

LEGISLATIVE LINE ITEM VETO ACT OF 2006

—————
JUNE 19, 2006.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed
—————

Mr. DREIER, from the Committee on Rules,
submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 4890]

[Including cost estimate of the Congressional Budget Office]

The Committee on Rules, to whom was referred the bill (H.R. 4890) to amend the Congressional and Impoundment Control Act of 1974 to provide for the expedited consideration of certain proposed rescissions of budget authority, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Legislative Line Item Veto Act of 2006”.

SEC. 2. LEGISLATIVE LINE ITEM VETO.

(a) IN GENERAL.—Title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 et seq.) is amended by striking all of part B (except for sections 1016 and 1013, which are redesignated as sections 1019 and 1020, respectively) and part C and inserting the following:

“PART B—LEGISLATIVE LINE ITEM VETO

“LINE ITEM VETO AUTHORITY

“SEC. 1011. (a) PROPOSED CANCELLATIONS.—Within 45 calendar days after the enactment of any bill or joint resolution providing any discretionary budget authority, item of direct spending, or targeted tax benefit, the President may propose, in the manner provided in subsection (b), the cancellation of any dollar amount of such discretionary budget authority, item of direct spending, or targeted tax benefit. If the 45 calendar-day period expires during a period where either House of Congress stands adjourned sine die at the end of a Congress or for a period greater than 45 calendar days, the President may propose a cancellation under this section and transmit a special message under subsection (b) on the first calendar day of session following such a period of adjournment.

“(b) TRANSMITTAL OF SPECIAL MESSAGE.—

“(1) SPECIAL MESSAGE.—

“(A) IN GENERAL.—The President may transmit to the Congress a special message proposing to cancel any dollar amounts of discretionary budget authority, items of direct spending, or targeted tax benefits.

“(B) CONTENTS OF SPECIAL MESSAGE.—Each special message shall specify, with respect to the discretionary budget authority, items of direct spending proposed, or targeted tax benefits to be canceled—

“(i) the dollar amount of discretionary budget authority, the specific item of direct spending (that OMB, after consultation with CBO, estimates to increase budget authority or outlays as required by section 1017(9)), or the targeted tax benefit that the President proposes be canceled;

“(ii) any account, department, or establishment of the Government to which such discretionary budget authority is available for obligation, and the specific project or governmental functions involved;

“(iii) the reasons why such discretionary budget authority, item of direct spending, or targeted tax benefit should be canceled;

“(iv) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed cancellation;

“(v) to the maximum extent practicable, all facts, circumstances, and considerations relating to or bearing upon the proposed cancellation and the decision to effect the proposed cancellation, and the estimated effect of the proposed cancellation upon the objects, purposes, or programs for which the discretionary budget authority, item of direct spending, or the targeted tax benefit is provided;

“(vi) a numbered list of cancellations to be included in an approval bill that, if enacted, would cancel discretionary budget authority, items of direct spending, or targeted tax benefits proposed in that special message; and

“(vii) if the special message is transmitted subsequent to or at the same time as another special message, a detailed explanation why the proposed cancellations are not substantially similar to any other proposed cancellation in such other message.

“(C) DUPLICATIVE PROPOSALS PROHIBITED.—The President may not propose to cancel the same or substantially similar discretionary budget au-

thority, item of direct spending, or targeted tax benefit more than one time under this Act.

“(D) MAXIMUM NUMBER OF SPECIAL MESSAGES.—The President may not transmit to the Congress more than 5 special messages under this subsection related to any bill or joint resolution described in subsection (a), but may transmit not more than 10 special messages for any omnibus budget reconciliation or appropriation measure.

“(2) ENACTMENT OF APPROVAL BILL.—

“(A) DEFICIT REDUCTION.—Amounts of budget authority, items of direct spending, or targeted tax benefits which are canceled pursuant to enactment of a bill as provided under this section shall be dedicated only to reducing the deficit or increasing the surplus.

“(B) ADJUSTMENT OF LEVELS IN THE CONCURRENT RESOLUTION ON THE BUDGET.—Not later than 5 days after the date of enactment of an approval bill as provided under this section, the chairs of the Committees on the Budget of the Senate and the House of Representatives shall revise allocations and aggregates and other appropriate levels under the appropriate concurrent resolution on the budget to reflect the cancellation, and the applicable committees shall report revised suballocations pursuant to section 302(b), as appropriate.

“(C) ADJUSTMENTS TO STATUTORY LIMITS.—After enactment of an approval bill as provided under this section, the Office of Management and Budget shall revise applicable limits under the Balanced Budget and Emergency Deficit Control Act of 1985, as appropriate.

“PROCEDURES FOR EXPEDITED CONSIDERATION

“SEC. 1012. (a) EXPEDITED CONSIDERATION.—

“(1) IN GENERAL.—The majority leader of each House or his designee shall (by request) introduce an approval bill as defined in section 1017 not later than the fifth day of session of that House after the date of receipt of a special message transmitted to the Congress under section 1011(b).

“(2) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—

“(A) REFERRAL AND REPORTING.—Any committee of the House of Representatives to which an approval bill is referred shall report it to the House without amendment not later than the seventh legislative day after the date of its introduction. If a committee fails to report the bill within that period or the House has adopted a concurrent resolution providing for adjournment sine die at the end of a Congress, it shall be in order to move that the House discharge the committee from further consideration of the bill. Such a motion shall be in order only at a time designated by the Speaker in the legislative schedule within two legislative days after the day on which the proponent announces his intention to offer the motion. Such a motion shall not be in order after a committee has reported an approval bill with respect to that special message or after the House has disposed of a motion to discharge with respect to that special message. The previous question shall be considered as ordered on the motion to its adoption without intervening motion except twenty minutes of debate equally divided and controlled by the proponent and an opponent. If such a motion is adopted, the House shall proceed immediately to consider the approval bill in accordance with subparagraph (C). A motion to reconsider the vote by which the motion is disposed of shall not be in order.

“(B) PROCEEDING TO CONSIDERATION.—After an approval bill is reported or a committee has been discharged from further consideration, or the House has adopted a concurrent resolution providing for adjournment sine die at the end of a Congress, it shall be in order to move to proceed to consider the approval bill in the House. Such a motion shall be in order only at a time designated by the Speaker in the legislative schedule within two legislative days after the day on which the proponent announces his intention to offer the motion. Such a motion shall not be in order after the House has disposed of a motion to proceed with respect to that special message. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is disposed of shall not be in order.

“(C) CONSIDERATION.—The approval bill shall be considered as read. All points of order against an approval bill and against its consideration are waived. The previous question shall be considered as ordered on an approval bill to its passage without intervening motion except five hours of debate equally divided and controlled by the proponent and an opponent

and one motion to limit debate on the bill. A motion to reconsider the vote on passage of the bill shall not be in order.

“(D) SENATE BILL.—An approval bill received from the Senate shall not be referred to committee.

“(3) CONSIDERATION IN THE SENATE.—

“(A) MOTION TO PROCEED TO CONSIDERATION.—A motion to proceed to the consideration of a bill under this subsection in the Senate shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed is agreed to or disagreed to.

“(B) LIMITS ON DEBATE.—Debate in the Senate on a bill under this subsection, and all debatable motions and appeals in connection therewith (including debate pursuant to subparagraph (D)), shall not exceed 10 hours, equally divided and controlled in the usual form.

“(C) APPEALS.—Debate in the Senate on any debatable motion or appeal in connection with a bill under this subsection shall be limited to not more than 1 hour, to be equally divided and controlled in the usual form.

“(D) MOTION TO LIMIT DEBATE.—A motion in the Senate to further limit debate on a bill under this subsection is not debatable.

“(E) MOTION TO RECOMMIT.—A motion to recommit a bill under this subsection is not in order.

“(F) CONSIDERATION OF THE HOUSE BILL.—

“(i) IN GENERAL.—If the Senate has received the House companion bill to the bill introduced in the Senate prior to the vote required under paragraph (1)(C), then the Senate may consider, and the vote under paragraph (1)(C) may occur on, the House companion bill.

“(ii) PROCEDURE AFTER VOTE ON SENATE BILL.—If the Senate votes, pursuant to paragraph (1)(C), on the bill introduced in the Senate, then immediately following that vote, or upon receipt of the House companion bill, the House bill shall be deemed to be considered, read the third time, and the vote on passage of the Senate bill shall be considered to be the vote on the bill received from the House.

“(b) AMENDMENTS PROHIBITED.—No amendment to, or motion to strike a provision from, a bill considered under this section shall be in order in either the Senate or the House of Representatives.

“PRESIDENTIAL DEFERRAL AUTHORITY

“SEC. 1013. (a) TEMPORARY PRESIDENTIAL AUTHORITY TO WITHHOLD DISCRETIONARY BUDGET AUTHORITY.—

“(1) IN GENERAL.—At the same time as the President transmits to the Congress a special message pursuant to section 1011(b), the President may direct that any dollar amount of discretionary budget authority to be canceled in that special message shall not be made available for obligation for a period not to exceed 45 calendar days from the date the President transmits the special message to the Congress.

“(2) EARLY AVAILABILITY.—The President shall make any dollar amount of discretionary budget authority deferred pursuant to paragraph (1) available at a time earlier than the time specified by the President if the President determines that continuation of the deferral would not further the purposes of this Act.

“(b) TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND DIRECT SPENDING.—

“(1) IN GENERAL.—At the same time as the President transmits to the Congress a special message pursuant to section 1011(b), the President may suspend the implementation of any item of direct spending proposed to be canceled in that special message for a period not to exceed 45 calendar days from the date the President transmits the special message to the Congress.

“(2) EARLY AVAILABILITY.—The President shall terminate the suspension of any item of direct spending at a time earlier than the time specified by the President if the President determines that continuation of the suspension would not further the purposes of this Act.

“(c) TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND A TARGETED TAX BENEFIT.—

“(1) IN GENERAL.—At the same time as the President transmits to the Congress a special message pursuant to section 1011(b), the President may suspend the implementation of any targeted tax benefit proposed to be repealed in that special message for a period not to exceed 45 calendar days from the date the President transmits the special message to the Congress.

“(2) EARLY AVAILABILITY.—The President shall terminate the suspension of any targeted tax benefit at a time earlier than the time specified by the President if the President determines that continuation of the suspension would not further the purposes of this Act.

“(d) EXTENSION OF 45-DAY PERIOD.—The President may transmit to the Congress not more than one supplemental special message to extend the period to suspend the implementation of any discretionary budget authority, item of direct spending, or targeted tax benefit, as applicable, by an additional 45 calendar days. Any such supplemental message may not be transmitted to the Congress before the 40th day of the 45-day period set forth in the preceding message or later than the last day of such period.

“IDENTIFICATION OF TARGETED TAX BENEFITS

“SEC. 1014. (a) STATEMENT.—The chairman of the Committee on Ways and Means of the House of Representatives and the chairman of the Committee on Finance of the Senate acting jointly (hereafter in this subsection referred to as the ‘chairmen’) shall review any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 that is being prepared for filing by a committee of conference of the two Houses, and shall identify whether such bill or joint resolution contains any targeted tax benefits. The chairmen shall provide to the committee of conference a statement identifying any such targeted tax benefits or declaring that the bill or joint resolution does not contain any targeted tax benefits. Any such statement shall be made available to any Member of Congress by the chairmen immediately upon request.

“(b) STATEMENT INCLUDED IN LEGISLATION.—

“(1) IN GENERAL.—Notwithstanding any other rule of the House of Representatives or any rule or precedent of the Senate, any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 reported by a committee of conference of the two Houses may include, as a separate section of such bill or joint resolution, the information contained in the statement of the chairmen, but only in the manner set forth in paragraph (2).

“(2) APPLICABILITY.—The separate section permitted under subparagraph (A) shall read as follows: ‘Section 1021 of the Congressional Budget and Impoundment Control Act of 1974 shall _____ apply to _____’, with the blank spaces being filled in with—

“(A) in any case in which the chairmen identify targeted tax benefits in the statement required under subsection (a), the word ‘only’ in the first blank space and a list of all of the specific provisions of the bill or joint resolution identified by the chairmen in such statement in the second blank space; or

“(B) in any case in which the chairmen declare that there are no targeted tax benefits in the statement required under subsection (a), the word ‘not’ in the first blank space and the phrase ‘any provision of this Act’ in the second blank space.

“(c) PRESIDENT’S AUTHORITY.—If any revenue or reconciliation bill or joint resolution is signed into law—

“(1) with a separate section described in subsection (b)(2), then the President may use the authority granted in this section only with respect to any targeted tax benefit in that law, if any, identified in such separate section; or

“(2) without a separate section described in subsection (b)(2), then the President may use the authority granted in this section with respect to any targeted tax benefit in that law.

“TREATMENT OF CANCELLATIONS

“SEC. 1015. The cancellation of any dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit shall take effect only upon enactment of the applicable approval bill. If an approval bill is not enacted into law before the end of the applicable period under section 1013, then all proposed cancellations contained in that bill shall be null and void and any such dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit shall be effective as of the original date provided in the law to which the proposed cancellations applied.

“REPORTS BY COMPTROLLER GENERAL

“SEC. 1016. With respect to each special message under this part, the Comptroller General shall issue to the Congress a report determining whether any discretionary budget authority is not made available for obligation or item of direct spending or targeted tax benefit continues to be suspended after the deferral authority set forth in section 1013 of the President has expired.

“DEFINITIONS

“SEC. 1017. As used in this part:

“(1) APPROPRIATION LAW.—The term ‘appropriation law’ means an Act referred to in section 105 of title 1, United States Code, including any general or special appropriation Act, or any Act making supplemental, deficiency, or continuing appropriations, that has been signed into law pursuant to Article I, section 7, of the Constitution of the United States.

“(2) APPROVAL BILL.—The term ‘approval bill’ means a bill or joint resolution which only approves proposed cancellations of dollar amounts of discretionary budget authority, items of new direct spending, or targeted tax benefits in a special message transmitted by the President under this part and—

“(A) the title of which is as follows: ‘A bill approving the proposed cancellations transmitted by the President on _____’, the blank space being filled in with the date of transmission of the relevant special message and the public law number to which the message relates;

“(B) which does not have a preamble; and

“(C) which provides only the following after the enacting clause: ‘That the Congress approves of proposed cancellations _____’, the blank space being filled in with a list of the cancellations contained in the President’s special message, ‘as transmitted by the President in a special message on _____’, the blank space being filled in with the appropriate date, ‘regarding _____’, the blank space being filled in with the public law number to which the special message relates;

“(D) which only includes proposed cancellations that are estimated by CBO to meet the definition of discretionary budgetary authority or items of direct spending, or that are identified as targeted tax benefits pursuant to section 1014;

“(E) if any proposed cancellation other than discretionary budget authority or targeted tax benefits is estimated by CBO to not meet the definition of item of direct spending, then the approval bill shall include at the end: ‘The President shall cease the suspension of the implementation of the following under section 1013 of the Legislative Line Item Veto Act of 2006: _____’, the blank space being filled in with the list of such proposed cancellations; and

“(F) if no CBO estimate is available, then the entire list of legislative provisions proposed by the President is inserted in the second blank space in subparagraph (C).

“(3) CALENDAR DAY.—The term ‘calendar day’ means a standard 24-hour period beginning at midnight.

“(4) CANCEL OR CANCELLATION.—The terms ‘cancel’ or ‘cancellation’ means to prevent—

“(A) budget authority from having legal force or effect;

“(B) in the case of entitlement authority, to prevent the specific legal obligation of the United States from having legal force or effect;

“(C) in the case of the food stamp program, to prevent the specific provision of law that provides such benefit from having legal force or effect; or

“(D) a targeted tax benefit from having legal force or effect; and
to make any necessary, conforming statutory change to ensure that such targeted tax benefit is not implemented and that any budgetary resources are appropriately canceled.

“(5) CBO.—The term ‘CBO’ means the Director of the Congressional Budget Office.

“(6) DIRECT SPENDING.—The term ‘direct spending’ means—

“(A) budget authority provided by law (other than an appropriation law);

“(B) entitlement authority; and

“(C) the food stamp program.

“(7) DOLLAR AMOUNT OF DISCRETIONARY BUDGET AUTHORITY.—(A) Except as provided in subparagraph (B), the term ‘dollar amount of discretionary budget authority’ means the entire dollar amount of budget authority—

“(i) specified in an appropriation law, or the entire dollar amount of budget authority or obligation limitation required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included;

“(ii) represented separately in any table, chart, or explanatory text included in the statement of managers or the governing committee report accompanying such law;

“(iii) required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates the expenditure

of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law;

“(iv) represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or

“(v) represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law.

“(B) The term ‘dollar amount of discretionary budget authority’ does not include—

“(i) direct spending;

“(ii) budget authority in an appropriation law which funds direct spending provided for in other law;

“(iii) any existing budget authority canceled in an appropriation law; or

“(iv) any restriction, condition, or limitation in an appropriation law or the accompanying statement of managers or committee reports on the expenditure of budget authority for an account, program, project, or activity, or on activities involving such expenditure.

“(8) ITEM OF DIRECT SPENDING.—The term ‘item of direct spending’ means any provision of law that results in an increase in budget authority or outlays for direct spending relative to the most recent levels calculated consistent with the methodology used to calculate a baseline under section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, in the first year or the 5-year period for which the item is effective. However, such item does not include an extension or reauthorization of existing direct spending, but instead only refers to provisions of law that increase such direct spending.

“(9) OMB.—The term ‘OMB’ means the Director of the Office of Management and Budget.

“(10) OMNIBUS RECONCILIATION OR APPROPRIATION MEASURE.—The term ‘omnibus reconciliation or appropriation measure’ means—

“(A) in the case of a reconciliation bill, any such bill that is reported to its House by the Committee on the Budget; or

“(B) in the case of an appropriation measure, any such measure that provides appropriations for programs, projects, or activities falling within 2 or more section 302(b) suballocations.

“(11) TARGETED TAX BENEFIT.—(A) The term ‘targeted tax benefit’ means any revenue-losing provision that provides a Federal tax deduction, credit, exclusion, or preference to only one beneficiary (determined with respect to either present law or any provision of which the provision is a part) under the Internal Revenue Code of 1986 in any year for which the provision is in effect;

“(B) for purposes of subparagraph (A)—

“(i) all businesses and associations that are members of the same controlled group of corporations (as defined in section 1563(a) of the Internal Revenue Code of 1986) shall be treated as a single beneficiary;

“(ii) all shareholders, partners, members, or beneficiaries of a corporation, partnership, association, or trust or estate, respectively, shall be treated as a single beneficiary;

“(iii) all employees of an employer shall be treated as a single beneficiary;

“(iv) all qualified plans of an employer shall be treated as a single beneficiary;

“(v) all beneficiaries of a qualified plan shall be treated as a single beneficiary;

“(vi) all contributors to a charitable organization shall be treated as a single beneficiary;

“(vii) all holders of the same bond issue shall be treated as a single beneficiary; and

“(viii) if a corporation, partnership, association, trust or estate is the beneficiary of a provision, the shareholders of the corporation, the partners of the partnership, the members of the association, or the beneficiaries of the trust or estate shall not also be treated as beneficiaries of such provision;

“(C) for the purpose of this paragraph, the term ‘revenue-losing provision’ means any provision that is estimated to result in a reduction in Federal tax revenues (determined with respect to either present law or any provision of which the provision is a part) for any one of the two following periods—

“(i) the first fiscal year for which the provision is effective; or

“(ii) the period of the 5 fiscal years beginning with the first fiscal year for which the provision is effective; and
 “(D) the terms used in this paragraph shall have the same meaning as those terms have generally in the Internal Revenue Code of 1986, unless otherwise expressly provided.

“EXPIRATION

“SEC. 1018. This title shall have no force or effect on or after October 1, 2012.”.

SEC. 3. TECHNICAL AND CONFORMING AMENDMENTS.

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

- (1) in subsection (a), by striking “1017” and inserting “1012”; and
- (2) in subsection (d), by striking “section 1017” and inserting “section 1012”.

(b) **ANALYSIS BY CONGRESSIONAL BUDGET OFFICE.**—Section 402 of the Congressional Budget Act of 1974 is amended by inserting “(a)” after “402.” and by adding at the end the following new subsection:

“(b) Upon the receipt of a special message under section 1011 proposing to cancel any item of direct spending, the Director of the Congressional Budget Office shall prepare an estimate of the savings in budget authority or outlays resulting from such proposed cancellation relative to the most recent levels calculated consistent with the methodology used to calculate a baseline under section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, and transmit such estimate to the chairmen of the Committees on the Budget of the House of Representatives and Senate.”.

(c) **CLERICAL AMENDMENTS.**—(1) Section 1(a) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the last sentence.

(2) Section 1020(c) of such Act (as redesignated) is amended by striking “rescinded or that is to be reserved” and insert “canceled” and by striking “1012” and inserting “1011”.

(3) **TABLE OF CONTENTS.**—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking the contents for parts B and C of title X and inserting the following:

“PART B—LEGISLATIVE LINE ITEM VETO

“Sec. 1011. Line item veto authority.
 “Sec. 1012. Procedures for expedited consideration.
 “Sec. 1013. Presidential deferral authority.
 “Sec. 1014. Identification of targeted tax benefits.
 “Sec. 1015. Treatment of cancellations.
 “Sec. 1016. Reports by Comptroller General.
 “Sec. 1017. Definitions.
 “Sec. 1018. Expiration.
 “Sec. 1019. Suits by Comptroller General.
 “Sec. 1020. Proposed deferrals of budget authority.”.

(d) **EFFECTIVE DATE.**—The amendments made by this Act shall take effect on the date of its enactment and apply only to any dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit provided in an Act enacted on or after the date of enactment of this Act.

SEC. 4. SENSE OF CONGRESS ON ABUSE OF PROPOSED CANCELLATIONS.

It is the sense of Congress no President or any executive branch official should condition the inclusion or exclusion or threaten to condition the inclusion or exclusion of any proposed cancellation in any special message under this section upon any vote cast or to be cast by any Member of either House of Congress.

PURPOSE AND SUMMARY

H.R. 4890, the Legislative Line Item Veto Act of 2006, amends the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 et seq.) to provide an expedited rescission procedure which allows the President to cancel items of discretionary spending, mandatory spending, and limited tax benefits in bills and joint resolutions presented to the President by Congress.

The bill provides the President with this authority while adhering to the presentment clause of article I, section 7 of the Constitution and protecting the basic separation of powers, as prescribed in

the Constitution, by requiring that such cancellations will not take effect until approved by Congress.

The bill also allows the President to temporarily withhold discretionary budget authority proposed for cancellation and suspend items of direct spending and targeted tax benefits for 45 days so that Congress may consider the proposed cancellations under expedited procedures within that temporary deferral period.

Under those procedures, a message must be transmitted to the Congress by the President within 45 calendar days of the enactment of legislation containing the items proposed for cancellation. Within five days of receiving a special message, the majority leaders of the House and Senate (or their designees) are required to introduce a bill or joint resolution to approve the proposed cancellations. That approval bill would be considered under expedited procedures.

BACKGROUND AND NEED FOR LEGISLATION

In the recurrent discussion about the need to curtail Federal spending and control the Federal debt, various budgetary enforcement proposals have been frequent and controversial topics of debate by Congress. President Bush, like his recent predecessors, has called for line item veto authority to reduce wasteful spending and ensure accountability and transparency in the expenditure of taxpayer funds. In recent Congresses, the House considered several variations on the theme of enhancing Presidential authority in the budget process by allowing for expedited procedures in cancelling specific Federal spending or targeted tax benefits. But while the House has approved several measures under the guise of tightening control over spending, it has consistently missed opportunities to implement an effective item veto or expedited rescission authority that passes constitutional muster. The 109th Congress however, has been marked by a renewed effort to strengthen the President's authority in excising unnecessary or wasteful spending, and to enhance the accountability of both the Congress and the President. This bill is direct result of that effort.

The existing rescissions process was born with the enactment of the Congressional Budget and Impoundment Control Act of 1974. Title X of that Act comprised the Impoundment Control Act (ICA), which designated two categories of impoundments: deferrals and rescissions. That legislation was enacted in response to increasing conflict between the Legislative and Executive branches regarding the ability of the President to withhold funds that had previously been appropriated by Congress for specific programs or policies. With the enactment of the ICA, the Congress set parameters for the President to temporarily delay funding availability (deferrals) or propose that funding be permanently canceled (rescissions). A series of court rulings and subsequent legislation has effectively curtailed the deferral authority to prevent deferrals for policy reasons, while leaving the rescissions authority intact. Under the current framework established by the ICA of 1974, whenever the President wants to rescind budget authority, he must transmit a special message to Congress and obtain the support of both Houses within 45 days of continuous session. If denied congressional approval during this time period, the President must make the budg-

et authority available to executive agencies for obligation and expenditure.

Over the years, consideration of impoundment reform became increasingly joined with the idea of an item veto. In some respects, rescission action may be viewed as a functional equivalent to an item veto: the President identifies certain items in an appropriations law for possible deletion via an impoundment message to Congress. Legislative activity directed toward granting the President expanded rescission authority extended over several years. The efforts to modify the framework for congressional review of rescissions by the President, rather than to grant item veto authority directly, ultimately proved successful through an expanded rescission measure, the Line Item Veto Act of 1996 (P.L. 104-130).

The Line Item Veto Act authorized the President to cancel discretionary budget authority, any new item of new direct spending, and certain limited tax benefits contained in a bill otherwise signed into law. Unless the Congress acted within a specified period to disapprove the President's rescissions, those rescissions would automatically take effect and the identified spending or targeted tax benefit would be cancelled. If the Congress disapproved the President's rescissions, the President could veto that disapproval, forcing the Congress to muster two thirds of both Houses to override that veto. Between January 1997 and June 1998, President Clinton sent 11 special messages to Congress, canceling a total of 82 provisions. Congress passed a bill disapproving 38 of those cancellations, which subsequently was vetoed by President Clinton. The President's veto was overridden, however, and the disapprovals were enacted into law.

In June of 1998, by a 6 to 3 vote, the United States Supreme Court ruled in *Clinton v. City of New York* that the Line Item Veto Act violated the presentment clause of article I, section 7 of the Constitution. The clause requires that every bill which has passed the House and Senate before becoming law must be presented to the President for approval or veto, but is silent on whether the President may amend or repeal provisions of bills that have passed the House and Senate in identical form. The Court interpreted silence on this issue as equivalent to express prohibition. The Court rejected the argument that the President's power to cancel items was a mere exercise of discretionary authority granted by Congress. Instead, the cancellation authority represented the repeal of law that could be accomplished only through the regular legislative process, including bicameralism and presentment. In the two cancellations that reached the Court, Congress had not passed a resolution of disapproval. As a result, the Court concluded that "the President has amended two Acts of Congress by repealing a portion of each." *Clinton v. City of New York*, 524 U.S. 417 (1998).

On July 30, 1999, the House Rules Subcommittee on the Legislative and Budget Process held a hearing framed in the context of the Supreme Court decision to strike down the Line Item Veto Act, and refocused on providing certain parameters within which Congress may consider legislative changes to the current rescissions process. The Subcommittee heard testimony from Ms. Sylvia Mathews, Deputy Director, Office of Management and Budget, Mr. Dan Crippen, Director, Congressional Budget Office, and Mr. Gary Keppinger, Associate General Counsel, General Accounting Office,

as well as from a panel of academic experts consisting of Mr. Louis Fisher, Congressional Research Service, Library of Congress, Ms. Phillip Joyce, Professor of Public Administration, George Washington University, and Mr. Allen Schick, Visiting Fellow, Brookings Institution, with the goal of considering alternative means to achieve the twin goals of increased accountability and fiscal discipline within the spending process. Several approaches to modifying the rescission process were suggested, including: a constitutional amendment to allow the President to veto portions of bills presented to him for signature; separate enrollment of funding provisions as separate, smaller “bills” once a larger bill is passed by the Congress; enhanced rescission, which would allow the President to continue to withhold funds unless the Congress acted to overturn his rescission proposals; and expedited rescission, which would establish “fast-track” procedures to help ensure that the President’s proposed cancellations received an up-or-down vote by the Congress within a specified period of time.

It is useful to note that, in examining impoundment reform legislation, the distinction is often drawn between “expedited” and “enhanced” rescission proposals. The expedited rescission approach focuses on procedural changes in Congress to require an up or down vote on certain rescission requests from the President. Those measures contain a detailed schedule to ensure prompt introduction of a measure to approve the rescission, fast report by committee, special limits on floor amendments and debate, and so on. Under expedited rescission, congressional approval would still be necessary to cancel the funding, but it would become difficult to ignore proposed rescissions and hence to reject them by inaction.

Once the Supreme Court struck down the Line Item Veto Act, other legislative approaches, such as expedited rescission or separate enrollment, received renewed attention over the course of the 106th through the 108th Congresses. In each Congress since 1998, there have been multiple proposals to give the President authority for either an item veto or expanded impoundment authority; authority that could actually pass the question of constitutionality. Upon the convening of the 106th Congress in 1999, four measures were introduced proposing constitutional amendments giving the President line item veto authority along with four bills to provide alternative statutory means for conveying expanded impoundment authority to the President. In the 107th Congress, two measures proposing an item veto constitutional amendment were introduced. H.J. Res. 23 sought to allow the President to disapprove any item of appropriation in any bill. H.J. Res. 24 sought to allow the President to decline to approve (i.e., to item veto) any in whole dollar amount of discretionary budget authority, any item of new direct spending, or any limited tax benefit. Omnibus budget reform bills, such as H.R. 5259, contained provisions for expedited rescission procedures. Early in the 108th Congress, H.R. 180, an omnibus budget reform measure was introduced containing provisions for expedited procedures for congressional action on proposals from the President to rescind budget authority identified as “wasteful spending” (section 252). Later in 2003, two constitutional amendment proposals to authorize an item veto for the President were introduced (108th Congress, H.J. Res. 60 and S.J. Res. 25).

On January 31, 2006, in his State of the Union address, President Bush expressed support of Congress's progress on earmark reform and reiterated his request for line-item veto authority, stating that "the Federal budget has too many special interest projects," and that "we can tackle this problem together, if you pass the line-item veto." On March 6, 2006, President Bush sent a draft bill entitled the "Legislative Line Item Veto Act of 2006" to Congress, and the measure was introduced the next day in both the House and Senate (H.R. 4890; S. 2381). H.R. 4890 marks the continuation of a monumental and long-standing effort to change the way Congress does business and restore public confidence in its ability to manage the Nation's finances.

HEARINGS

On March 15, 2006, the House Rules Subcommittee on the Legislative and Budget Process held a hearing on H.R. 4890. Testimony was received from the Honorable Paul Ryan of Wisconsin, the sponsor of the bill, and from the Honorable Jerry Lewis, Chairman of the Appropriations Committee. Mr. Joel Kaplan, the then Deputy Director of the Office of Management and Budget (OMB), and Mr. Donald B. Marron, the Acting Director of the Congressional Budget Office (CBO) also appeared before the Subcommittee.

COMMITTEE CONSIDERATION

The Committee on Rules met on June 15, 2006 in open session and ordered H.R. 4890 favorably reported to the House as amended by a record vote of 8 to 4.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. A record vote was ordered on the following motion; the names of Members voting for and against follow:

Rules Committee record vote No. 225

A motion offered by Mr. Lincoln Diaz-Balart, to favorably report H.R. 4890, the Legislative Line Item Veto Act of 2006, with an amendment in the nature of a substitute placed at the desk consisting of the text of the bill as reported by the Committee on the Budget on June 14, 2006, was agreed to by a record vote of 8 yeas and 4 nays:

Mr. Dreier, Chairman—Yea; Mr. Lincoln Diaz-Balart—Yea; Mr. Hastings (WA)—Yea; Mr. Putnam—Yea; Ms. Capito—Yea; Mr. Cole—Yea; Mr. Bishop—Yea; Mr. Gingrey—Yea; Mrs. Slaughter—Nay; Mr. McGovern—Nay; Mr. Hastings (FL)—Nay; Mrs. Matsui—Nay.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

Utilizing the authority granted in this legislation, the President of the United States will initiate rescissions proposals to be acted on by Congress in order to help restrain the Federal Deficit and eliminate wasteful spending of the taxpayer dollar.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in no new budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 19, 2006.

Hon. DAVID DREIER,
*Chairman, Committee on Rules,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4890, the Legislative Line Item Veto Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jeffrey Holland.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 4890—Legislative Line Item Veto Act of 2006

H.R. 4890 would establish a new expedited procedure for considering Presidential proposals to cancel certain spending and tax provisions in newly enacted legislation. CBO estimates that enacting H.R. 4890, by itself, would not have any significant impact on the budget. Any impact on the budget would depend on the extent of the President's use of the new cancellation procedure and on future Congressional actions.

The bill would establish a procedure for the President to propose cancelling specified discretionary budget authority, items of direct

spending, or targeted tax benefits (defined as any provisions of a revenue bill that provide a federal tax benefit to only one beneficiary) and for Congressional consideration of such proposals. The President would transmit a special message to both Houses of Congress specifying the project or governmental functions involved, the reasons for the proposed cancellations, and—to the extent practicable—the estimated fiscal, economic, and budgetary effect of the action. The Congress could then approve or disapprove the President’s proposals in legislation. (If approved, any such proposed cancellations would then become law.)

Under H.R. 4890, the President could submit up to five special messages for most acts and joint resolutions, and up to 10 special messages for reconciliation or omnibus appropriation acts. A message would have to be transmitted to the Congress within 45 calendar days of enactment of the legislation containing the items proposed for cancellation. Within five days of receiving a special message, the majority leaders of the House and Senate (or their designees) would be required to introduce a bill or joint resolution to approve the proposed cancellations; that approval bill would be considered under expedited procedures. H.R. 4890 also would amend the Congressional Budget Act to require that CBO prepare an estimate of sayings in budget authority and outlays resulting from any cancellations proposed by the President.

Additionally, the President could withhold discretionary budget authority proposed for cancellation and suspend items of direct spending and targeted tax benefits for 45 days from the date on which a special message is transmitted. For each such transmittal, the Government Accountability Office would be required to submit a report to the Congress indicating whether any delay in obligation of discretionary authority, suspension of a direct spending item, or suspension of a targeted tax benefit continued after the President’s authority to suspend them expired.

The impact of H.R. 4890 on future legislation would depend on both the nature of such legislation and on the actions of the President and the Congress in implementing the expedited cancellation procedure in H.R. 4890. Therefore, this bill would not—by itself—have any significant impact on the federal budget. CBO estimates that any additional administrative costs for implementing H.R. 4890 would not be significant because both the executive branch and the Congress already carry out activities similar to those that would be involved in preparing and responding to Presidential budget proposals (including, for example, proposed rescissions of discretionary appropriations).

H.R. 4890 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and—by itself—would have no impact on the budgets of state, local, or tribal governments. Any budgetary impacts would depend on subsequent legislative action.

On June 16, 2006, CBO transmitted a cost estimate for H.R. 4890 as ordered reported by the House Committee on the Budget on June 14, 2006. The two versions of the bill are identical, as are the two estimates.

The CBO staff contact for this estimate is Jeffrey Holland. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority of Congress to enact this legislation is provided by Article 1, Section 5, Clause 2 of the Constitution of the United States (relating to each House of Congress determining the rules of its proceedings).

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not address the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act as they relate to the Legislative Branch, so a statement as to their applicability is not required.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title; table of contents

This section provides the short title of the bill, the Legislative Line Item Veto Act of 2006.

Section 2. Legislative line item veto

Subsection (a) amends title X of the Congressional Budget and Impoundment Control Act of 1974 by striking all of part B (except sections 1016 and 1013, which are designated as sections 1019 and 1020, respectively). It then inserts the following new sections:

New section 1011 provides that, after the enactment of any bill or joint resolution providing discretionary budget authority, or enacting an item of direct spending or a targeted tax benefit, the President may send a special message to Congress to cancel any specific provision in one or more of the following budgetary classes: discretionary budget authority; direct spending; or targeted tax benefits. The President must send to Congress this message within 45 calendar days of the enactment of the new law.

If the last day of that 45-day period falls on a day in which the Congress has been adjourned for an extended period (45 days or more) or if it falls on a day after which the Congress has adjourned sine die at the end of the second session of that Congress, then the President's authority to transmit a special message is extended to the first day the Congress reconvenes. The President may transmit the special message after the 45-day period has expired only in those specific circumstances.

The contents of the special message must specify the amount of budget authority, the specific item of direct spending, or the tar-

geted tax benefit that the President proposes be cancelled; any account, department, or establishment of the Government to which such budget authority or item of direct spending is available for obligation; and the specific project or governmental functions involved. It rescinds the discretionary budget authority or suspends the direct spending or tax procedures. It must, to the maximum extent practicable, explain the estimated fiscal, economic, and budgetary effects of the proposed cancellations.

The special message must include a numbered list of proposed cancellations—this would take the form of rescissions of amounts of discretionary budget authority and legislative language canceling the effects of items of direct spending and targeted tax benefits (and making appropriate conforming changes in law). Cancellations of targeted tax benefits must be drawn from a list of such provisions included in a tax measure, if such a list is provided. Any provision included in a special message that is not on that list will not be included in an approval bill for consideration by Congress.

The President is allowed to transmit to the Congress up to five special messages for any enacted law. All must be transmitted within the 45-day period of the signing of the bill, unless one of the exceptions already noted applies.

The President is not allowed to propose to cancel a specific budgetary provision more than one time. Although he is allowed five special messages for each enacted law, he may not repeatedly send to Congress the same proposed cancellation. Any savings resulting from cancellations enacted as part of an approval bill will go towards reducing the deficit.

Any amounts of discretionary budget authority, items of direct spending, or targeted tax benefits cancelled when an approval bill is signed into law are dedicated to deficit reduction. After the enactment of an approval bill, the Chairmen of the Committees on the Budget of the Senate and the House of Representatives must revise the levels of the concurrent resolution on the budget in force at the time to ensure that the savings achieved are not used to finance other spending, whether discretionary or mandatory (or, in cases of increased revenues, are not used to reduce other taxes).

Correspondingly, when an approval bill is enacted, the Office of Management and Budget must revise the discretionary caps and the PAYGO scorecard to reflect the spending and revenue changes, if those spending controls are reauthorized so as to be in force when an approval bill is enacted. PAYGO and the discretionary caps expired at the end of fiscal year 2002.

New section 1012 provides for expedited consideration of the messages. Section 1012(a)(1) requires that, after Congress has received a special message from the President proposing cancellations, the majority leader of the House and the Senate respectively (or their designees) shall introduce a bill to approve those cancellations within five days of session of each applicable House.

Paragraph (2) provides the procedures for expedited consideration in the House. This subsection requires a committee of the House of Representatives, to which an approval bill is referred, to report the bill without amendment within seven legislative days of consideration. If a committee does not report the bill within seven legislative days, any member may make a privileged motion to dis-

charge the relevant committee or committees from consideration of the bill.

The Member making the privileged motion to discharge must give notice to the House of his or her intent to do so, after which the Speaker must schedule a time to consider the motion within the next two legislative days. The privileged motion to discharge is debatable for 20 minutes after which the previous question is considered as ordered on the motion and a motion to reconsider the vote on which the motion is disposed of is not allowed. If the motion is agreed to, the House then moves to immediate consideration of the approval bill under the expedited procedures set out in this subsection. If the approval bill has been reported or a motion to discharge has already been disposed of, the privileged motion to discharge provided in this subsection is not in order.

If an approval bill is reported from committee, or it has been discharged through regular House procedure, then it is in order for any Member to make a privileged motion to proceed to consideration of the bill. This is a highly privileged motion and provides for the immediate consideration of the bill once agreed to. The Member making the privileged motion to proceed to consideration must give notice to the House of his or her intent to do so, after which the Speaker must schedule a time to consider the motion within the next two legislative days. If the motion to proceed to consideration is agreed to, the approval bill must be immediately considered on the floor.

If the House adopts a concurrent resolution providing for adjournment sine die at the end of a Congress and an approval bill, introduced by the Majority Leader or his designee, has either not been reported by a committee or disposed of by the House, then it shall be in order for any Member to immediately give notice of their intention to offer either a privileged motion to discharge that approval bill from committee or a privileged motion to proceed to consideration of that approval bill as provided for in this subsection. When the House adopts a concurrent resolution to adjourn sine die, that Congress does not immediately end: additional action must be taken before the Congress comes to a finish. If an approval bill has been introduced, but has not been considered by the House at the time the House adopts a concurrent resolution of adjournment, the specified procedures of this act are triggered. In this circumstance, it does not matter at what stage the approval bill is, as long as it has been introduced. Were a committee to only have just been referred the approval bill, a motion to discharge the bill and bring it to the House floor still would be in order.

The “specific procedures” contained in this subsection for consideration of an approval bill are as follows:

- Provides five hours of debate on the bill equally divided and controlled by the proponent and an opponent;
- Provides for one motion to limit debate on the bill;
- Provides that the bill be considered as read;
- Provides that all points of order against consideration of the bill are waived; and
- Provides that the previous question is considered as ordered on the bill.

The “specific procedures” contained in this subsection for consideration of an approval bill do not allow for a motion to recommit

the bill and do not allow for a motion to reconsider the vote on passage of the bill.

Last, an approval bill received from the Senate is not referred to committee and may be brought up for consideration as an alternative to the House introduced bill.

Paragraph (3) provides for the expedited procedures for the Senate. The Committee has not amended this section, as this is a matter for Senate consideration of the bill.

As introduced, the bill provides for a motion to proceed to the consideration of a bill under this subsection in the Senate which is not debatable. It is not in order to move to reconsider the vote. Debate in the Senate on a bill under this subsection, and all debatable motions and appeals, may not exceed 10 hours, equally divided. Debate in the Senate on any debatable motion or appeal in connection with a bill under this subsection shall be limited to not more than 1 hour, to be equally divided and controlled in the usual form. A motion in the Senate to further limit debate on a bill under this subsection is not debatable. A motion to recommit a bill is not in order. If the Senate receives the House companion bill to the bill introduced in the Senate before the required vote, then the Senate may consider and vote on the House companion bill.

If the Senate votes on the bill introduced in the Senate, then immediately following that vote, or upon receipt of the House companion bill, the House bill shall be deemed to be considered, read the third time, and the vote on passage of the Senate bill shall be considered to be the vote on the bill received from the House.

Subsection (b) applies to both the Senate and the House of Representatives and makes clear that no amendment or motion to strike a provision from an approval bill is allowed to be considered at any stage of consideration. By not allowing amendments or motions to strike, the subsection ensures that identical approval bills will be considered by both Houses, further expediting the consideration of an approval measure and ensuring a clean “up or down” vote on the President’s proposal.

New section 1013 provides for Presidential deferral authority. Subsection (a) affords the President the authority to choose not to obligate discretionary budget authority and not to implement items of direct spending or targeted tax benefits (under certain limitations) for 45 calendar days beginning on the day a special message is received by either the House or the Senate.

The time for this deferral period runs consecutively, so that from the time the transmittal is received in either the House or the Senate, the period begins. It ceases after the 45th day after the day of transmittal. This period, however, may be renewed by the President at his discretion with two limitations: He may only extend the time period if he sends a special supplemental message to Congress notifying both Houses of the need to do so; and he must send that message after the 40th day of the first 45-day period.

A supplemental special message is simply that—a supplement to the initial special message transmitted pursuant to the authority to defer budgetary provisions, explained in section 1011. The message must notify Congress that the President intends to extend his deferral authority, which is authorized under section 1013 of the act, by an additional 45 days.

As part of this supplemental special message, the President must specifically explain why special circumstances have arisen so that the original 45-day period is insufficient to accommodate the proposed cancellations and their consideration by the Congress. This extension may apply, for example, if Congress is in an extended recess and has been unable to consider a bill to approve the cancellations proposed by the President within the initial 45-day deferral period. Such a circumstance must be explained in detail in the supplemental special message.

Under no circumstances is this additional deferral authority to be used by the President subsequent to the defeat of an approval bill in either House of Congress. Once Congress acts on an approval bill, this deferral authority must be discontinued by the President, even though it is not legally or constitutionally required, and he must not extend it for the renewal period. The President cannot transmit a supplemental special message to Congress subsequent to a negative vote on an approval bill by either House.

Up to five special messages proposing cancellations of budgetary provisions may be transmitted for each public law enacted after this act, but only one supplemental special message may be transmitted for each of those special messages for that law. A supplemental special message is an additional component of the original special message transmitted under the authority of this act. A supplemental special message does not count toward the five special messages allowed for each public law—it is not a special message in and of itself. It is merely an adjunct of a previously transmitted special message. Its form is not set out specifically through legislative language, but its requirements and parameters are made clear in this report.

In addition, the President may submit a valid supplemental special message only after 40 calendar days have expired during the initial 45-day deferral period. This is to ensure Congress has enough time to consider the proposed cancellations before the President asks for more deferral authority. Though it is not legally or technically circumscribed, the authority to renew deferrals would occur during exceptional circumstances when the Congress has been unable to consider the approval bill that includes the proposed cancellations.

After the expiration of the 45-day period and absent a renewal, or after the expiration of the renewal 45-day period, the budgetary provisions proposed to be cancelled and which have been deferred, must be implemented or obligated, as the case may be, as is required by the Constitution and the Congressional Budget and Impoundment Control Act of 1974.

As the special supplemental message may not be transmitted to Congress prior to 40 calendar days after the initial transmittal, once the 45-day period has expired, no special supplemental message may be transmitted; the authority to renew the deferral period has also expired. By way of example, should the initial 45-day period expire, and no renewal special supplemental notice be transmitted during that period, immediately thereafter the budget authority appropriated must be made available for obligation as if the deferral had never occurred.

Additionally, once the 45-day period has elapsed without a supplemental special message having been sent, the option of sending

such a supplemental message is not available. Deferral authority under this act has entirely expired once the initial 45-day period has ended and no supplemental special message has been transmitted.

The legislative calendar of the Congress is not relevant for the calculation of this deferral period, with the singular exception of last day on which the transmittal of the original special message may occur. If the Congress has adjourned to a future date when the initial deferral period expires, the supplemental special message is unaffected.

Even in the unusual circumstance when a supplemental special message is transmitted after the second session of a Congress has adjourned but before the first session of the next Congress has convened, the Congress still represents the people of the United States, and the Senate is a continuing body, so that the communication of such a transmittal is always valid to extend the deferral authority.

Although the authority to defer spending and certain tax benefits under the initial 45 days (and any applicable renewal period) is independent of legislative actions taken by Congress, it is the intent of the Committee that if a vote is taken on an approval bill by either House, and one approval bill is not agreed to by that House, then the suspension of any provision of law must be revoked and that provision put into effect as if it had always been effective under the terms of the public law in which it was originally included.

Out of constitutional concerns, the Committee has not directly tied the suspension or deferral period to a failed vote or on approval. It does, though, indicate its intent that such a vote should have that effect. The President must immediately suspend the deferral of all budgetary provisions included in an approval bill of proposed cancellations that, after floor consideration of the bill, has not received the requisite votes to pass in a House of Congress.

New section 1014 provides for the identification of targeted tax benefits. Subsection (a) requires the Chairman of the House Committee on Ways and Means and the Chairman of the Senate Finance Committee to review a bill or joint resolution that amends the Internal Revenue Code of 1986 and that a conference committee is preparing for filing, to determine if it contains any targeted tax benefits. The two chairmen must then provide to the conference committee a statement identifying the targeted tax benefits or declaring that the bill or joint resolution does not contain any.

Subsection (b) authorizes a conference committee to include a statement described in subsection (a) as legislative text in the conference agreement to which the statement applies.

Subsection (c) delineates the President's authority to propose the cancellation of targeted tax benefits. If any bill or joint resolution is signed into law, then the President may propose to cancel only targeted tax benefits identified in the specific section of the law containing the statement described in subsection (a). If such a statement is not included in the law, then the President may apply the statutory definition of targeted tax benefit to determine which tax provisions he may propose to cancel.

New section 1015 addresses the treatment of cancellations. This section makes clear that a cancellation proposed by the President

must be approved by Congress and signed into law before the elimination of the spending or tax provision is effective.

If the approval bill is not agreed to by Congress or is vetoed by the President, and hence the cancellations are not approved, those spending or tax provisions proposed to be cancelled remain in force and must be put into effect as if the deferral and the proposed cancellation had never been made.

If the approval bill is agreed to by Congress and signed into law by the President, and hence the cancellations are approved, then the effect is to cause the deficit to be reduced (or the surplus increased) by the amount of the spending or tax provision cancelled.

New section 1016 requests that the Comptroller General of the Government Accountability Office prepare and transmit to Congress a report for each special message sent by the President to the Congress. This report must identify the date on which the special message was transmitted to the Congress, the public law to which the special message applies, and the number of special messages transmitted relative to that public law at the time of the preparation of the report.

It must also, if specifically requested by the Chairman of the House or Senate Budget Committee, describe the extent to which a proposed cancellation in the message is similar to or different from another proposed cancellation in another special message arising from the same public law.

The report must assess whether any provision deferred by the President remains deferred after the authorized period provided to the President has expired. This report is intended to be prepared as soon as practicable after the expiration of the deferral period defined in the act, which is 45 days without an extension, or 90 days if the President determines that an extension is necessary.

If an additional 45-day renewal period occurs because of the President's actions, then the report should note any reasons or justifications as to why the extension period is needed.

New section 1017 provides definitions for the bill.

The term "appropriation law" means an Act referred to in section 105 of title 1, United States Code, including any general or special appropriation Act, or any Act making supplemental, deficiency, or continuing appropriations that has been signed into law pursuant to Article I, Section 7, of the Constitution of the United States.

The term "approval bill" means a bill or joint resolution which only approves proposed cancellations of dollar amounts of discretionary budget authority, items of new direct spending, or targeted tax benefits in a special message transmitted by the President.

The title of the approval bill is as required to be as follows: "A bill approving the proposed cancellations transmitted by the President on _____." Except for the limitations included in this definition, a bill with this title is entitled to the privileged status and expedited consideration procedures set out in this bill.

The blank space is filled in by the sponsor of the bill or the majority leader of each House of Congress (or designee), with the date of transmission of the special message and the public law number to which the message relates. It does not have a preamble. The bill outlined in the text includes a numbered list from the President's special message. In preparing the approval bill, the sponsor may include only proposed cancellations of spending estimated by CBO

to meet the definition of discretionary budgetary authority or items of direct spending, and may include only proposed cancellations of tax provisions determined by the chairmen of the House Ways and Means and Senate Finance Committees to be targeted tax benefits. If an approval bill includes a tax provision that has not been chosen from the prepared list, the bill's privileged status is jeopardized, and the majority leader will have failed to fulfill his or her responsibilities under this bill.

It is the intent of the Committee that a bill, even if it has the appropriate title, should not be conferred the privileged status of an approval bill if it includes items of direct spending that do not meet the criteria set out. If a bill deemed an approval bill includes a provision from the special message that is not estimated by CBO to meet the appropriate criteria, or an item not in the special message is included, or the bill in some other fashion does not meet this definition of an "approval bill," then the measure should not be accorded the privileged status that is set out for such a bill. Any bill receiving the expedited procedures provided for in the Legislative Line Item Veto Act of 2006 must strictly adhere to this definition and follow its parameters.

Proposed cancellations that CBO estimates do not meet the definition of an item of direct spending are included in a separate section of the approval bill, but this section specifies that the President must implement those provisions. The President must cease any deferral of those provisions, and must implement them using the effective date of the original public law in which they were included.

Though an approval bill is intended to allow for only those provisions that have been estimated as having a budgetary effect as estimated by CBO, the Committee understands that there may be a circumstance whereby a CBO estimate is not available prior to the introduction of the bill. In such a situation, the entire list of legislative provisions proposed by the President is inserted in the approval bill. This is only a contingency to assure the consideration of legislation is not hindered due to unforeseen circumstances. It is expected that CBO will be able to estimate the effects of any proposed cancellations included in an approval bill to allow the sponsor of such a measure to appropriately draft the language.

The term "calendar day" means a standard 24-hour period beginning at midnight.

The terms "cancel" or "cancellation" mean to prevent discretionary budget authority from being obligated, or a provision of direct spending or targeted tax benefit from being implemented. These proposed cancellations are included in an approval bill introduced by the majority leaders of the House and Senate. The majority leaders of the respective Houses are required to introduce the approval bills, much as they must introduce other expedited measures such as trade agreements considered pursuant to Trade Promotion Authority and measures considered pursuant to the Base Realignment And Closure (BRAC) procedures.

A cancellation takes the form of legislative or appropriations text reflecting a rescission of a specific amount of discretionary budget authority, or a cancellation of the legal effects of a direct spending provision (within very limited confines) or a targeted tax benefit.

For a rescission of discretionary budget authority, a cancellation is simple—the language included in the special message merely needs to “rescind” a specific amount reflecting the entire amount of an appropriation, or a smaller amount of budget authority within an overall amount if there is an earmark set out in the joint statement or report on the appropriations bill in question. If there are no earmarks, then only the entire amount of the appropriation may be rescinded, not simply an arbitrary amount of the overall level. In terms of an item of direct spending, the legislative change proposed by the President—that is, the proposed “cancellation”—must be narrow in scope. It must only be a “necessary, conforming statutory change” and only one that is to “ensure that * * * budgetary resources are appropriately cancelled.” The Legislative Line Item Veto Act of 2006 is not intended to allow the President to force Congress to consider policy proposals or interests of the President. Hence, any legislative text given preferential treatment under this measure must be narrowly tailored to have a salutary budgetary effect. It is not an open-ended invitation for a vote on the floor of the House and Senate for any legislation the President may desire to propose.

The Committee expects that the special procedure set out in the Legislative Line Item Veto Act of 2006 will be followed by conferees on any tax bill. That procedure requires the managers of any bill making changes to the Internal Revenue Code of 1986 to include a list of items that meet the definition of a “targeted tax benefit” in the bill. This list is prepared by the Chairmen of the Committees on Finance and Ways and Means and put into legislative language and included in the applicable measure. Upon enactment, the President may only choose items from that list to include in his special message with respect to proposed targeted tax benefit cancellations that he transmits to Congress for the purposes of this act. The President may only draft a list of his own choosing if the Chairmen of the Committees on Finance and Ways and Means do not include such a list in the tax bill.

If the two chairmen determine there are no targeted tax benefits in the bill they are preparing, then a statement may be included in the bill that no such targeted tax benefits exist and therefore the President is not permitted to transmit the proposed cancellation of any tax provisions in that bill which has become public law.

The term “CBO” means the Director of the Congressional Budget Office.

The term “direct spending” is defined as budget authority provided by law other than an appropriation law; an entitlement; and the food stamp program.

The term “dollar amount of discretionary budget authority” is defined as the entire dollar amount of budget authority or obligation limitation: specified in an appropriation law; required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included; represented separately in any table, chart, or explanatory text included in the statement of managers or the governing committee report accompanying such law; required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropria-

tion law; represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law.

The term does not include direct spending; budget authority in an appropriation law which funds direct spending provided for in another law; any existing budget authority canceled in an appropriation law; or any restriction, condition, or limitation in an appropriation law or the accompanying statement of managers or committee reports on the expenditure of budget authority for an account, program, project, or activity, or on activities involving such expenditure.

An "item of direct spending" is defined as any provision of law that CBO estimates increases budget authority or outlays for direct spending relative to the baseline projections of direct spending made after receipt of the President's budget submission. An item falls under this definition if it increases direct spending in the first year of the 5-year period for which the item is effective. An exception is provided for the extension or reauthorization of existing direct spending. This exception refers to specific items of direct spending rather than the level of direct spending assumed in the baseline. Accordingly, a reauthorization bill could have no cost in the aggregate relative to the baseline, but still contain new items of direct spending that could be proposed to be canceled for purposes of the legislative line item veto.

The term "OMB" is defined as the Director of the Office of Management and Budget.

For purposes of this legislation, an "Omnibus Reconciliation" bill is one reported by the Budget Committee pursuant to a directive in a concurrent budget resolution. It is a multi-jurisdictional bill with a variety of authorizing committees being directed through the reconciliation process to make changes to laws in their jurisdiction. Though traditionally reconciliation bills have been used to reduce spending, they have also included new direct spending items and may include targeted tax breaks as well.

The intent of the act is to target narrowly based direct spending provisions that are tantamount to discretionary earmarks, and might not survive narrow legislative scrutiny. Although this is the case, the text of the act does not prevent broader new entitlement programs from being proposed for cancellation by the President.

An "Omnibus Appropriations" bill is defined as any measure providing appropriations falling within the jurisdiction of two or more subcommittees of the Committee on Appropriations of either House of Congress. In general, appropriations bills are considered separately as individual bills, each with a specified amount of budget authority for the programs the measure funds. Upon occasion, and due to a variety of reasons, two or more appropriations bills may be combined, usually at the end of the legislative season, and enacted as an "omnibus" appropriation. Because these can often be enormous bills, with labyrinthine appropriations and legislative

text, they also merit a larger number of special messages—10 instead of merely five.

It must be mentioned that “supplemental” appropriations bills are often considered and have multi-jurisdictional spending components. These would also, generally, include spending that falls within the jurisdiction of two or more suballocations made to the committees of the House or the Senate. Though these bills are generally of a smaller spending magnitude than those normally considered as being Omnibus bills, they are often of similar complexity and breadth of spending provisions. Accordingly, supplementals also merit 10 special messages instead of 5. Furthermore, they often include “emergency” designations which in some circumstances allow the spending to escape normal budgetary controls. The Legislative Line Item Veto Act of 2006, however, is an extraordinary budgetary control, and instead of creating procedural hurdles to votes on spending bills, it insists on votes on specific spending items.

In this respect, this bill does not recognize “emergency” spending as opposed to “non-emergency spending,” but merely allows certain spending, or targeted tax benefits, to be reconsidered.

A “targeted tax benefit” is defined as any revenue-losing provision amending the Internal Revenue Code of 1986 and benefiting a single taxpayer in any fiscal year for which the provision is in effect. A revenue-losing provision is any provision that reduces Federal tax revenues either in the first fiscal year for which the provision is effective or the period of the 5 fiscal years beginning with the first fiscal year for which the provision is effective. The definition of ‘revenue-losing’ includes both provisions that reduce revenue relative to current law, as well as provisions that reduce revenue relative a broader provision in the bill in which the provision is found. The Committee believes that rifle shot transitional rules that benefit a single taxpayer should constitute targeted tax benefits. Such special rules have the effect of retaining current law for a particular taxpayer, despite the fact that a broader class of taxpayers is affected adversely by the bill. Thus, they are appropriate candidates for inclusion in approval bills even if they do not reduce revenue relative to current law.

For example, a provision in the Tax Reform Act of 1986 included a favorable rule for banks, and also included a special exception treating certain non-banks as banks for purposes of the rule. The special exception applied to any corporation “if (A) such corporation is a Delaware corporation incorporated on August 20, 1959, and (B) such corporation was primarily engaged in the financing of dealer inventory or consumer purchases on May 29, 1985, and at all times thereafter before the close of the taxable year.” P.L. 99-514, 100 Stat. 2548, sec. 1215(c)(5). If the Chairmen of the Ways and Means Committee and the Senate Finance Committee expected only a single taxpayer to benefit from this special exception, it would constitute a targeted tax benefit.

For purposes of applying the single-beneficiary test, several aggregation rules treat certain groups of taxpayers as a single taxpayer. All businesses in the same affiliated group, all shareholders of the same corporation, all partners of the same partnership, all members of the same association, all beneficiaries of the same trust or estate, all employees of the same employer, all beneficiaries of

the same qualified plan, all contributors to the same foundation or charity, and all holders of the same bond issue are treated as one beneficiary. In addition, if a corporation, partnership, association, trust, or estate is the beneficiary of a tax provision, then the shareholders of the corporation, the partners of the partnership, the members of the association, or the beneficiaries of the trust or estate are not also treated as beneficiaries of the provision. Thus, for example, a provision excluding from gross income all income of a particular corporation and all income of any shareholders in that corporation would be treated as having a single beneficiary.

New section 1018 provides for an expiration date so that the Act has no force or effect on or after October 1, 2012. Effectively, this provides for a sunset of the Legislative Line Item Veto Act after six years, so after that time, it must be reconsidered and extended.

Section 3. Technical and conforming amendments

This section makes various technical and conforming changes to various statutes amended by this legislation.

Subsection (d) contains a savings clause which provides that the Legislative Line Item Veto Act only applies to laws enacted on or after this law is signed.

Section 4. Sense of Congress on abuse of proposed cancellations

This section expresses the Sense of Congress that the President should not abuse the authority provided under the Legislative Line Item Veto Act of 2006.

CHANGES IN THE RULES OF THE HOUSE MADE BY THE BILL, AS REPORTED

Clause 3(g) of rule XIII of the Rules of the House of Representatives requires that whenever the Committee on Rules reports a resolution amending or repealing the Rules of the House of Representatives, the accompanying report must contain a comparative print showing the changes in existing rules proposed to be made by the resolution.

This bill makes no changes to any standing rules of the House of Representatives.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974**

SHORT TITLES; TABLE OF CONTENTS

SECTION 1. (a) SHORT TITLES.—This Act may be cited as the “Congressional Budget and Impoundment Control Act of 1974”. Titles I through IX may be cited as the “Congressional Budget Act of 1974”. Parts A and B of title X may be cited as the “Impound-

ment Control Act of 1974”. [Part C of title X may be cited as the “Line Item Veto Act of 1996”.]

(b) TABLE OF CONTENTS.—

Sec. 1. Short titles; table of contents.

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TITLE X—IMPOUNDMENT CONTROL

* * * * *

[PART B—CONGRESSIONAL CONSIDERATION OF PROPOSED RESCISSIONS, RESERVATIONS, AND DEFERRALS OF BUDGET AUTHORITY

- [Sec. 1011. Definitions.
- [Sec. 1012. Rescission of budget authority.
- [Sec. 1013. Proposed deferrals of budget authority.
- [Sec. 1014. Transmission of messages; publication.
- [Sec. 1015. Reports by Comptroller General.
- [Sec. 1016. Suits by Comptroller General.
- [Sec. 1017. Procedure in House and Senate.

[PART C—LINE ITEM VETO

- [Sec. 1021. Line item veto authority.
- [Sec. 1022. Special messages.
- [Sec. 1023. Cancellation effective unless disapproved.
- [Sec. 1024. Deficit reduction.
- [Sec. 1025. Expedited congressional consideration of disapproval bills.
- [Sec. 1026. Definitions.
- [Sec. 1027. Identification of limited tax benefits.]

PART B—LEGISLATIVE LINE ITEM VETO

- Sec. 1011. Line item veto authority.
- Sec. 1012. Procedures for expedited consideration.
- Sec. 1013. Presidential deferral authority.
- Sec. 1014. Identification of targeted tax benefits.
- Sec. 1015. Treatment of cancellations.
- Sec. 1016. Reports by Comptroller General.
- Sec. 1017. Definitions.
- Sec. 1018. Expiration.
- Sec. 1019. Suits by Comptroller General.
- Sec. 1020. Proposed deferrals of budget authority.

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TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

PART A—GENERAL PROVISIONS

* * * * *

ANALYSIS BY CONGRESSIONAL BUDGET OFFICE

SEC. 402. (a) The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

(1) * * *

* * * * *

(b) Upon the receipt of a special message under section 1011 proposing to cancel any item of direct spending, the Director of the Congressional Budget Office shall prepare an estimate of the savings in budget authority or outlays resulting from such proposed cancellation relative to the most recent levels calculated consistent

with the methodology used to calculate a baseline under section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, and transmit such estimate to the chairmen of the Committees on the Budget of the House of Representatives and Senate.

* * * * *

TITLE IX—MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

* * * * *

EXERCISE OF RULEMAKING POWERS

SEC. 904. (a) The provisions of this title and of titles I, III, IV, and V and the provisions of sections 701, 703, and **1017** 1012 are enacted by the Congress—

(1) as an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

* * * * *

(d) APPEALS.—

(1) PROCEDURE.—Appeals in the Senate from the decisions of the Chair relating to any provision of title III or IV or section **1017** 1012 shall, except as otherwise provided therein, be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, concurrent resolution, reconciliation bill, or rescission bill, as the case may be.

* * * * *

TITLE X—IMPOUNDMENT CONTROL

* * * * *

PART B—CONGRESSIONAL CONSIDERATION OF PROPOSED RESCISSIONS, RESERVATIONS, AND DEFERRALS OF BUDGET AUTHORITY

DEFINITIONS

SEC. 1011. For purposes of this part—

(1) “deferral of budget authority” includes—

(A) withholding or delaying the obligations or expenditure of budget authority (whether by establishing reserves or otherwise) provided for projects or activities; or

(B) any other type of Executive action or inaction which effectively precludes the obligation or expenditure of budget authority, including authority to obligate by contract in

advance of appropriations as specifically authorized by law;

[(2) “Comptroller General” means the Comptroller General of the United States;

[(3) “rescission bill” means a bill or joint resolution which only recinds in whole or in part, budget authority proposed to be rescinded in a special message transmitted by the President under section 1012, and upon which the Congress completes action before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President’s message is received by the Congress;

[(4) “impoundment resolution” means a resolution of the House of Representatives or the Senate which only expresses its disapproval of a proposed deferral of budget authority set forth in a special message transmitted by the President under section 1013; and

[(5) continuity of a session of the Congress shall be considered as broken only by an adjournment of the Congress sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain shall be excluded in the computation of the 45-day period referred to in paragraph (3) of this section and in section 1012, and the 25-day periods referred to in sections 1016 and 1017(b)(1). If a special message is transmitted under section 1012 during any Congress and the last session of such Congress adjourns sine die before the expiration of 45 calendar days of continuous session (or a special message is so transmitted after the last session of the Congress adjourns sine die), the message shall be deemed to have been retransmitted on the first day of the succeeding Congress and the 45-day period referred to in paragraph (3) of this section and section 1012 (with respect to such message) shall commence on the day after such first day.

[RESCISSION OF BUDGET AUTHORITY

[SEC. 1012. (a) TRANSMITTAL OF SPECIAL MESSAGE.—Whenever the President determines that all or part of any budget authority will not be required to carry out the full objectives or scope of programs for which it is provided or that such budget authority should be rescinded for fiscal policy or other reasons (including the determination of authorized projects or activities for which budget authority has been provided), or whenever all or part of budget authority provided for only one fiscal year is to be reserved from obligation for such fiscal year, the President shall transmit to both Houses of Congress a special message specifying—

[(1) the amount of budget authority which he proposes to be rescinded or which is to be so reserved;

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

[(3) the reasons why the budget authority should be rescinded or is to be so reserved;

[(4) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the proposed rescission or of the reservation; and

[(5) all facts, circumstances, and considerations relating to or bearing upon the proposed rescission or the reservation and the decision to effect the proposed rescission or the reservation, and to the maximum extent practicable, the estimated effect of the proposed rescission or the reservation upon the objects, purposes, and programs for which the budget authority is provided.

[(b) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded or that is to be reserved as set forth in such special message shall be made available for obligation unless, within the prescribed 45-day period, the Congress has completed action on a rescission bill rescinding all or part of the amount proposed to be rescinded or that is to be reserved. Funds made available for obligation under this procedure may not be proposed for rescission again.

【TRANSMISSION OF MESSAGES; PUBLICATION

【SEC. 1014. (a) DELIVERY TO HOUSE AND SENATE.—Each special message transmitted under section 1012 or 1013 shall be transmitted to the House of Representatives and the Senate on the same day, and shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session. Each special message so transmitted shall be referred to the appropriate committee of the House of Representatives and the Senate. Each such message shall be printed as a document of each House.

[(b) DELIVERY TO COMPTROLLER GENERAL.—A copy of each special message transmitted under section 1012 or 1013 shall be transmitted to the Comptroller General on the same day it is transmitted to the House of Representatives and the Senate. In order to assist the Congress in the exercise of its functions under sections 1012 and 1013, the Comptroller General shall review each such message and inform the House of Representatives and the Senate as promptly as practicable with respect to—

[(1) in the case of a special message transmitted under section 1012, the facts surrounding the proposed rescission or the reservation of budget authority (including the probable effects thereof); and

[(2) in the case of a special message transmitted under section 1013, (A) the facts surrounding each proposed deferral of budget authority (including the probable effects thereof) and (B) whether or not (or to what extent), in his judgment, such proposed deferral is in accordance with existing statutory authority.

[(c) TRANSMISSION OF SUPPLEMENTARY MESSAGES.—If any information contained in a special message transmitted under section 1012 or 1013 is subsequently revised, the President shall transmit to both Houses of Congress and the Comptroller General a supplementary message stating and explaining such revision. Any such supplementary message shall be delivered, referred, and printed as provided in subsection (a). The Comptroller General shall promptly notify the House of Representatives and the Senate of any change

in the information submitted by him under subsection (b) which may be necessitated by such revision.

[(d) PRINTING IN FEDERAL REGISTER.—Any special message transmitted under section 1012 or 1013, and any supplementary message transmitted under subsection (c), shall be printed in the first issue of the Federal Register published after such transmittal.

[(e) CUMULATIVE REPORTS OF PROPOSED RESCISSIONS, RESERVATIONS, AND DEFERRALS OF BUDGET AUTHORITY.—

[(1) The President shall submit a report to the House of Representatives and the Senate, not later than the 10th day of each month during a fiscal year, listing all budget authority for that fiscal year with respect to which, as of the first day of such month—

[(A) he has transmitted a special message under section 1012 with respect to a proposed rescission or a reservation; and

[(B) he has transmitted a special message under section 1013 proposing a deferral.

Such report shall also contain, with respect to each such proposed rescission or deferral, or each such reservation, the information required to be submitted in the special message with respect thereto under section 1012 or 1013.

[(2) Each report submitted under paragraph (1) shall be printed in the first issue of the Federal Register published after its submission.

REPORTS BY COMPTROLLER GENERAL

[SEC. 1015. (a) FAILURE TO TRANSMIT SPECIAL MESSAGE.—If the Comptroller General finds that the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States, or any other officer or employee of the United States—

[(1) is to establish a reserve or proposes to defer budget authority with respect to which the President is required to transmit a special message under section 1012 or 1013; or

[(2) has ordered, permitted, or approved the establishment of such a reserve or a deferral of budget authority;

and that the President has failed to transmit a special message with respect to such reserve or deferral, the Comptroller General shall make a report on such reserve or deferral and any available information concerning it to both Houses of Congress. The provisions of this part shall apply with respect to such reserve or deferral in the same manner and with the same effect as if such report of the Comptroller General were a special message transmitted by the President under section 1012 or 1013, and, for purposes of this part, such report shall be considered a special message transmitted under section 1012 or 1013.

[(b) INCORRECT CLASSIFICATION OF SPECIAL MESSAGE.—If the President has transmitted a special message to both Houses of Congress in accordance with section 1012 or 1013, and the Comptroller General believes that the President so transmitted the special message in accordance with one of those sections when the special message should have been transmitted in accordance with the other of those sections, the Comptroller General shall make a report to both Houses of the Congress setting forth his reasons.

【PROCEDURE IN HOUSE AND SENATE

【SEC. 1017. (a) REFERRAL.—Any rescission bill introduced with respect to a special message or impoundment resolution introduced with respect to a proposed deferral of budget authority shall be referred to the appropriate committee of the House of Representatives or the Senate, as the case may be.

【(b) DISCHARGE OF COMMITTEE.—

【(1) If the committee to which a rescission bill or impoundment resolution has been referred has not reported it at the end of 25 calendar days of continuous session of the Congress after its introduction, it is in order to move either to discharge the committee from further consideration of the bill or resolution or to discharge the committee from further consideration of any other rescission bill with respect to the same special message or impoundment resolution with respect to the same proposed deferral, as the case may be, which has been referred to the committee.

【(2) A motion to discharge may be made only by an individual favoring the bill or resolution, may be made only if supported by one-fifth of the Members of the House involved (a quorum being present), and is highly privileged in the House and privileged in the Senate (except that it may not be made after the committee has reported a bill or resolution with respect to the same special message or the same proposed deferral, as the case may be); and debate thereon shall be limited to not more than 1 hour, the time to be divided in the House equally between those favoring and those opposing the bill or resolution, and to be divided in the Senate equally between, and controlled by, the majority leader and the minority leader or their designees. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

【(c) FLOOR CONSIDERATION IN THE HOUSE.—

【(1) When the committee of the House of Representatives has reported, or has been discharged from further consideration of a rescission bill or impoundment resolution, it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the bill or resolution. The motion shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

【(2) Debate on a rescission bill or impoundment resolution shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the bill or resolution. A motion further to limit debate shall not be debatable. In the case of an impoundment resolution, no amendment to, or motion to recommit, the resolution shall be in order. It shall not be in order to move to reconsider the vote by which a rescission bill or impoundment resolution is agreed to or disagreed to.

【(3) Motions to postpone, made with respect to the consideration of a rescission bill or impoundment resolution, and mo-

tions to proceed to the consideration of other business, shall be decided without debate.

【(4) All appeals from the decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to any rescission bill or impoundment resolution shall be decided without debate.

【(5) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of any rescission bill or impoundment resolution and amendments thereto (or any conference report thereon) shall be governed by the Rules of the House of Representatives applicable to other bills and resolutions, amendments, and conference reports in similar circumstances.

【(d) FLOOR CONSIDERATION IN THE SENATE.—

【(1) Debate in the Senate on any rescission bill or impoundment resolution, and all amendments thereto (in the case of a rescission bill) and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

【(2) Debate in the Senate on any amendment to a rescission bill shall be limited to 2 hours, to be equally divided between, and controlled by, the mover and the manager of the bill. Debate on any amendment to an amendment, to such a bill, and debate on any debatable motion or appeal in connection with such a bill or an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill or resolution, except that in the event the manager of the bill or resolution is in favor in any such amendment, motion, or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. No amendment that is not germane to the provisions of a rescission bill shall be received. Such leaders, or either of them, may, from the time under their control on the passage of a rescission bill or impoundment resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, or appeal.

【(3) A motion to further limit debate is not debatable. In the case of a rescission bill, a motion to recommit (except a motion to recommit with instructions to report back within a specified number of days, not to exceed 3, not counting any day on which the Senate is not in session) is not in order. Debate on any such motion to recommit shall be limited to one hour, to be equally divided between, and controlled by, the mover and the manager of the concurrent resolution. In the case of an impoundment resolution, no amendment or motion to recommit is in order.

【(4) The conference report on any rescission bill shall be in order in the Senate at any time after the third day (excluding Saturdays, Sundays, and legal holidays) following the day on which such a conference report is reported and is available to Members of the Senate. A motion to proceed to the consideration of the conference report may be made even though a previous motion to the same effect has been disagreed to.

[(5) During the consideration in the Senate of the conference report on any rescission bill, debate shall be limited to 2 hours, to be equally divided between, and controlled by, the majority leader and minority leader or their designees. Debate on any debatable motion or appeal related to the conference report shall be limited to 30 minutes, to be equally divided between, and controlled by, the mover and the manager of the conference report.

[(6) Should the conference report be defeated, debate on any request for a new conference and the appointment of conferees shall be limited to one hour, to be equally divided, between, and controlled by, the manager of the conference report and the minority leader or his designee, and should any motion be made to instruct the conferees before the conferees are named, debate on such motion shall be limited to 30 minutes, to be equally divided between, and controlled by, the mover and the manager of the conference report. Debate on any amendment to any such instructions shall be limited to 20 minutes, to be equally divided between, and controlled by the mover and the manager of the conference report. In all cases when the manager of the conference report is in favor of any motion, appeal, or amendment, the time in opposition shall be under the control of the minority leader or his designee.

[(7) In any case in which there are amendments in disagreement, time on each amendment shall be limited to 30 minutes, to be equally divided between, and controlled by, the manager of the conference report and the minority leader or his designee. No amendment that is not germane to the provisions of such amendments shall be received.

【PART C—LINE ITEM VETO

【LINE ITEM VETO AUTHORITY

【SEC. 1021. (a) IN GENERAL.—Notwithstanding the provisions of parts A and B, and subject to the provisions of this part, the President may, with respect to any bill or joint resolution that has been signed into law pursuant to Article I, section 7, of the Constitution of the United States, cancel in whole—

【(1) any dollar amount of discretionary budget authority;

【(2) any item of new direct spending; or

【(3) any limited tax benefit;

if the President—

【(A) determines that such cancellation will—

【(i) reduce the Federal budget deficit;

【(ii) not impair any essential Government functions; and

【(iii) not harm the national interest; and

【(B) notifies the Congress of such cancellation by transmitting a special message, in accordance with section 1022, within five calendar days (excluding Sundays) after the enactment of the law providing the dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit that was canceled.

【(b) IDENTIFICATION OF CANCELLATIONS.—In identifying dollar amounts of discretionary budget authority, items of new direct

spending, and limited tax benefits for cancellation, the President shall—

【(1) consider the legislative history, construction, and purposes of the law which contains such dollar amounts, items, or benefits;

【(2) consider any specific sources of information referenced in such law or, in the absence of specific sources of information, the best available information; and

【(3) use the definitions contained in section 1026 in applying this part to the specific provisions of such law.

【(c) EXCEPTION FOR DISAPPROVAL BILLS.—The authority granted by subsection (a) shall not apply to any dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit contained in any law that is a disapproval bill as defined in section 1026.

【SPECIAL MESSAGES

【SEC. 1022. (a) IN GENERAL.—For each law from which a cancellation has been made under this part, the President shall transmit a single special message to the Congress.

【(b) CONTENTS.—

【(1) The special message shall specify—

【(A) the dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit which has been canceled, and provide a corresponding reference number for each cancellation;

【(B) the determinations required under section 1021(a), together with any supporting material;

【(C) the reasons for the cancellation;

【(D) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect of the cancellation;

【(E) all facts, circumstances and considerations relating to or bearing upon the cancellation, and to the maximum extent practicable, the estimated effect of the cancellation upon the objects, purposes and programs for which the canceled authority was provided; and

【(F) include the adjustments that will be made pursuant to section 1024 to the discretionary spending limits under section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 and an evaluation of the effects of those adjustments upon the sequestration procedures of section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985.

【(2) In the case of a cancellation of any dollar amount of discretionary budget authority or item of new direct spending, the special message shall also include, if applicable—

【(A) any account, department, or establishment of the Government for which such budget authority was to have been available for obligation and the specific project or governmental functions involved;

【(B) the specific States and congressional districts, if any, affected by the cancellation; and

【(C) the total number of cancellations imposed during the current session of Congress on States and congressional districts identified in subparagraph (B).

[(c) TRANSMISSION OF SPECIAL MESSAGES TO HOUSE AND SENATE.—

[(1) The President shall transmit to the Congress each special message under this part within five calendar days (excluding Sundays) after enactment of the law to which the cancellation applies. Each special message shall be transmitted to the House of Representatives and the Senate on the same calendar day. Such special message shall be delivered to the Clerk of the House of Representatives if the House is not in session, and to the Secretary of the Senate if the Senate is not in session.

[(2) Any special message transmitted under this part shall be printed in the first issue of the Federal Register published after such transmittal.

[CANCELLATION EFFECTIVE UNLESS DISAPPROVED

[SEC. 1023. (a) IN GENERAL.—The cancellation of any dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit shall take effect upon receipt in the House of Representatives and the Senate of the special message notifying the Congress of the cancellation. If a disapproval bill for such special message is enacted into law, then all cancellations disapproved in that law shall be null and void and any such dollar amount of discretionary budget authority, item of new direct spending, or limited tax benefit shall be effective as of the original date provided in the law to which the cancellation applied.

[(b) COMMENSURATE REDUCTIONS IN DISCRETIONARY BUDGET AUTHORITY.—Upon the cancellation of a dollar amount of discretionary budget authority under subsection (a), the total appropriation for each relevant account of which that dollar amount is a part shall be simultaneously reduced by the dollar amount of that cancellation.

[DEFICIT REDUCTION

[SEC. 1024. (a) IN GENERAL.—

[(1) DISCRETIONARY BUDGET AUTHORITY.—OMB shall, for each dollar amount of discretionary budget authority and for each item of new direct spending canceled from an appropriation law under section 1021(a)—

[(A) reflect the reduction that results from such cancellation in the estimates required by section 251(a)(7) of the Balanced Budget and Emergency Deficit Control Act of 1985 in accordance with that Act, including an estimate of the reduction of the budget authority and the reduction in outlays flowing from such reduction of budget authority for each outyear; and

[(B) include a reduction to the discretionary spending limits for budget authority and outlays in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 for each applicable fiscal year set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 by amounts equal to the amounts for each fiscal year estimated pursuant to subparagraph (A).

[(2) DIRECT SPENDING AND LIMITED TAX BENEFITS.—(A) OMB shall, for each item of new direct spending or limited tax ben-

efit canceled from a law under section 1021(a), estimate the deficit decrease caused by the cancellation of such item or benefit in that law and include such estimate as a separate entry in the report prepared pursuant to section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985.

[(B) OMB shall not include any change in the deficit resulting from a cancellation of any item of new direct spending or limited tax benefit, or the enactment of a disapproval bill for any such cancellation, under this part in the estimates and reports required by sections 252(b) and 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

[(b) ADJUSTMENTS TO SPENDING LIMITS.—After ten calendar days (excluding Sundays) after the expiration of the time period in section 1025(b)(1) for expedited congressional consideration of a disapproval bill for a special message containing a cancellation of discretionary budget authority, OMB shall make the reduction included in subsection (a)(1)(B) as part of the next sequester report required by section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

[(c) EXCEPTION.—Subsection (b) shall not apply to a cancellation if a disapproval bill or other law that disapproves that cancellation is enacted into law prior to 10 calendar days (excluding Sundays) after the expiration of the time period set forth in section 1025(b)(1).

[(d) CONGRESSIONAL BUDGET OFFICE ESTIMATES.—As soon as practicable after the President makes a cancellation from a law under section 1021(a), the Director of the Congressional Budget Office shall provide the Committees on the Budget of the House of Representatives and the Senate with an estimate of the reduction of the budget authority and the reduction in outlays flowing from such reduction of budget authority for each outyear.

EXPEDITED CONGRESSIONAL CONSIDERATION OF DISAPPROVAL BILLS

[(SEC. 1025. (a) RECEIPT AND REFERRAL OF SPECIAL MESSAGE.—Each special message transmitted under this part shall be referred to the Committee on the Budget and the appropriate committee or committees of the Senate and the Committee on the Budget and the appropriate committee or committees of the House of Representatives. Each such message shall be printed as a document of the House of Representatives.

[(b) TIME PERIOD FOR EXPEDITED PROCEDURES.—

[(1) There shall be a congressional review period of 30 calendar days of session, beginning on the first calendar day of session after the date on which the special message is received in the House of Representatives and the Senate, during which the procedures contained in this section shall apply to both Houses of Congress.

[(2) In the House of Representatives the procedures set forth in this section shall not apply after the end of the period described in paragraph (1).

[(3) If Congress adjourns at the end of a Congress prior to the expiration of the period described in paragraph (1) and a disapproval bill was then pending in either House of Congress or a committee thereof (including a conference committee of the two Houses of Congress), or was pending before the Presi-

dent, a disapproval bill for the same special message may be introduced within the first five calendar days of session of the next Congress and shall be treated as a disapproval bill under this part, and the time period described in paragraph (1) shall commence on the day of introduction of that disapproval bill.

[(c) INTRODUCTION OF DISAPPROVAL BILLS.—(1) In order for a disapproval bill to be considered under the procedures set forth in this section, the bill must meet the definition of a disapproval bill and must be introduced no later than the fifth calendar day of session following the beginning of the period described in subsection (b)(1).

[(2) In the case of a disapproval bill introduced in the House of Representatives, such bill shall include in the first blank space referred to in section 1026(6)(C) a list of the reference numbers for all cancellations made by the President in the special message to which such disapproval bill relates.

[(d) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—(1) Any committee of the House of Representatives to which a disapproval bill is referred shall report it without amendment, and with or without recommendation, not later than the seventh calendar day of session after the date of its introduction. If any committee fails to report the bill within that period, it is in order to move that the House discharge the committee from further consideration of the bill, except that such a motion may not be made after the committee has reported a disapproval bill with respect to the same special message. A motion to discharge may be made only by a Member favoring the bill (but only at a time or place designated by the Speaker in the legislative schedule of the day after the calendar day on which the Member offering the motion announces to the House his intention to do so and the form of the motion). The motion is highly privileged. Debate thereon shall be limited to not more than one hour, the time to be divided in the House equally between a proponent and an opponent. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order.

[(2) After a disapproval bill is reported or a committee has been discharged from further consideration, it is in order to move that the House resolve into the Committee of the Whole House on the State of the Union for consideration of the bill. If reported and the report has been available for at least one calendar day, all points of order against the bill and against consideration of the bill are waived. If discharged, all points of order against the bill and against consideration of the bill are waived. The motion is highly privileged. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. During consideration of the bill in the Committee of the Whole, the first reading of the bill shall be dispensed with. General debate shall proceed, shall be confined to the bill, and shall not exceed one hour equally divided and controlled by a proponent and an opponent of the bill. The bill shall be considered as read for amendment under the five-minute rule. Only one motion to rise shall be in order, except if offered by the manager. No amendment to the bill is in order, except any Member if supported by 49 other Members (a quorum being present) may offer an amendment striking the reference number or

numbers of a cancellation or cancellations from the bill. Consideration of the bill for amendment shall not exceed one hour excluding time for recorded votes and quorum calls. No amendment shall be subject to further amendment, except pro forma amendments for the purposes of debate only. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion. A motion to reconsider the vote on passage of the bill shall not be in order.

[(3) Appeals from decisions of the Chair regarding application of the rules of the House of Representatives to the procedure relating to a disapproval bill shall be decided without debate.

[(4) It shall not be in order to consider under this subsection more than one disapproval bill for the same special message except for consideration of a similar Senate bill (unless the House has already rejected a disapproval bill for the same special message) or more than one motion to discharge described in paragraph (1) with respect to a disapproval bill for that special message.

[(e) CONSIDERATION IN THE SENATE.—

[(1) REFERRAL AND REPORTING.—Any disapproval bill introduced in the Senate shall be referred to the appropriate committee or committees. A committee to which a disapproval bill has been referred shall report the bill not later than the seventh day of session following the date of introduction of that bill. If any committee fails to report the bill within that period, that committee shall be automatically discharged from further consideration of the bill and the bill shall be placed on the Calendar.

[(2) DISAPPROVAL BILL FROM HOUSE.—When the Senate receives from the House of Representatives a disapproval bill, such bill shall not be referred to committee and shall be placed on the Calendar.

[(3) CONSIDERATION OF SINGLE DISAPPROVAL BILL.—After the Senate has proceeded to the consideration of a disapproval bill for a special message, then no other disapproval bill originating in that same House relating to that same message shall be subject to the procedures set forth in this subsection.

[(4) AMENDMENTS.—

[(A) AMENDMENTS IN ORDER.—The only amendments in order to a disapproval bill are—

[(i) an amendment that strikes the reference number of a cancellation from the disapproval bill; and

[(ii) an amendment that only inserts the reference number of a cancellation included in the special message to which the disapproval bill relates that is not already contained in such bill.

[(B) WAIVER OR APPEAL.—An affirmative vote of three-fifths of the Senators, duly chosen and sworn, shall be required in the Senate—

[(i) to waive or suspend this paragraph; or

[(ii) to sustain an appeal of the ruling of the Chair on a point of order raised under this paragraph.

[(5) MOTION NONDEBATABLE.—A motion to proceed to consideration of a disapproval bill under this subsection shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed was adopted or rejected, although subsequent motions to proceed may be made under this paragraph.

[(6) LIMIT ON CONSIDERATION.—(A) After no more than 10 hours of consideration of a disapproval bill, the Senate shall proceed, without intervening action or debate (except as permitted under paragraph (9)), to vote on the final disposition thereof to the exclusion of all amendments not then pending and to the exclusion of all motions, except a motion to reconsider or to table.

[(B) A single motion to extend the time for consideration under subparagraph (A) for no more than an additional five hours is in order prior to the expiration of such time and shall be decided without debate.

[(C) The time for debate on the disapproval bill shall be equally divided between the Majority Leader and the Minority Leader or their designees.

[(7) DEBATE ON AMENDMENTS.—Debate on any amendment to a disapproval bill shall be limited to one hour, equally divided and controlled by the Senator proposing the amendment and the majority manager, unless the majority manager is in favor of the amendment, in which case the minority manager shall be in control of the time in opposition.

[(8) NO MOTION TO RECOMMIT.—A motion to recommit a disapproval bill shall not be in order.

[(9) DISPOSITION OF SENATE DISAPPROVAL BILL.—If the Senate has read for the third time a disapproval bill that originated in the Senate, then it shall be in order at any time thereafter to move to proceed to the consideration of a disapproval bill for the same special message received from the House of Representatives and placed on the Calendar pursuant to paragraph (2), strike all after the enacting clause, substitute the text of the Senate disapproval bill, agree to the Senate amendment, and vote on final disposition of the House disapproval bill, all without any intervening action or debate.

[(10) CONSIDERATION OF HOUSE MESSAGE.—Consideration in the Senate of all motions, amendments, or appeals necessary to dispose of a message from the House of Representatives on a disapproval bill shall be limited to not more than four hours. Debate on each motion or amendment shall be limited to 30 minutes. Debate on any appeal or point of order that is submitted in connection with the disposition of the House message shall be limited to 20 minutes. Any time for debate shall be equally divided and controlled by the proponent and the majority manager, unless the majority manager is a proponent of the motion, amendment, appeal, or point of order, in which case the minority manager shall be in control of the time in opposition.

[(f) CONSIDERATION IN CONFERENCE.—

[(1) CONVENING OF CONFERENCE.—In the case of disagreement between the two Houses of Congress with respect to a disapproval bill passed by both Houses, conferees should be

promptly appointed and a conference promptly convened, if necessary.

【(2) HOUSE CONSIDERATION.—(A) Notwithstanding any other rule of the House of Representatives, it shall be in order to consider the report of a committee of conference relating to a disapproval bill provided such report has been available for one calendar day (excluding Saturdays, Sundays, or legal holidays, unless the House is in session on such a day) and the accompanying statement shall have been filed in the House.

【(B) Debate in the House of Representatives on the conference report and any amendments in disagreement on any disapproval bill shall each be limited to not more than one hour equally divided and controlled by a proponent and an opponent. A motion to further limit debate is not debatable. A motion to recommit the conference report is not in order, and it is not in order to move to reconsider the vote by which the conference report is agreed to or disagreed to.

【(3) SENATE CONSIDERATION.—Consideration in the Senate of the conference report and any amendments in disagreement on a disapproval bill shall be limited to not more than four hours equally divided and controlled by the Majority Leader and the Minority Leader or their designees. A motion to recommit the conference report is not in order.

【(4) LIMITS ON SCOPE.—(A) When a disagreement to an amendment in the nature of a substitute has been referred to a conference, the conferees shall report those cancellations that were included in both the bill and the amendment, and may report a cancellation included in either the bill or the amendment, but shall not include any other matter.

【(B) When a disagreement on an amendment or amendments of one House to the disapproval bill of the other House has been referred to a committee of conference, the conferees shall report those cancellations upon which both Houses agree and may report any or all of those cancellations upon which there is disagreement, but shall not include any other matter.

【DEFINITIONS

【SEC. 1026. As used in this part:

【(1) APPROPRIATION LAW.—The term “appropriation law” means an Act referred to in section 105 of title 1, United States Code, including any general or special appropriation Act, or any Act making supplemental, deficiency, or continuing appropriations, that has been signed into law pursuant to Article I, section 7, of the Constitution of the United States.

【(2) CALENDAR DAY.—The term “calendar day” means a standard 24-hour period beginning at midnight.

【(3) CALENDAR DAYS OF SESSION.—The term “calendar days of session” shall mean only those days on which both Houses of Congress are in session.

【(4) CANCEL.—The term “cancel” or “cancellation” means—

【(A) with respect to any dollar amount of discretionary budget authority, to rescind;

【(B) with respect to any item of new direct spending—

[(i) that is budget authority provided by law (other than an appropriation law), to prevent such budget authority from having legal force or effect;

[(ii) that is entitlement authority, to prevent the specific legal obligation of the United States from having legal force or effect; or

[(iii) through the food stamp program, to prevent the specific provision of law that results in an increase in budget authority or outlays for that program from having legal force or effect; and

[(C) with respect to a limited tax benefit, to prevent the specific provision of law that provides such benefit from having legal force or effect.

[(5) DIRECT SPENDING.—The term “direct spending” means—

[(A) budget authority provided by law (other than an appropriation law);

[(B) entitlement authority; and

[(C) the food stamp program.

[(6) DISAPPROVAL BILL.—The term “disapproval bill” means a bill or joint resolution which only disapproves one or more cancellations of dollar amounts of discretionary budget authority, items of new direct spending, or limited tax benefits in a special message transmitted by the President under this part and—

[(A) the title of which is as follows: “A bill disapproving the cancellations transmitted by the President on _____”, the blank space being filled in with the date of transmission of the relevant special message and the public law number to which the message relates;

[(B) which does not have a preamble; and

[(C) which provides only the following after the enacting clause: “That Congress disapproves of cancellations _____”, the blank space being filled in with a list by reference number of one or more cancellations contained in the President’s special message, “as transmitted by the President in a special message on _____”, the blank space being filled in with the appropriate date, “regarding _____.”, the blank space being filled in with the public law number to which the special message relates.

[(7) DOLLAR AMOUNT OF DISCRETIONARY BUDGET AUTHORITY.—(A) Except as provided in subparagraph (B), the term “dollar amount of discretionary budget authority” means the entire dollar amount of budget authority—

[(i) specified in an appropriation law, or the entire dollar amount of budget authority required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included;

[(ii) represented separately in any table, chart, or explanatory text included in the statement of managers or the governing committee report accompanying such law;

[(iii) required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law;

[(iv) represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or

[(v) represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law.

[(B) The term “dollar amount of discretionary budget authority” does not include—

[(i) direct spending;

[(ii) budget authority in an appropriation law which funds direct spending provided for in other law;

[(iii) any existing budget authority rescinded or canceled in an appropriation law; or

[(iv) any restriction, condition, or limitation in an appropriation law or the accompanying statement of managers or committee reports on the expenditure of budget authority for an account, program, project, or activity, or on activities involving such expenditure.

[(8) ITEM OF NEW DIRECT SPENDING.—The term “item of new direct spending” means any specific provision of law that is estimated to result in an increase in budget authority or outlays for direct spending relative to the most recent levels calculated pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985.

[(9) LIMITED TAX BENEFIT.—(A) The term “limited tax benefit” means—

[(i) any revenue-losing provision which provides a Federal tax deduction, credit, exclusion, or preference to 100 or fewer beneficiaries under the Internal Revenue Code of 1986 in any fiscal year for which the provision is in effect; and

[(ii) any Federal tax provision which provides temporary or permanent transitional relief for 10 or fewer beneficiaries in any fiscal year from a change to the Internal Revenue Code of 1986.

[(B) A provision shall not be treated as described in subparagraph (A)(i) if the effect of that provision is that—

[(i) all persons in the same industry or engaged in the same type of activity receive the same treatment;

[(ii) all persons owning the same type of property, or issuing the same type of investment, receive the same treatment; or

[(iii) any difference in the treatment of persons is based solely on—

[(I) in the case of businesses and associations, the size or form of the business or association involved;

[(II) in the case of individuals, general demographic conditions, such as income, marital status, number of dependents, or tax return filing status;

[(III) the amount involved; or

[(IV) a generally-available election under the Internal Revenue Code of 1986.

[(C) A provision shall not be treated as described in subparagraph (A)(ii) if—

[(i) it provides for the retention of prior law with respect to all binding contracts or other legally enforceable obligations in existence on a date contemporaneous with congressional action specifying such date; or

[(ii) it is a technical correction to previously enacted legislation that is estimated to have no revenue effect.

[(D) For purposes of subparagraph (A)—

[(i) all businesses and associations which are related within the meaning of sections 707(b) and 1563(a) of the Internal Revenue Code of 1986 shall be treated as a single beneficiary;

[(ii) all qualified plans of an employer shall be treated as a single beneficiary;

[(iii) all holders of the same bond issue shall be treated as a single beneficiary; and

[(iv) if a corporation, partnership, association, trust or estate is the beneficiary of a provision, the shareholders of the corporation, the partners of the partnership, the members of the association, or the beneficiaries of the trust or estate shall not also be treated as beneficiaries of such provision.

[(E) For purposes of this paragraph, the term “revenue-losing provision” means any provision which results in a reduction in Federal tax revenues for any one of the two following periods—

[(i) the first fiscal year for which the provision is effective; or

[(ii) the period of the 5 fiscal years beginning with the first fiscal year for which the provision is effective.

[(F) The terms used in this paragraph shall have the same meaning as those terms have generally in the Internal Revenue Code of 1986, unless otherwise expressly provided.

[(10) OMB.—The term “OMB” means the Director of the Office of Management and Budget.

[IDENTIFICATION OF LIMITED TAX BENEFITS

[SEC. 1027. (a) STATEMENT BY JOINT TAX COMMITTEE.—The Joint Committee on Taxation shall review any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 that is being prepared for filing by a committee of conference of the two Houses, and shall identify whether such bill or joint resolution contains any limited tax benefits. The Joint Committee on Taxation shall provide to the committee of conference a statement identifying any such limited tax benefits or declaring that the bill or joint resolution does not contain any limited tax benefits. Any such statement shall be made available to any Member of Congress by the Joint Committee on Taxation immediately upon request.

[(b) STATEMENT INCLUDED IN LEGISLATION.—(1) Notwithstanding any other rule of the House of Representatives or any rule or precedent of the Senate, any revenue or reconciliation bill or joint reso-

lution which includes any amendment to the Internal Revenue Code of 1986 reported by a committee of conference of the two Houses may include, as a separate section of such bill or joint resolution, the information contained in the statement of the Joint Committee on Taxation, but only in the manner set forth in paragraph (2).

[(2) The separate section permitted under paragraph (1) shall read as follows: “Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall _____ apply to _____.”, with the blank spaces being filled in with—

[(A) in any case in which the Joint Committee on Taxation identifies limited tax benefits in the statement required under subsection (a), the word “only” in the first blank space and a list of all of the specific provisions of the bill or joint resolution identified by the Joint Committee on Taxation in such statement in the second blank space; or

[(B) in any case in which the Joint Committee on Taxation declares that there are no limited tax benefits in the statement required under subsection (a), the word “not” in the first blank space and the phrase “any provision of this Act” in the second blank space.

[(c) PRESIDENT’S AUTHORITY.—If any revenue or reconciliation bill or joint resolution is signed into law pursuant to Article I, section 7, of the Constitution of the United States—

[(1) with a separate section described in subsection (b)(2), then the President may use the authority granted in section 1021(a)(3) only to cancel any limited tax benefit in that law, if any, identified in such separate section; or

[(2) without a separate section described in subsection (b)(2), then the President may use the authority granted in section 1021(a)(3) to cancel any limited tax benefit in that law that meets the definition in section 1026.

[(d) CONGRESSIONAL IDENTIFICATIONS OF LIMITED TAX BENEFITS.—There shall be no judicial review of the congressional identification under subsections (a) and (b) of a limited tax benefit in a conference report.]

PART B—LEGISLATIVE LINE ITEM VETO

LINE ITEM VETO AUTHORITY

SEC. 1011. (a) PROPOSED CANCELLATIONS.—Within 45 calendar days after the enactment of any bill or joint resolution providing any discretionary budget authority, item of direct spending, or targeted tax benefit, the President may propose, in the manner provided in subsection (b), the cancellation of any dollar amount of such discretionary budget authority, item of direct spending, or targeted tax benefit. If the 45 calendar-day period expires during a period where either House of Congress stands adjourned sine die at the end of a Congress or for a period greater than 45 calendar days, the President may propose a cancellation under this section and transmit a special message under subsection (b) on the first calendar day of session following such a period of adjournment.

(b) TRANSMITTAL OF SPECIAL MESSAGE.—

(1) SPECIAL MESSAGE.—

(A) *IN GENERAL.*—The President may transmit to the Congress a special message proposing to cancel any dollar amounts of discretionary budget authority, items of direct spending, or targeted tax benefits.

(B) *CONTENTS OF SPECIAL MESSAGE.*—Each special message shall specify, with respect to the discretionary budget authority, items of direct spending proposed, or targeted tax benefits to be canceled—

(i) the dollar amount of discretionary budget authority, the specific item of direct spending (that OMB, after consultation with CBO, estimates to increase budget authority or outlays as required by section 1017(9)), or the targeted tax benefit that the President proposes be canceled;

(ii) any account, department, or establishment of the Government to which such discretionary budget authority is available for obligation, and the specific project or governmental functions involved;

(iii) the reasons why such discretionary budget authority, item of direct spending, or targeted tax benefit should be canceled;

(iv) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed cancellation;

(v) to the maximum extent practicable, all facts, circumstances, and considerations relating to or bearing upon the proposed cancellation and the decision to effect the proposed cancellation, and the estimated effect of the proposed cancellation upon the objects, purposes, or programs for which the discretionary budget authority, item of direct spending, or the targeted tax benefit is provided;

(vi) a numbered list of cancellations to be included in an approval bill that, if enacted, would cancel discretionary budget authority, items of direct spending, or targeted tax benefits proposed in that special message; and

(vii) if the special message is transmitted subsequent to or at the same time as another special message, a detailed explanation why the proposed cancellations are not substantially similar to any other proposed cancellation in such other message.

(C) *DUPLICATIVE PROPOSALS PROHIBITED.*—The President may not propose to cancel the same or substantially similar discretionary budget authority, item of direct spending, or targeted tax benefit more than one time under this Act.

(D) *MAXIMUM NUMBER OF SPECIAL MESSAGES.*—The President may not transmit to the Congress more than 5 special messages under this subsection related to any bill or joint resolution described in subsection (a), but may transmit not more than 10 special messages for any omnibus budget reconciliation or appropriation measure.

(2) *ENACTMENT OF APPROVAL BILL.*—

(A) *DEFICIT REDUCTION.*—Amounts of budget authority, items of direct spending, or targeted tax benefits which are canceled pursuant to enactment of a bill as provided under this section shall be dedicated only to reducing the deficit or increasing the surplus.

(B) *ADJUSTMENT OF LEVELS IN THE CONCURRENT RESOLUTION ON THE BUDGET.*—Not later than 5 days after the date of enactment of an approval bill as provided under this section, the chairs of the Committees on the Budget of the Senate and the House of Representatives shall revise allocations and aggregates and other appropriate levels under the appropriate concurrent resolution on the budget to reflect the cancellation, and the applicable committees shall report revised suballocations pursuant to section 302(b), as appropriate.

(C) *ADJUSTMENTS TO STATUTORY LIMITS.*—After enactment of an approval bill as provided under this section, the Office of Management and Budget shall revise applicable limits under the Balanced Budget and Emergency Deficit Control Act of 1985, as appropriate.

PROCEDURES FOR EXPEDITED CONSIDERATION

SEC. 1012. (a) *EXPEDITED CONSIDERATION.*—

(1) *IN GENERAL.*—The majority leader of each House or his designee shall (by request) introduce an approval bill as defined in section 1017 not later than the fifth day of session of that House after the date of receipt of a special message transmitted to the Congress under section 1011(b).

(2) *CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.*—

(A) *REFERRAL AND REPORTING.*—Any committee of the House of Representatives to which an approval bill is referred shall report it to the House without amendment not later than the seventh legislative day after the date of its introduction. If a committee fails to report the bill within that period or the House has adopted a concurrent resolution providing for adjournment sine die at the end of a Congress, it shall be in order to move that the House discharge the committee from further consideration of the bill. Such a motion shall be in order only at a time designated by the Speaker in the legislative schedule within two legislative days after the day on which the proponent announces his intention to offer the motion. Such a motion shall not be in order after a committee has reported an approval bill with respect to that special message or after the House has disposed of a motion to discharge with respect to that special message. The previous question shall be considered as ordered on the motion to its adoption without intervening motion except twenty minutes of debate equally divided and controlled by the proponent and an opponent. If such a motion is adopted, the House shall proceed immediately to consider the approval bill in accordance with subparagraph (C). A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(B) *PROCEEDING TO CONSIDERATION.*—After an approval bill is reported or a committee has been discharged from

further consideration, or the House has adopted a concurrent resolution providing for adjournment sine die at the end of a Congress, it shall be in order to move to proceed to consider the approval bill in the House. Such a motion shall be in order only at a time designated by the Speaker in the legislative schedule within two legislative days after the day on which the proponent announces his intention to offer the motion. Such a motion shall not be in order after the House has disposed of a motion to proceed with respect to that special message. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(C) *CONSIDERATION.*—The approval bill shall be considered as read. All points of order against an approval bill and against its consideration are waived. The previous question shall be considered as ordered on an approval bill to its passage without intervening motion except five hours of debate equally divided and controlled by the proponent and an opponent and one motion to limit debate on the bill. A motion to reconsider the vote on passage of the bill shall not be in order.

(D) *SENATE BILL.*—An approval bill received from the Senate shall not be referred to committee.

(3) *CONSIDERATION IN THE SENATE.*—

(A) *MOTION TO PROCEED TO CONSIDERATION.*—A motion to proceed to the consideration of a bill under this subsection in the Senate shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed is agreed to or disagreed to.

(B) *LIMITS ON DEBATE.*—Debate in the Senate on a bill under this subsection, and all debatable motions and appeals in connection therewith (including debate pursuant to subparagraph (D)), shall not exceed 10 hours, equally divided and controlled in the usual form.

(C) *APPEALS.*—Debate in the Senate on any debatable motion or appeal in connection with a bill under this subsection shall be limited to not more than 1 hour, to be equally divided and controlled in the usual form.

(D) *MOTION TO LIMIT DEBATE.*—A motion in the Senate to further limit debate on a bill under this subsection is not debatable.

(E) *MOTION TO RECOMMIT.*—A motion to recommit a bill under this subsection is not in order.

(F) *CONSIDERATION OF THE HOUSE BILL.*—

(i) *IN GENERAL.*—If the Senate has received the House companion bill to the bill introduced in the Senate prior to the vote required under paragraph (1)(C), then the Senate may consider, and the vote under paragraph (1)(C) may occur on, the House companion bill.

(ii) *PROCEDURE AFTER VOTE ON SENATE BILL.*—If the Senate votes, pursuant to paragraph (1)(C), on the bill introduced in the Senate, then immediately following that vote, or upon receipt of the House companion bill, the House bill shall be deemed to be considered, read

the third time, and the vote on passage of the Senate bill shall be considered to be the vote on the bill received from the House.

(b) AMENDMENTS PROHIBITED.—No amendment to, or motion to strike a provision from, a bill considered under this section shall be in order in either the Senate or the House of Representatives.

PRESIDENTIAL DEFERRAL AUTHORITY

SEC. 1013. (a) TEMPORARY PRESIDENTIAL AUTHORITY TO WITHHOLD DISCRETIONARY BUDGET AUTHORITY.—

(1) IN GENERAL.—At the same time as the President transmits to the Congress a special message pursuant to section 1011(b), the President may direct that any dollar amount of discretionary budget authority to be canceled in that special message shall not be made available for obligation for a period not to exceed 45 calendar days from the date the President transmits the special message to the Congress.

(2) EARLY AVAILABILITY.—The President shall make any dollar amount of discretionary budget authority deferred pursuant to paragraph (1) available at a time earlier than the time specified by the President if the President determines that continuation of the deferral would not further the purposes of this Act.

(b) TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND DIRECT SPENDING.—

(1) IN GENERAL.—At the same time as the President transmits to the Congress a special message pursuant to section 1011(b), the President may suspend the implementation of any item of direct spending proposed to be canceled in that special message for a period not to exceed 45 calendar days from the date the President transmits the special message to the Congress.

(2) EARLY AVAILABILITY.—The President shall terminate the suspension of any item of direct spending at a time earlier than the time specified by the President if the President determines that continuation of the suspension would not further the purposes of this Act.

(c) TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND A TARGETED TAX BENEFIT.—

(1) IN GENERAL.—At the same time as the President transmits to the Congress a special message pursuant to section 1011(b), the President may suspend the implementation of any targeted tax benefit proposed to be repealed in that special message for a period not to exceed 45 calendar days from the date the President transmits the special message to the Congress.

(2) EARLY AVAILABILITY.—The President shall terminate the suspension of any targeted tax benefit at a time earlier than the time specified by the President if the President determines that continuation of the suspension would not further the purposes of this Act.

(d) EXTENSION OF 45-DAY PERIOD.—The President may transmit to the Congress not more than one supplemental special message to extend the period to suspend the implementation of any discretionary budget authority, item of direct spending, or targeted tax benefit, as applicable, by an additional 45 calendar days. Any such supplemental message may not be transmitted to the Congress be-

fore the 40th day of the 45-day period set forth in the preceding message or later than the last day of such period.

IDENTIFICATION OF TARGETED TAX BENEFITS

SEC. 1014. (a) STATEMENT.—The chairman of the Committee on Ways and Means of the House of Representatives and the chairman of the Committee on Finance of the Senate acting jointly (hereafter in this subsection referred to as the “chairmen”) shall review any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 that is being prepared for filing by a committee of conference of the two Houses, and shall identify whether such bill or joint resolution contains any targeted tax benefits. The chairmen shall provide to the committee of conference a statement identifying any such targeted tax benefits or declaring that the bill or joint resolution does not contain any targeted tax benefits. Any such statement shall be made available to any Member of Congress by the chairmen immediately upon request.

(b) STATEMENT INCLUDED IN LEGISLATION.—

(1) IN GENERAL.—Notwithstanding any other rule of the House of Representatives or any rule or precedent of the Senate, any revenue or reconciliation bill or joint resolution which includes any amendment to the Internal Revenue Code of 1986 reported by a committee of conference of the two Houses may include, as a separate section of such bill or joint resolution, the information contained in the statement of the chairmen, but only in the manner set forth in paragraph (2).

(2) APPLICABILITY.—The separate section permitted under subparagraph (A) shall read as follows: “Section 1021 of the Congressional Budget and Impoundment Control Act of 1974 shall _____ apply to _____.”, with the blank spaces being filled in with—

(A) in any case in which the chairmen identify targeted tax benefits in the statement required under subsection (a), the word “only” in the first blank space and a list of all of the specific provisions of the bill or joint resolution identified by the chairmen in such statement in the second blank space; or

(B) in any case in which the chairmen declare that there are no targeted tax benefits in the statement required under subsection (a), the word “not” in the first blank space and the phrase “any provision of this Act” in the second blank space.

(c) PRESIDENT’S AUTHORITY.—If any revenue or reconciliation bill or joint resolution is signed into law—

(1) with a separate section described in subsection (b)(2), then the President may use the authority granted in this section only with respect to any targeted tax benefit in that law, if any, identified in such separate section; or

(2) without a separate section described in subsection (b)(2), then the President may use the authority granted in this section with respect to any targeted tax benefit in that law.

TREATMENT OF CANCELLATIONS

SEC. 1015. The cancellation of any dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit

shall take effect only upon enactment of the applicable approval bill. If an approval bill is not enacted into law before the end of the applicable period under section 1013, then all proposed cancellations contained in that bill shall be null and void and any such dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit shall be effective as of the original date provided in the law to which the proposed cancellations applied.

REPORTS BY COMPTROLLER GENERAL

SEC. 1016. With respect to each special message under this part, the Comptroller General shall issue to the Congress a report determining whether any discretionary budget authority is not made available for obligation or item of direct spending or targeted tax benefit continues to be suspended after the deferral authority set forth in section 1013 of the President has expired.

DEFINITIONS

SEC. 1017. As used in this part:

(1) APPROPRIATION LAW.—The term “appropriation law” means an Act referred to in section 105 of title 1, United States Code, including any general or special appropriation Act, or any Act making supplemental, deficiency, or continuing appropriations, that has been signed into law pursuant to Article I, section 7, of the Constitution of the United States.

(2) APPROVAL BILL.—The term “approval bill” means a bill or joint resolution which only approves proposed cancellations of dollar amounts of discretionary budget authority, items of new direct spending, or targeted tax benefits in a special message transmitted by the President under this part and—

(A) the title of which is as follows: “A bill approving the proposed cancellations transmitted by the President on _____”, the blank space being filled in with the date of transmission of the relevant special message and the public law number to which the message relates;

(B) which does not have a preamble; and

(C) which provides only the following after the enacting clause: “That the Congress approves of proposed cancellations _____”, the blank space being filled in with a list of the cancellations contained in the President’s special message, “as transmitted by the President in a special message on _____”, the blank space being filled in with the appropriate date, “regarding _____”, the blank space being filled in with the public law number to which the special message relates;

(D) which only includes proposed cancellations that are estimated by CBO to meet the definition of discretionary budgetary authority or items of direct spending, or that are identified as targeted tax benefits pursuant to section 1014;

(E) if any proposed cancellation other than discretionary budget authority or targeted tax benefits is estimated by CBO to not meet the definition of item of direct spending, then the approval bill shall include at the end: “The President shall cease the suspension of the implementation of the following under section 1013 of the Legislative Line Item

Veto Act of 2006: _____”, the blank space being filled in with the list of such proposed cancellations; and

(F) if no CBO estimate is available, then the entire list of legislative provisions proposed by the President is inserted in the second blank space in subparagraph (C).

(3) CALENDAR DAY.—The term “calendar day” means a standard 24-hour period beginning at midnight.

(4) CANCEL OR CANCELLATION.—The terms “cancel” or “cancellation” means to prevent—

(A) budget authority from having legal force or effect;

(B) in the case of entitlement authority, to prevent the specific legal obligation of the United States from having legal force or effect;

(C) in the case of the food stamp program, to prevent the specific provision of law that provides such benefit from having legal force or effect; or

(D) a targeted tax benefit from having legal force or effect; and

to make any necessary, conforming statutory change to ensure that such targeted tax benefit is not implemented and that any budgetary resources are appropriately canceled.

(5) CBO.—The term “CBO” means the Director of the Congressional Budget Office.

(6) DIRECT SPENDING.—The term “direct spending” means—

(A) budget authority provided by law (other than an appropriation law);

(B) entitlement authority; and

(C) the food stamp program.

(7) DOLLAR AMOUNT OF DISCRETIONARY BUDGET AUTHORITY.—

(A) Except as provided in subparagraph (B), the term “dollar amount of discretionary budget authority” means the entire dollar amount of budget authority—

(i) specified in an appropriation law, or the entire dollar amount of budget authority or obligation limitation required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included;

(ii) represented separately in any table, chart, or explanatory text included in the statement of managers or the governing committee report accompanying such law;

(iii) required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law;

(iv) represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or

(v) represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law.

(B) *The term “dollar amount of discretionary budget authority” does not include—*

- (i) *direct spending;*
- (ii) *budget authority in an appropriation law which funds direct spending provided for in other law;*
- (iii) *any existing budget authority canceled in an appropriation law; or*
- (iv) *any restriction, condition, or limitation in an appropriation law or the accompanying statement of managers or committee reports on the expenditure of budget authority for an account, program, project, or activity, or on activities involving such expenditure.*

(8) *ITEM OF DIRECT SPENDING.—The term “item of direct spending” means any provision of law that results in an increase in budget authority or outlays for direct spending relative to the most recent levels calculated consistent with the methodology used to calculate a baseline under section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, in the first year or the 5-year period for which the item is effective. However, such item does not include an extension or reauthorization of existing direct spending, but instead only refers to provisions of law that increase such direct spending.*

(9) *OMB.—The term “OMB” means the Director of the Office of Management and Budget.*

(10) *OMNIBUS RECONCILIATION OR APPROPRIATION MEASURE.—The term “omnibus reconciliation or appropriation measure” means—*

- (A) *in the case of a reconciliation bill, any such bill that is reported to its House by the Committee on the Budget; or*
- (B) *in the case of an appropriation measure, any such measure that provides appropriations for programs, projects, or activities falling within 2 or more section 302(b) suballocations.*

(11) *TARGETED TAX BENEFIT.—(A) The term “targeted tax benefit” means any revenue-losing provision that provides a Federal tax deduction, credit, exclusion, or preference to only one beneficiary (determined with respect to either present law or any provision of which the provision is a part) under the Internal Revenue Code of 1986 in any year for which the provision is in effect;*

(B) for purposes of subparagraph (A)—

- (i) *all businesses and associations that are members of the same controlled group of corporations (as defined in section 1563(a) of the Internal Revenue Code of 1986) shall be treated as a single beneficiary;*
- (ii) *all shareholders, partners, members, or beneficiaries of a corporation, partnership, association, or trust or estate, respectively, shall be treated as a single beneficiary;*
- (iii) *all employees of an employer shall be treated as a single beneficiary;*
- (iv) *all qualified plans of an employer shall be treated as a single beneficiary;*

- (v) all beneficiaries of a qualified plan shall be treated as a single beneficiary;
 - (vi) all contributors to a charitable organization shall be treated as a single beneficiary;
 - (vii) all holders of the same bond issue shall be treated as a single beneficiary; and
 - (viii) if a corporation, partnership, association, trust or estate is the beneficiary of a provision, the shareholders of the corporation, the partners of the partnership, the members of the association, or the beneficiaries of the trust or estate shall not also be treated as beneficiaries of such provision;
- (C) for the purpose of this paragraph, the term “revenue-losing provision” means any provision that is estimated to result in a reduction in Federal tax revenues (determined with respect to either present law or any provision of which the provision is a part) for any one of the two following periods—
- (i) the first fiscal year for which the provision is effective;
 - or
 - (ii) the period of the 5 fiscal years beginning with the first fiscal year for which the provision is effective; and
- (D) the terms used in this paragraph shall have the same meaning as those terms have generally in the Internal Revenue Code of 1986, unless otherwise expressly provided.

EXPIRATION

SEC. 1018. This title shall have no force or effect on or after October 1, 2012.

SUITS BY COMPTROLLER GENERAL

SEC. [1016] 1019. If, under this title, budget authority is required to be made available for obligation and such budget authority is not made available for obligation, the Comptroller General is hereby expressly empowered, through attorneys of his own selection, to bring a civil action in the United States District Court for the District of Columbia to require such budget authority to be made available for obligation, and such court is hereby expressly empowered to enter in such civil action, against any department, agency, officer, or employee of the United States, any decree, judgment, or order, which may be necessary or appropriate to make such budget authority available for obligation. No civil action shall be brought by the Comptroller General under this section until the expiration of 25 calendar days of continuous session of the Congress following the date on which an explanatory statement by the Comptroller General of the circumstances giving rise to the action contemplated has been filed with the Speaker of the House of Representatives and the President of the Senate.

PROPOSED DEFERRALS OF BUDGET AUTHORITY

SEC. [1013] 1020. (a) * * *

* * * * *

(c) EXCEPTION.—The provisions of this section do not apply to any budget authority proposed to be [rescinded or that is to be re-

served] *canceled* as set forth in a special message required to be transmitted under section [1012] *1011*.

DISSENTING VIEWS

The Democratic Members of the Rules Committee are unanimously opposed to any form of line item veto. Article I, Section VII of the Constitution gives Congress, not the President, the power of the purse, and the repeated attempts of this Republican Congress to give the Executive Branch the power to blackmail the Legislative Branch. Although the sponsors of this amendment have attempted to address the concerns of the Supreme Court, in our view any line item veto legislation violates the checks and balances system that is the basic tenet of American government.

Time and again we have witnessed this Republican Congress, through its various budget reform proposals, ask the President to save Congress from itself, and to take away the power of the purse before Congress spends again. But it is Members of Congress to whom the Founding Fathers gave this responsibility to, and we should not, at every possible opportunity, seek to abdicate from it.

Presidents have sought to regain line item veto authority ever since Congress took it away from them with the Congressional Budget Act of 1974. Prior to the establishment of a Congressional budget process, Presidents often simply refused to spend money that was appropriated if they disagreed with its purpose, effectively killing a program that Congress wanted to fund. Congress wanted to ensure that when it worked its legislative will and created and funded a program, that the Executive Branch had a legal obligation to process the funding for that program.

Under the current framework of the Budget Act, if the President wants to rescind appropriated funds, he can send a special message to Congress asking it to do so. If both the House and Senate agree to the rescission within 45 days, then it is enacted. If either House fails to do so, or simply does not act, then the funding must go forward.

We recognize that from the view of the Executive Branch, this is an awkward and largely ineffective process. But it masks the extent to which this particular White House has exercised its power behind the scenes on various programs. The reason President Bush has not used his veto pen is that the White House has been able to obtain the necessary additions or deletions to bills before they reach the President's desk and that kind of cooperation with a compliant majority has obviated the need for a veto.

While we recognize why the President would like to extend his reach into the Legislative Branch even further, we are alarmed by the extent to which Members of Congress would seek to accommodate such an obvious power grab. As the Chairman of the Appropriations Committee, Rep. Jerry Lewis said in testimony before our Committee back in March, giving the President new line item veto authority, "would transfer a great deal of budgetary power to the Executive Branch. The President would set the agenda by deciding

what rescissions to include in a bill, and he could structure his rescission messages with more of an eye towards politics instead of policy.”

But why would Congress even contemplate such legislation? The impetus for giving the President more power over the purse lies in the budget deficits of the 1980's. As Congress has repeatedly shown by its failure to rein in budget deficits, the budget process is a difficult and messy business. The frustration of some Members has led them to believe that since Congress cannot be counted on to rein in federal spending by itself, the heavy hand of the President is needed to keep spending in line.

Many of these Members cling to the hope that the President is some kind of nonpartisan superhero, who will use his power to eliminate all the “bad” spending out of a bill while leaving all the “good” spending untouched. They conveniently either forget or ignore that the President is the titular head of his party, and will act out of the same political calculations as any Member of Congress.

As Chairman Lewis further remarked, “for example, a President could propose rescissions that target the projects of one political party. A President would be able to structure his rescission messages to leverage certain political outcomes, such as including projects sponsored by political adversaries along with unpopular projects in one message, while including other projects with broader congressional support in another message.”

Moving to a line item veto will not stop Members of Congress from seeking individual projects for their districts, will not save significant amounts of money, nor make it any easier to pass budget resolutions, all of which are presumably the desired outcomes of this process. If anything, this proposal could lead to an even worse budget process, as individual Members seek to make deals with the Administration to protect their earmarks in exchange for supporting rescission messages that hurt other Members or protect a President's favored program.

Congress has been down this road before in 1996, enacting a Line Item Veto Act along the lines of an enhanced rescission authority. Enhanced rescission authority forces Congress to deal with rescission messages, otherwise they are automatically enacted. The Line Item Veto Act authorized President Clinton to cancel items within discretionary appropriation bills, funding for any new entitlement programs and some tax benefits. Congress had to pass a resolution of disapproval within 30 days which the President could veto.

The actual implementation of the Line Item Veto Act reinforced the belief held by many Members of Congress that enhanced rescission authority would ultimately not save very much money. The total savings, over a 5-year period, came to less than \$600 million. In 1998, the Supreme Court invalidated the Line Item Veto Act, essentially stating that such a change could only come about via constitutional amendment, rather than by Congressional action.

H.R. 4890, the Legislative Line Item Veto Act, is an enhanced rescissions bill that would require Congress to vote on proposed spending rescissions. The bill would expand the list of bills that a President could send back from individual appropriations under

current law, to any item of direct spending or any targeted tax benefit benefiting fewer than 100 people. Additionally, any rescissions enacted under the bill go into a deficit reduction "lock box" and are not available for redirection into other spending categories.

Aside from being flatly opposed to the general concept of a line item veto based on the separation of powers, we have two very specific concerns about H.R. 4890. First is our concern that the special rules proposed to accompany any rescissions bill would require the Congress to move at too fast a pace to consider whether or not the rescission is warranted. Under H.R. 4890, the Majority Leader or Minority Leader would be required to introduce the President's rescission within five legislative days of receipt.

The committee of jurisdiction would have no more than seven legislative days to consider the rescission, and must report it without amendment. If the committee failed to report the bill by that time, then a motion could be made to discharge the committee from consideration of the bill. Each message would be allotted five hours of debate time and presumably a final passage vote would be taken within 15 legislative days, or three weeks, after each rescission's introduction.

While it might be feasible for the House to consider one rescission message under these procedures, the bill allows the President to send up to five messages per bill or ten messages per appropriations or reconciliation bill. It is very easy to imagine the Appropriations Committee having to deal every week with at least one rescissions message, if not more, which would leave them very little time for their regular business.

A second problem arises from the fact that the President may withhold funds proposed for rescission for up to 90 days, even if one chamber votes to reject the rescission. Remember that under current law the funds would only be in dispute for 45 days, and then would be released if Congress takes no action. Under H.R. 4890, the President can withhold funds for an initial 45 days, and then send a message to Congress informing them that he intends to hold the funds for an additional 45 days.

If the President can withhold funds regardless of Congressional action for up to three months, then he can effectively starve programs to death, denying them the funds needed to hire and pay staff as well as conduct routine business. A major appropriation such as Amtrak, could be forced to slash routes and fire staff (a long standing Administration goal) as long as the President retains this effective power of the purse. It is also not clearly stated in the legislation that the President must release the funds immediately if a rescission is defeated.

In conclusion, the whole concept of a line item veto does little to address the real problems our country faces in getting its financial house in order. The Republicans could take any number of concrete steps towards this goal, by submitting a balanced budget, reinstating the pay-as-you-go rule and ending the practice of hiding the true cost of the Iraq war behind annual emergency supplementals. But they simply refuse to do any of these things. Instead they suggest that a budget gimmick that hands over Congress' constitutional authority to the President will solve all of our fiscal worries.

The Constitution already has veto power for the President built into it. If the President does not like the way the Congress spends money, then he has only to use his veto pen to demand changes. This process has served us well for over two hundred years, and we, the Democrats on the Rules Committee, see no reason to change it. To disrupt that system because some Members don't like the spending priorities of other Members, is small minded and a threat to our constitutional system.

LOUISE M. SLAUGHTER,
Ranking Member.
JAMES MCGOVERN.
ALCEE L. HASTINGS.
DORIS O. MATSUI.

