

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 6426

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

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 8, 2006

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

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## A BILL

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

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

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

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

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

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

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

19 “(c) FINAL SEQUESTRATION REPORT.—

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

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

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

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

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

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

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

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

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

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

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

10 “(1) net interest;

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

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

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

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

9           “(6) credit liquidating and financing accounts;

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

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

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

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

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

23           “Claims, defense;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10          “Salaries of Article III judges;

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

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

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

17                 “Comptroller of the Currency;

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

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

22                 “Federal Housing Finance Board;

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

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

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

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

8           “(9) Thrift Savings Fund;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5           “(d) FEDERAL ADMINISTRATIVE EXPENSES.—

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

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

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

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

14                   “(A) Comptroller of the Currency.

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

17                   “(C) Office of Thrift Supervision.

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

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

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

24                   “(G) Resolution Funding Corporation.

25                   “(H) Resolution Trust Corporation.

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

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

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

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

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

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

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

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

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

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

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

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

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

7 “(1) National Wool Act; and

8 “(2) Special milk program.

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

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

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

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

15       “(d) FEDERAL RETIREMENT PROGRAMS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18          “(g) FEDERAL PAY.—

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

1 payable under section 5304 of title 5, United States  
2 Code, or section 302 of the Federal Employees Pay  
3 Comparability Act of 1990) or the rate of any ele-  
4 ment of military pay to which any individual is enti-  
5 tled under title 37, United States Code, or any in-  
6 crease in rates of pay which is scheduled to take ef-  
7 fect under section 5303 of title 5, United States  
8 Code, section 1009 of title 37, United States Code,  
9 or any other provision of law.

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

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

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

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

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

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

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

4           “(h) CHILD SUPPORT ENFORCEMENT PROGRAM.—  
5 Any sequestration order shall accomplish the full amount  
6 of any required reduction in expenditures under sections  
7 455 and 458 of the Social Security Act by reducing the  
8 Federal matching rate for State administrative costs  
9 under such program, as specified (for the fiscal year in-  
10 volved) in section 455(a) of such Act, to the extent nec-  
11 essary to reduce such expenditures by that amount.

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

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

25           “(j) COMMODITY CREDIT CORPORATION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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