



Legislative Bulletin.....November 18, 2004

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S. 2986 – A bill to amend title 31 of the United States Code to increase the public debt limit

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Order of Business: The bill is scheduled to be considered today, November 18th, under a closed rule. It passed the Senate last night by a vote of 52 to 44.

Summary: S. 2986 would raise the public debt limit by \$800 billion to \$8.184 trillion. It is estimated that the increase will allow the federal government to operate within the new limit well into 2005.

Additional Background: The federal government reached the current debt limit of \$7.384 trillion on October 14, 2004, but the Treasury Department has employed legal accounting maneuvers to prevent a breach. Such a breach would cause the government to default on its outstanding debt for the first time in the nation's history. Secretary Snow recently informed Congress that the Department's ability to prevent such a breach would expire on November 18, 2004.

The conference report to the FY05 Budget Resolution (H. Con. Res. 95) recommended a debt limit increase of \$690 billion. H. Con. Res. 95 was passed by the House and not the Senate. If the budget had been adopted by the Senate, under the so-called "Gephardt Rule" in the House of Representatives, a joint resolution would have automatically passed the House in that amount and today's consideration of S. 2986 would be unnecessary. But the Senate never adopted a budget resolution.

Committee Action: S. 2986 passed the Senate on November 17th and was referred to the House of Representatives. It has not been considered by any House committees.

Cost to Taxpayers: Raising the debt limit itself does not cost taxpayers directly. However, the need to continually increase the ceiling is the result of economic and spending policies that lead to deficits, further borrowing, and thus a larger public debt.

Does the Bill Expand the Size and Scope of the Federal Government?: See above.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

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