S.O.S.: STOP OVER-SPENDING ACT OF 2006

SPENDING RESTRAINT - DEFICIT REDUCTION - BUDGET ENFORCEMENT - FISCAL RESPONSIBILITY

Line-Item Veto Authority

The Stop Over-Spending Act gives the President the opportunity to veto wasteful spending, including both discretionary spending and new mandatory spending, where all savings must be used for deficit reduction. This provision, a stronger version than President Bush's recent proposal (S. 2381), is not as far-reaching as what was enacted during the Clinton presidency. Unlike the Line-Item Veto the Republican Congress provided President Clinton in 1996, which had cancellations go into effect automatically, this version of Line-Item Veto requires Congressional affirmation for any rescission proposed by the President.

The bill gives the President line-item veto authority to rescind discretionary and mandatory funding items, as well as certain tax provisions. However, Congress must approve the President's requested rescissions under a "fast-track" procedure. Highlights of the proposal are as follows:

- Rescission savings must be used for deficit reduction.
- Rescissions may include any discretionary funding or any *new* mandatory spending.
- Rescissions may include specific tax provisions, generally those targeted to benefit a small number of beneficiaries. Under the Act, the Joint Committee on Taxation would identify targeted tax benefits that would be eligible for rescission.
- President may only submit four rescission packages a year (once with the submissions of the President's Budget and three other times at the President's discretion.)
- The President may resubmit only once a specific rescission that was in an earlier package of rescissions rejected by Congress. *Note: This is to address the issue that while Congress may have rejected the President's entire package of rescissions, they may in fact be supportive of certain rescissions that were included in the larger package of rescissions. It should also be noted that the President is restricted to resubmitting a rescission only once under both the new Line Item Veto authority and as well as existing authority the President has under Part B or the Impoundment Control Act.*

- Upon submission of the President's rescission package, if a Member of Congress introduces the President's package, the matter will be considered on the floor of the respective Member's House within eight days of the President's submission.

- The rescission package is not amendable.

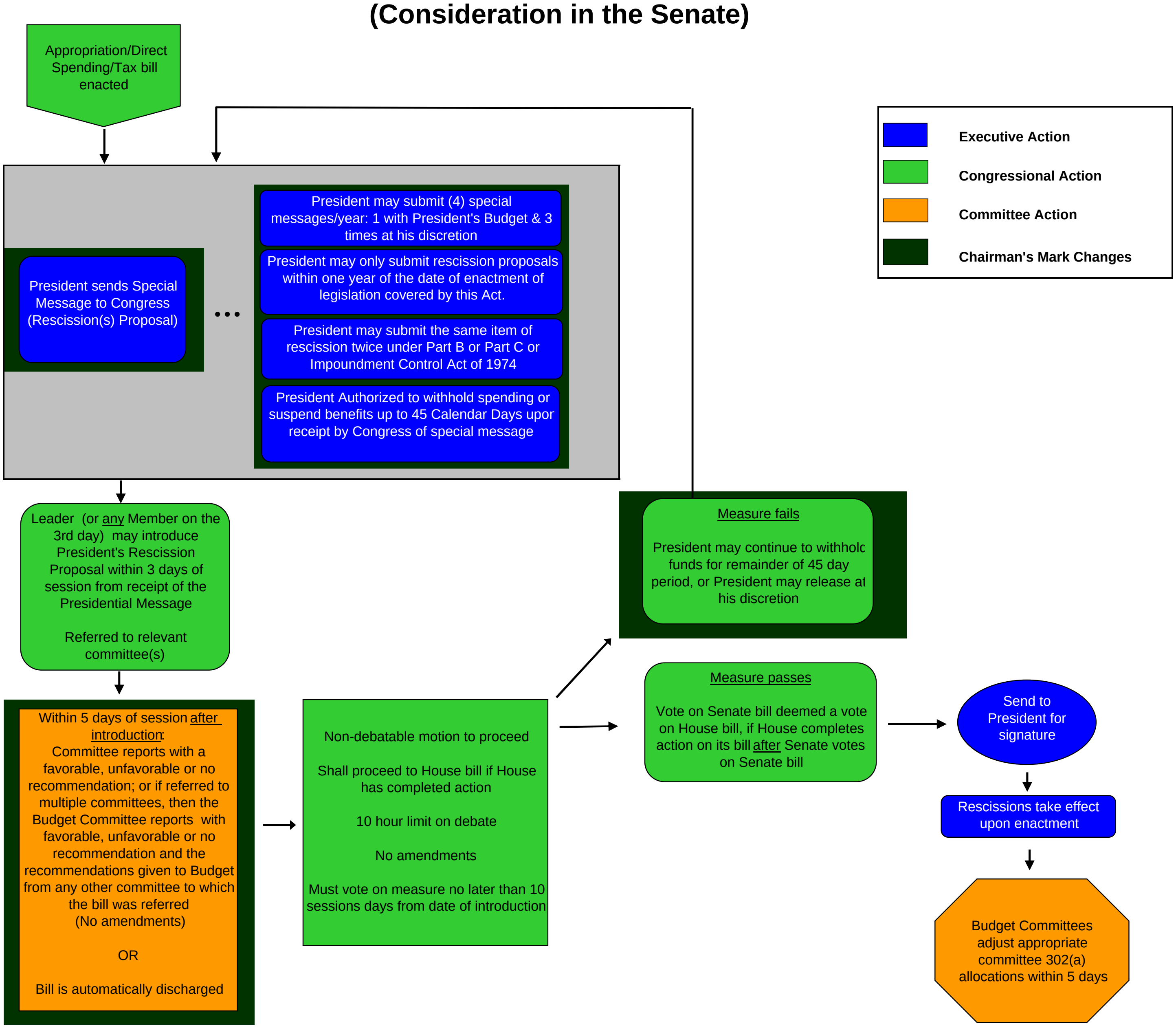
- Both the House and Senate must pass the President's rescission for the rescission to become law.

- From the time Congress receives the President's rescission package, the President is permitted to suspend funds for his recommended rescission only for 45 days. If Congress rejects his rescission prior to the expiration of the 45 days, the President may release the funds earlier.

- The authority to rescind spending or certain tax items would apply to any discretionary or mandatory spending bill or tax bill enacted on or after September 1, 2006.

- The Line Item Veto authority expires in four years. *Note: This is to allow Congress to revaluate the merits of Line Item Veto after two Presidents (President Bush and his successor) have had the opportunity to utilize it for two years each.*

CHAIRMAN'S MARK-- S. 2381-- LEGISLATIVE LINE ITEM VETO ACT OF 2006
(Consideration in the Senate)



Source: Senate Budget committee Republican Staff

Stop Over Spending Act of 2006 Side-By-Side

Provision	**S. 2381 As Introduced**	**Chairman's Mark**
Number and Timing of Special Messages	No limit on number or timing.	President may submit 4 special messages per year: 1 with the President's budget proposal (first Monday in February); and 3 other special messages at a time of his choosing. The Special Message may include rescission proposals within one year of the date of enactment of such legislation covered by this Act.
Withholding Period for Funds in Requested Rescission	180 day withholding for funds proposed for rescission.	President Authorized to withhold spending or suspend benefits up to 45 Calendar Days. The President may not withhold/suspend any dollar amount until the special message is transmitted and received by Congress (to encourage Presidential action as quickly as possible upon enactment of spending or tax legislation.) The President may make funds available earlier if he concludes withholding or suspension of funds would not further the purposes of this Act.
Re-Submission of Rescission Request	No limit on number of times an item can be submitted.	President may resubmit some or all of the amounts of rescission proposal in no more than one additional special message under Part B or Part C of the Impoundment Control Act of 1974.

Provision	**S. 2381 As Introduced**	**Chairman's Mark**
Sunset Line Item Veto Authority	No sunset. Permanent law.	Sunset in 4 years. (Includes 2 years under Bush, and 2 yrs for President elected in '08)
Tax Application	Applies to all targeted tax benefits.	The Chairman's mark includes references to "targeted tax benefit" (TTB) throughout Part C to allow for consideration of repeal of TTB's under the same procedure as those for discretionary spending and direct spending. JCT identifies targeted tax benefits and allows the President to only rescind those TTB's on the JCT list.
Mandatory Spending Rescissions	Allows President to modify mandatory spending policies.	Does NOT allow the President "to modify" direct spending items or targeted tax benefits.
Referral and Reporting—MULTIPLE COMMITTEES	Does not specify referral procedure for a special message containing provisions from multiple committees	If a bill contains provisions in the jurisdiction of more than one committee the bill shall be jointly referred to the committees of jurisdiction and the Committee on the Budget. Requires Budget Committee to collect multiple committee recommendations on whether to report favorably, unfavorably or without recommendation the measure five days from introduction without substantive revision. Failure to meet the specified deadline would result in the bill being automatically discharged and placed on the appropriate calendar.