the proposed  
11 rule”;

12 (2) by adding at the end of section 603 the  
13 following:

14 “(d) Each initial regulatory flexibility analysis shall  
15 also contain a description of the nature and amount of  
16 monetary costs that will be incurred by small entities,  
17 other businesses, and individuals in complying with the  
18 proposed rule.”;

19 (3) in section 604(a)—

20 (A) in paragraph (2) by striking “and”  
21 after the semicolon;

22 (B) in paragraph (3) by striking the period  
23 and inserting “; and”; and

24 (C) by adding at the end the following:

25 “(4) a statement of the nature and amount of  
26 monetary costs that will be incurred by small enti-

1 ties, other businesses, and individuals in complying  
2 with the rule.”; and

3 (4) in section 607 by inserting before the period  
4 the following: “, except that estimates of monetary  
5 costs under sections 603(d) and 604(a)(4) shall only  
6 be in the form of a numerical description”.

7 (b) AGENCY REPORTS.—Each agency that prepares  
8 an initial regulatory flexibility analysis under chapter 6  
9 of title 5, United States Code, shall, at the same time sub-  
10 mit to each House of Congress and to CBO and OMB  
11 a cost estimate and cost benefit analysis of any new pro-  
12 posed regulations that would have an aggregate direct cost  
13 to the private sector of at least \$10,000,000 for any fiscal  
14 year.

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