H.R. 1314 – Bipartisan Budget Act of 2015 (Rep. Boehner, R-OH) – UPDATED

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FLOOR SCHEDULE:

Expected to be considered October 28, 2015, under a rule.

The rule self-executes a Boehner amendment to modify the original text of the Bipartisan Budget Act. The amendment:

- Increases the amount of OCO funding to equal $14.895 billion for Non-Defense OCO and $58.798 billion for Defense OCO in both FY 2016 and FY 2017. The amendment no longer sets a minimum statutory floor for OCO funding in these Fiscal Years, but would permit appropriations above these levels. These changes alter the CBO score for the legislation (see below).
- Increases the amount of the Pension Benefit Guarantee Corporation (PBGC) premium fee increases.
- Extends the pension smoothing provision through 2020.
- Makes several technical corrections and fixes drafting errors.

The changes made by the amendment are reflected in the updated Legislative Bulletin below.

TOPLINE SUMMARY:

The House amendment to the Senate amendment to H.R. 1314 includes an assortment of titles covering budget levels, the debt limit, Medicare premiums, and Social Security, as well as other matters.

Budget: H.R. 1314 would increase the spending caps established by the Budget Control Act for FY2016 and 2017 by a combined $80 billion, divided between defense and non-defense spending. The increase in spending is intended to be offset by a number of unrelated provisions; however, the budgetary soundness of these provisions is questionable.

Debt Limit: H.R. 1314 suspends the federal debt limit until March 15, 2017, allowing for the accumulation of approximately $1.5 trillion in new federal debt, with total debt at the end of the suspension equaling roughly $19.6 trillion.

Medicare: H.R. 1314 would prevent a large premium increase under Medicare Part B for some beneficiaries. The general fund would make a transfer to Medicare in order to cover the lost revenue, which would be paid back by beneficiaries over time.

Social Security: H.R. 1314 would reallocate payroll tax revenues from the Social Security Old Age fund to the Disability Insurance fund. Absent a change in law, the DI fund would be insolvent in 2016, forcing a 19% reduction to benefits paid by the program. The measure includes a number of provisions to reduce fraud in the DI program, as well as to encourage beneficiaries to move into gainful employment and off of benefits.

COST:

The Congressional Budget Office (CBO) estimates that enacting this legislation would reduce the deficit by $497 million over the FY 2016 – 2025 period, assuming appropriation of authorized amounts. This total includes $47.6 billion in reduced direct spending outlays, $32.3 billion in increased revenues (for a total of $79.9 billion in offsets), and $79.4 billion in increases in discretionary outlays.

The updated score from the CBO does not show increased costs from the changes in OCO spending. The original score estimated the OCO provisions would increase outlays by about $10 billion. Should those funds actually be appropriated, total spending would rise commensurately.

CONSERVATIVE CONCERNS:

Increases in Federal Spending: Some conservatives may be concerned that the bill increases the discretionary spending caps under the Budget Control Act by $80 billion over two years and uses cap-exempt OCO accounts to further increase both base defense and non-defense spending. While the bill includes provisions intended to offset this increase in spending on paper, if the amounts listed in section 101(d) are eventually appropriated, the score as originally issued by CBO would remain accurate, resulting in a net increase in deficits of $14 billion.

Non-Defense OCO: Some conservatives may be concerned that the measure significantly increases non-defense OCO spending at the Department of State, providing additional leeway under the non-defense BCA cap to fund other domestic spending.

Advance OCO: Some conservatives may be concerned the bill sets a minimum level for OCO spending in FY2017 nearly two years in advance. Setting the OCO authorization so far in advance could result in a funding level that is either excessive or insufficient, depending on how circumstances evolve. This premature designation could pressure overall spending to rise or inhibit Congress's ability to appropriately address threats in a changing global environment.

Budget Gimmicks: Conservatives may be concerned that a number of provisions in the bill purporting to offset higher spending are, in fact, balance sheet gimmicks. These provisions include revenue timing shifts, double counting PBCG premiums, CHIMPs, SPR oil sales, and spectrum sales.

Increases in Revenues: Some conservatives may be concerned that nearly $30 billion, or 40%, of the bill's offsets come from new revenue, rather than from spending reductions elsewhere in the federal budget.

Budget Process: Some conservatives may be concerned that the bill's deeming provisions in the Senate will reduce the likelihood of Congress adopting a conferenced budget for FY2017.

- **Expand the Size and Scope of the Federal Government?** Yes. The bill would allow for an increase in both defense and non-defense discretionary spending in FY2016 and 2017 totaling $80 billion. Additionally, the bill would set a minimum Overseas Contingency Operations account level for FY2017, the need for which cannot be divined almost two years in advance.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

The statutory debt limit was reinstated at $18.113 trillion on March 16, 2015 after being suspended since February 15, 2014 by PL 113-83. Since March 16, Treasury has been utilizing so-called extraordinary measures to continue to issuing debt to pay interest and principal on existing debt and fund ongoing government operations. As of October 14, Treasury estimated it had utilized $347 billion in extraordinary measures and had another $24 billion remaining. On October 15, Treasury Secretary Lew informed Congress that Treasury anticipated exhausting the extraordinary measures on November 3 and that the statutory debt limit would need to be increases soon thereafter to prevent defaulting on U.S. obligations.

H.R. 1314 would suspend the statutory debt limit through March, 2017, as well as provide for increased discretionary spending by increasing the caps enacted as part of the Budget Control Act of 2011 (PL 112-25).

A detailed analysis of the bill, by title, follows below:

Title I: Budget Enforcement

Spending Caps: The bill would increase the base discretionary caps by a total of $80 billion for Fiscal Years 2016 and 2017. $50 billion of the increase takes place in FY 2016 and $30 billion in FY 2017. The increases in both years are split evenly between the Defense and Non-Defense caps.

The bill also sets levels for Overseas Contingency Operations (OCO) spending for Fiscal Years 2016 and 2017, which were previously not codified. This includes separate spending levels for the Defense portion and Non-Defense portion of OCO. In FY 2016, the OCO level for Defense is below the currently appropriated level while the Non-Defense OCO level is above the currently appropriated level. The amendment would allow for appropriations either above or below these levels in FY 2016 and 2017.

The net effect of adjusting the BCA caps upwards and by establishing the OCO levels is to increase total authorized Defense spending by $18.297 billion and to increase total authorized Non-Defense spending by $30.638 billion in the current fiscal year.

Spending Comparison
(Budget Authority in Billions of Dollars)

	Base Defense	Defense OCO	Total Defense	Base Non-Defense	Non-Defense OCO	Total Non-Defense	Total Base	Total OCO	Total
Current FY 2016 Caps	523.091	65.501[1]	588.592	493.491	9.257[1]	502.748	1,016.582	74.758[1]	1,091.340
FY 2016 Deal	548.091	58.798	606.889	518.491	14.895	533.386	1,066.582	73.693	1,140.275
Deal vs. Current	+25.000	-6.703	+18.297	+25.000	+5.638	+30.638	+50.000	-1.065	48.935
Current FY 2017 Caps	536.068	[2]	[2]	503.531	[2]	[2]	1,039.599	[2]	[2]
FY 2017 Deal	551.068	58.798	609.866	518.531	14.895	533.426	1,069.599	73.693	1,143.292
Deal vs. Current	+15.000			+15.000			+30.000		

1. The FY 2016 OCO levels reflect the currently appropriated levels in the Fiscal Year 2016 Continuing Appropriations Act. The President's Budget requested $51 billion for Defense OCO and $7 billion for Non-Defense OCO in FY 2016.
2. Under current law, there are no pre-determined levels for OCO in the years beyond the Budget Year.

Some observers have made comparisons between the spending levels in H.R. 1314 and those prescribed for FY 2016 in the House-passed FY2012 budget resolution. Total discretionary spending in FY2016 would be $17.3 billion higher under H.R. 1314 than called for in the FY2102 budget. If only base spending were considered (disregarding defense and non-defense OCO spending), then H.R. 1314 would be $6 billion lower than that called for in the FY2012 resolution.

Comparison to FY2012 House-Passed Budget

(Budget Authority in Billions of Dollars)

	FY2016 in the FY12 House-Passed Budget	Bipartisan Budget Act of 2015	Difference
Defense	634.895	548.091	- 86.804
Non-Defense	437.871	518.491	80.62
OCO	50	73.5	23.5
Total	**1122.766**	**1140.082**	**17.316**
Non-OCO Discretionary Total	**1072.766**	**1066.582**	**- 6.184**

The Budget Control Act (BCA) of 2011 imposed caps on Defense and Non-Defense discretionary spending for Fiscal Years 2012 – 2021. After the Joint Select Committee on Deficit Reduction (more popularly known as the Super Committee) failed to propose additional deficit reduction, the BCA caps were automatically reduced to achieve the total amount of spending reduction agreed upon in the BCA. The BCA caps have been modified by two laws: the American Taxpayer Relief Act of 2012 (ATRA) increased the caps for Fiscal Year 2013 and the Ryan-Murray Bipartisan Budget Act of 2013 increased the discretionary caps for Fiscal Years 2014 and 2015.

The Fiscal Year 2016 Continuing Resolution provided funding through December 11, 2015.

According to analysis by the National Taxpayers Union Foundation, the spending restraint imposed by the Budget Control Act has reduced spending by $1.3 trillion compared to the levels originally proposed by the President, an amount equal to $8,980 per household. Economist Stephen Moore says that the BCA helped contribute to "the first three-year reduction in federal spending since the 1950s."

Although some argue a deal to increase the spending caps is needed to allow for a regular order budget process, recent history shows that this is unlikely to come to fruition. After the Ryan-Murray deal, the Senate did not pass a Budget Resolution or even a regular appropriations bill on time.

Mandatory Sequester: The BCA also included a two percent sequester for certain mandatory spending programs.

This bill extends the mandatory sequester for FY 2025. This is estimated to reduce mandatory spending by $14 billion.

Budget Resolution for FY 2017: The bill deems a budget for FY 2017 in the Senate instead of actually requiring the Senate to debate and pass a Budget Resolution next year.

Title II – Agriculture

Title II requires that the Federal Crop Insurance Corporation renegotiate reinsurance agreements with private insurers that provide crop insurance by the end of 2016 and every five years thereafter. The Corporation would be required to set a target rate of return for the private insurers of 8.9% of the retained premium, which is a decrease from the current rate of return of about 14.5%. The reduced rate of return for the private insurers would decrease the cost to the federal government to provide reinsurance coverage; however, it would also disincentive private insurers from being involved in the market. While it is the result of reducing the rate at which the federal government subsidizes private insurers' risk, it is possible that the net effect of this provision would be to reduce the overall availability of private insurance, which may concern some conservatives.

Title III – Commerce

Title III amends the Communications Act of 1934 (specifically, 47 U.S.C. 227(b)) to authorize auto-dialing of mobile phones in order to collect debts owed to the United States government. Under current law, auto-dialers may not be used to call mobile phones. This section would also direct the Federal Communications Commission to prescribe regulations for the frequency and lengths of such calls within 9 months of enactment. It is assumed that the ability to use auto-dialers to call mobile phones will improve the rate at which the government collects on debts, thereby increasing total federal revenue.

Title IV – Strategic Petroleum Reserve

Drawdown Sale:

Title IV directs the Department of Energy to conduct a drawdown sale of oil from the Strategic Petroleum Reserve (SPR). Sales of 58 million barrels of oil would be spread across FY 2018-2025, with five million barrels being sold in each year FY2018-2021, eight million sold in FY2022, and ten million sold in each year FY2023-2025. Proceeds from the sale would be deposited into the general fund of the Treasury, rather than into the SPR Account, which would otherwise remain available to replenish the SPR oil stocks in the future.

Strategic Review:

This title would also require the Secretary of Energy to conduct a strategic review of the role the SPR should play in U.S. policy and its ability to fulfill that role. Some observers have suggested that, given the increase in U.S. oil production in recent years, the value of holding large reserves of oil for strategic purposes may no longer be worthwhile.

SPR Improvement Fund

Finally, in addition to the major drawdown sales from FY2018-2025, the Secretary would be authorized to sell up to $2 billion worth of oil and deposit the proceeds into the Energy Security and Infrastructure Modernization Fund, which would remain available to fund infrastructure improvements at the SPR, subject to limitation in annual appropriations legislation.

Title V – Pensions

Title V would make several changes to pension insurance programs administered by the Pension Benefit Guarantee Corporation (PBGC) and other federal pension policy.

PBGC Premium Increases:

Under current law, single-employer (non-union) pension sponsors pay two premiums to the PBGC. The first is a flat premium of $64 per enrollee. The second is a premium of $30 per every $1000 that the pension plan is underfunded. A pension plan's funded status is determined by subtracting the net present value of the retirement payments it will need to make in the future from the total assets held by the plan today. If the future payments are more than the plans assets, than it is said to be underfunded by the amount payments exceed assets. Both PBGC premiums are indexed for inflation.

H.R. 1314 would increase both premiums, with the per enrollee premium rising to $69 in 2017, $74 in 2018, and $80 in 2019, and the underfunding premium would be increased by $3 in 2017, $4 in 2018, and $4 in 2019, and then returning to the formula rate established in law (29 U.S.C. 1306(a)(8)). While these premium increases would generate additional federal revenue, the PBCG is itself already severely underfunded. The Government Accountability Office estimated that the PBCG was underfunded by over $60 billion in FY 2014, with nearly $20 billion of that deficit coming from the single-employer program. If these premium increases are used to offset increased spending under H.R. 1314, the taxpayers will be left exposed to major future costs due to the PBGC deficit.

PBCG Premium Timing Shift:

Under current law, PBGC premiums must be paid on the 15th day of the 10th calendar month of the premium year. H.R. 1314 would shift this timing requirement to the 15th day of the 9th month for 2025, thereby moving this premium revenue inside the ten year budget window for the purposes of scoring H.R. 1314. Importantly, while this provision improves the bill's CBO score, it does not, in fact, improve the fiscal condition of the federal government in any way as the revenues would still have been collected without this law, but a month later. Conservatives have long opposed budgetary gimmicks of this nature.

Pension Smoothing:

Title V also includes provisions allowing pension plan sponsors to use artificially high interest rates in calculating the future costs of plan benefits. This practice, called pension smoothing, allows sponsors to assume a higher rate of return on their plan assets than current financial markets indicate is likely , and thereby reduces the amount sponsors need to contribute to pension plans and their degree of underfunding, if applicable. As a result of the lower pension plan contributions, sponsors would have higher taxable income because they would have fewer deductions, thereby increasing federal revenues. However, this practice also tends to reduce the overall fiscal soundness of pension plans, likely increasing future draws on the PBGC. When combined with the diversion of premiums to cover spending in H.R. 1314 noted above, the net effect of Title V is to leave taxpayers exposed to significant future losses.

Finally, sponsors would be allowed to more easily deviate from using the mortality tables maintained by the Treasury to estimate future plan expenditures based on the likely lifespans of participants.

Title VI: Health Care

Medicare Part B Premiums:

Beneficiaries of the Medicare Part B program generally pay premiums that cover 25 percent of the program's cost. Therefore, when the costs of the program increase, premiums will also increase.

However, current law includes a "hold harmless" provision for most Social Security beneficiaries that blocks a Part B premium increase in excess of the annual Cost of Living adjustment (COLA) increase in their Social Security checks.

In 2016, there will not be a Social Security COLA increase. According to CRS, "Medicare Part B premiums would be affected in two ways. For about 70% of Part B participants, the hold-harmless provision would prevent their Part B premiums from increasing, so their Social Security checks would remain the same. For the other 30% of beneficiaries, the hold-harmless provision would not apply. These individuals would shoulder the entire beneficiary share of the increase in Part B costs." As a result of bearing the entirety of the increase, monthly premiums for unprotected beneficiaries would rise from $104.90 in 2015 to $159.30 in 2016.

In order to prevent the large premium increase, H.R. 1314 would limit the premium for those not held harmless at $120 for 2016. This is estimated to be the amount all Medicare Part B premiums would otherwise be set if the general hold-harmless provision did not exempt 70% of beneficiaries from the premium increase.

In order to cover the cost of reducing premiums in 2016, there would be a transfer from the general fund of the Treasury to the Medicare Part B trust fund. In order to repay the transfer from the general fund to Medicare, those not covered by the hold-harmless provision would be charged an additional $3 per month until the transfer is repaid.

If in 2017 there is again no Social Security COLA increase resulting in a repetition of the large premium increase for a small cohort, the temporary provisions described above for 2016 would apply again, and the $3 per month repayment would be extended to cover the additional transfers to Medicare from the general fund.

Medicaid Generic Drug Rebates:

Under current law, drug manufactures are required to pay rebates to Medicaid if the cost of a brand name drug covered by the program increases faster than the rate of inflation. This requirement, however, does not apply to generic drugs. H.R. 1314 would require manufacturers to pay these rebates if costs of generics rise faster than inflation. A similar provision was included in President Obama's FY2015 budget.

Auto-Enrolment Repeal:

H.R. 1314 would repeal the requirement that employers with more than 200 full-time employees that offer health insurance must automatically enroll new full-time employees in the plan. While this provision of Obamacare was scheduled to take effect in 2014, it is not currently being enforced and the Department of Labor has announced that it would not be enforced until implementing regulations are written by the Department.

This provision was included as Title I of H.R. 3762 – the Restoring Americans' Healthcare Freedom Reconciliation Act of 2015, which passed the House by a vote of 240 - 189 on October 23, 2015. As a part of that legislation, CBO estimated that this provision would increase direct spending by $4.3 billion and increase federal revenues by $12.2 billion, for a net deficit reduction of $7.9 billion over the 2016-2025 period.

Title VII – Judiciary

Civil Monetary Penalties:

H.R. 1314 would amend the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note) to require the head of each federal agency to annually increase the amount of any civil penalty under the agency's jurisdiction by the amount of inflation. This adjustment requirement would also be expanded to cover fines levied pursuant to the Occupational Safety and Health Act of 1970 (29 U.S.C. 651 et seq.), or the Social Security Act (42 U.S.C. 301 et seq.), which are currently exempt from inflation increases. Under current law, inflation adjustments occur only once every four years.

The increases prescribed by H.R. 1314 would be limited to 150% of an existing fine amount and the head of each agency would be able to reduce the amount of increase if it is determined, in consultation with the OMB, that the economic impact of increase would outweigh the budgetary benefits.

CHIMPS:

The bill relies on $2.2 billion worth of "changes in mandatory programs" (CHIMPS) to offset higher spending under Title I. Because of the CBO scoring conventions, a bill can offset increases in discretionary spending if it reduces mandatory spending in the first year of the budget window. These CHIMPS are often just gimmicks that shift the timing of mandatory spending or deal with funds that were not going to be spent anyway, and allow increases in discretionary spending year after year using the same "offset" over and over.

Crime Victims Fund

H.R. 1314 rescinds $1.5 billion from the Crime Victims Fund. This fund supports state victim compensation and assistance programs; deposits to the fund come from criminal fines and other penalties. Since 2000, Congress has capped disbursements from the fund in appropriations bills, allowing the unobligated amounts to be counted as an offset to spending year after year. In FY16, the balance for the Crime Victims Fund is projected to be $13.4 billion.

Asset Forfeiture Fund

H.R. 1314 would rescind $746 million form the Asset Forfeiture Fund. In addition to concerns about the budgetary gimmick, some conservatives may also be concerned with using funds derived from the Civil Asset Forfeiture process, which can seize individual's private property without a trial and conviction, and often without them even being charged with a crime.

Title VIII: Social Security

Social Security Disability Insurance:

Background:

The 2015 Social Security Trustees Report projects that the Disability Insurance (DI) Trust Fund will be depleted in 2016. In the fourth quarter of next year, disabled beneficiaries face a 19 percent across-the-board cut in benefits unless Congress enacts reforms.

Social Security DI costs have exceeded revenue since 2005.

The President's budget proposed diverting payroll tax revenue meant for the Old Age and Survivors Insurance (OASI) Trust Fund to the DI Trust Fund through 2020, which would allow the DI fund to remain solvent for a period while bankrupting the Old Age fund faster.

At the beginning of the 114th Congress, the House adopted a rules change put forward by Representative Sam Johnson to protect Social Security by requiring any DI reform proposal to shore up the DI and OASDI funds on a combined basis.

Ensuring Correct Payments and Reducing Fraud:

The bill requires the Social Security Administration (SSA) to establish cooperative disability investigations (CDI) units in every state. CDIs investigate DI claims and help uncover and prevent fraud.

The bill prohibits the inclusion of medical evidence from unlicensed individuals or doctors convicted of fraud when making determinations of a disability claim.

The bill increases criminal penalties for Social Security fraud.

The bill increases the amount than can be spent above the discretionary budget caps for CDIs and other tools to investigate DI fraud by a total of $484 million over the FY 2017 – 2020 period.

Promoting Opportunity for Disability Beneficiaries:

The bill extends the authority of SSA's current demonstration projects that promote work and require additional Congressional oversight.

The bill requires the SSA to establish a new demonstration project that would allow beneficiaries to work while avoiding a "cash cliff". Instead of cutting off all benefits if a DI beneficiary earns above the gainful activity limit, under this demonstration project participating beneficiaries would see their benefits reduced by $1 for each $2 earned from work above a threshold. This provides an incentive for those beneficiaries who are able to engage in work to do so.

The bill allows SSA to obtain earnings information about beneficiaries from payroll providers with the beneficiary's consent, removing the responsibility of reporting this information from the beneficiary. The bill would also allow beneficiaries who self-report earnings to do so electronically.

Protecting Social Security Benefits:

The bill requires SSA to ensure a doctor has completed the medical portion of the case review when making initial determinations for DI benefits.

The bill reallocates .57 percent of the 12.4% payroll tax away from the Social Security retirement program and to the DI program each year of the 2016 – 2018 period. According to the Ways and Means Committee, this would make the DI program solvent until 2022 and, when combined with other reforms in the bill, would not shorten the life of the retirement program.

The bill allows the SSA to undergo a more rigorous evaluation when a beneficiary asks for a waiver of an overpayment adjustment when the beneficiary claims they are without fault and are unable to repay.

Relieving Administrative Burdens and Miscellaneous Provisions:

The bill requires SSA to repay the Office of Personnel Management (OPM) if OPM overpays a federal retiree disability payments if the SA determines that the retiree is also eligible for DI and is owed past-due DI benefits (resulting in an overpayment of OPM disability payments).

The bill eliminates outdated provisions of DI law.

The bill requires several reports to Congress covering fraud and fraud prevention.

The bill allows SSA to conduct additional reviews of candidates to be appointed as Administrative Law Judges (ALJs) who review DI appeals. This would allow more ALJs to be hired and help relieve the significant backlog and caseload.

Title IX: Debt Limit

The bill suspends the debt limit through March 15, 2017. An increase of this magnitude will likely incur new debt of about $1.5 trillion, taking the debt limit to about $19.6 trillion.

The statutory debt limit was reinstated on March 16, 2015, after being temporarily suspended since February 14, 2014, by the Temporary Debt Limit Extension Act. During that period, the federal debt increased from $17.2 trillion to $18.1 trillion. The Treasury is currently utilizing "extraordinary measures" to manage cash flow and temporarily alleviate the need to increase the debt limit. Details concerning the extraordinary measures utilized in recent months – including the type, amount used, and estimates of authority remaining – are available from the Treasury here.

According to a letter from Treasury Secretary Lew, the extraordinary measures will be exhausted no later than Tuesday, November 3.

The CBO has estimated that "the Treasury will begin running a very low cash balance in early November, and the extraordinary measures will be exhausted and the cash balance entirely depleted sometime during the first half of November. At such time, the government would be unable to fully pay its obligations, a development that would lead to delays of payments for government activities, a default on the government's debt obligations, or both."

The Bipartisan Policy Center "estimates that Treasury will have insufficient cash to meet all financial obligations sometime between November 10th and November 19th."

Title X: Spectrum Pipeline

By 2022, the bill requires the Secretary of Commerce to identify 30 MHz of spectrum to be auctioned by the Federal Communications Commission (FCC) by July 1, 2024.

The bill allocates $500 million (in mandatory funding) of the Spectrum Relocation Fund (SRF) to be used for research and development of spectrum technologies. Going forward, ten percent of funds allocated to the SRF will be allocated (in mandatory funding) to research and development. The SRF was originally meant to provide federal agencies a way to recover costs from relocating spectrum and to be derived from the proceeds of spectrum auctions.

The bill requires the FCC to report to Congress on opportunities to reallocate spectrum from government to commercial use.

Title XI: Revenue Provisions Related to Tax Compliance

Partnership Audits:

The bill would repeal current rules for auditing partnerships of 10 or more partners and of 100 or more partners.

Under the bill, partnerships of 100 or more partners would have changes in audits applied to the partnership, not individual partners. According to the Wall Street Journal, this would make it easier for the IRS to audit large partnerships.

Partnership Interests Created by Gift:

The bill would clarify rules regarding interests in partnerships that were established by gifts from family members so that the test for determining who is a partner is a general one.

Title XII: Designation of Small House Rotunda

The bill would designate the first floor area of the House of Representatives wing where busts of Winston Churchill, Lajos Kossuth, and Vaclav Havel are on display of the U.S. Capitol as "Freedom Foyer."

OUTSIDE GROUPS:

Opposition

- **Club for Growth** **and** **Heritage Action** joint statement: "It represents the very worst of Washington – a last minute deal that increases spending and debt under the auspices of fiscal responsibility. If this deal moves forward, it will undermine efforts to unite the party by those promising to advance serious policy reforms."
- **Heritage Action**: "Heritage Action will strongly oppose any budget deal that increases spending in the near-term for promises of woefully inadequate long-term reductions especially if that deal is tied to a long-term debt limit increase that does not contain the policies that get our nation on a path to balance."
- **FreedomWorks**: **Key Vote**
- **Citizens Against Government Waste**
- **American Conservative Union**
- **Taxpayers Protection Alliance**: "Why This Budget Deal Makes No Sense For Taxpayers."
- Dan Mitchell of the **Cato Institute**: "Spend More Now and Promise to Spend Less in the Future."
- Jenny Beth Martin of the **Tea Party Patriots**: "this budget 'deal' will undo the spending caps Republicans fought for, adding an additional $80 billion to the deficit. On top of that, the 'deal' will suspend the debt limit and allow Washington insiders to add more to our $18 trillion national debt."
- **Heritage Foundation**: Analysis of the Bipartisan Budget Act of 2015
- **Committee for a Responsible Federal Budget**: "Too many gimmicks, too few reforms."

- A coalition of conservative groups urges Members "to ensure that any legislation providing discretionary funding for Fiscal Year 2016 adhere to the discretionary spending levels set forth by the Budget Control Act of 2011 (BCA)." Signers include:
  - Freedom Partners Chamber of Commerce
  - American Commitment
  - Americans for Competitive Enterprise
  - Americans for Limited Government
  - Americans for Prosperity
  - Americans for Tax Reform
  - Campaign for Liberty
  - Center for Freedom & Prosperity
  - Council for Citizens Against Government Waste
  - Club for Growth
  - Coalition to Reduce Spending
  - Competitive Enterprise Institute
  - Concerned Veterans for America
  - Concerned Women for America
  - FreedomWorks
  - Generation Opportunity
  - Hispanic Leadership Fund
  - Independent Women's Voice
  - Independent Women's Forum
  - The Libre Initiative
  - National Taxpayer Union
  - R Street Institute
  - Taxpayers for Common Sense
  - Rio Grande Foundation

COMMITTEE ACTION:

H.R. 1314 was introduced on March 4, 2015, as the Trade Act of 2015 and referred to the Committee on Ways and Means. The bill was subsequently passed in the House on April 15, 2015, and amended and passed in the Senate on May 22, 2015. Following a division of the question by title, in the matter preceding Title II the House concurred in the Senate Amendment while tabling the motion to concur in the Senate amendment to Title II.

The rule providing for additional consideration of H.R. 1314 is expected to strike all after the enacting clause and insert the text of the Bipartisan Budget Act of 2015.

ADMINISTRATION POSITION:

No Statement of Administration Policy is available at this time.

CONSTITUTIONAL AUTHORITY:

Constitutional authority statements are not required for amendments.

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