To cut, cap, and balance the Federal budget.

IN THE SENATE OF THE UNITED STATES

AUGUST 2, 2012

Mr. Lee (for himself, Mr. Paul, Mr. DeMint, Mr. Coburn, Mr. Blunt, Mr. Risch, Mr. Toomey, Mr. Graham, Mr. Isakson, Mr. Vitter, Mr. Rubio, Mr. Cornyn, Mr. Crapo, Mr. Johnson of Wisconsin, Mr. Alexander, Mr. Chambliss, Mr. Barrasso, Mr. Hatch, Mr. Thune, Mr. Boozman, Mr. Inhofe, Mr. Wicker, and Mr. Portman) introduced the following bill; which was read twice and referred to the Committee on the Budget.

A BILL

To cut, cap, and balance the Federal budget.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Cut, Cap, and Balance Act of 2012”.

TITLE I—CUT

SEC. 101. REDUCTION OF 2013 SPENDING.

For purposes of section 302(a) of the Congressional Budget Act of 1974, the estimated allocation of the appro-
priate levels of budget totals for fiscal year 2013 for the Senate Committee on Appropriations shall be—

(1) $985,000,000,000 in total new budget authority; and

(2) $1,118,000,000,000 in total budget outlays.

TITLE II—CAP

SEC. 201. SENSE OF CONGRESS.

It is the sense of Congress that Congress should enact comprehensive tax reform that lowers marginal rates, broadens the base, and simplifies the tax code to increase economic growth while generating revenues that are in line with the historical average of 18% of GDP.

SEC. 202. MODIFICATION OF THE CONGRESSIONAL BUDGET ACT.

Title III of the Congressional Budget Act of 1974 is amended by inserting at the end the following:

"SEC. 316. DISCRETIONARY SPENDING LIMITS.

“(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause the discretionary spending limits as set forth in this section to be exceeded.

“(b) LIMITS.—In this section, the term ‘discretionary spending limits’ has the following meaning:

“(1) For fiscal year 2013—
“(A) for the defense category (budget function 050), $546,000,000,000 in budget authority; and

“(B) for the non-defense category, $439,000,000,000 in budget authority.

“(2) For fiscal year 2014—

“(A) for the defense category (budget function 050), $556,000,000,000 in budget authority; and

“(B) for the non-defense category, $440,000,000,000 in budget authority.

“(3) For fiscal year 2015—

“(A) for the defense category (budget function 050), $566,000,000,000 in budget authority; and

“(B) for the non-defense category, $439,000,000,000 in budget authority.

“(4) For fiscal year 2016—

“(A) for the defense category (budget function 050), $577,000,000,000 in budget authority; and

“(B) for the non-defense category, $439,000,000,000 in budget authority.

“(5) For fiscal year 2017—
“(A) for the defense category (budget function 050), $590,000,000,000 in budget authority; and

“(B) for the non-defense category, $441,000,000,000 in budget authority.

“(6) For fiscal year 2018—

“(A) for the defense category (budget function 050), $603,000,000,000 in budget authority; and

“(B) for the non-defense category, $440,000,000,000 in budget authority.

“(7) For fiscal year 2019—

“(A) for the defense category (budget function 050), $616,000,000,000 in budget authority; and

“(B) for the non-defense category, $440,000,000,000 in budget authority.

“(8) For fiscal year 2020—

“(A) for the defense category (budget function 050), $630,000,000,000 in budget authority; and

“(B) for the non-defense category, $440,000,000,000 in budget authority.

“(9) For fiscal year 2021—
“(A) for the defense category (budget function 050), $644,000,000,000 in budget authority; and

“(B) for the non-defense category, $442,000,000,000 in budget authority.

“(10) For fiscal year 2022—

“(A) for the defense category (budget function 050), $654,000,000,000 in budget authority; and

“(B) for the non-defense category, $449,000,000,000 in budget authority.

“(c) ADJUSTMENTS.—After the reporting of a bill or joint resolution relating to overseas deployments described in subsection (d), or the offering of an amendment thereto or the submission of a conference report thereon—

“(1) the Chairman of the Senate Committee on the budget may adjust the discretionary spending limits provided in this section, the budgetary aggregates in the concurrent resolution on the budget most recently adopted by the Senate and the House of Representatives, and allocations pursuant to section 302(a) of the Congressional Budget Act of 1974, by the amount of new budget authority in that measure for that purpose and the outlays flowing therefrom; and
“(2) following any adjustment under paragraph
(1), the Senate Committee on Appropriations may
report appropriately revised suballocations pursuant
to section 302(b) of the Congressional Budget Act of
1974 to carry out this subsection.

“(d) OVERSEAS DEPLOYMENTS.—If a bill or joint
resolution is reported making appropriations for fiscal
year 2013 or 2014 that provides funding for overseas de-
ployments and activities undertaken as a result of a dec-
laration of war or Congressional authorization of force, the
allowable adjustments provided for in subsection (c) shall
not exceed the following:

“(1) For fiscal year 2013, $90,000,000,000 in
budget authority.

“(2) For fiscal year 2014, $20,000,000,000 in
budget authority.

“(e) POINT OF ORDER IN THE SENATE.—

“(1) WAIVER.—The provisions of this section
shall be waived or suspended in the Senate only—

“(A) by the affirmative vote of two-thirds
of the Members, duly chosen and sworn; or

“(B) in the case of defense budget author-
ity, if Congress declares war or authorizes the
use of force.
“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

“SEC. 317. CERTAIN MANDATORY SPENDING LIMITS.

“(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause total on-budget mandatory spending, except as excluded in subsection (b), to exceed the limits specified in subsection (c).

“(b) EXEMPT FROM SPECIFIED LIMITS.—The mandatory components of the following functions are exempt from the limits specified in subsection (c):

“(1) Social Security, function 650.

“(2) Medicare, function 570.

“(3) Veterans Benefits and Services, function 700.

“(4) Net Interest, function 900.
“(c) Limits on Remaining Mandatory Spending.—The total combined budget authority for all mandatory spending not exempted in subsection (b) shall not exceed the following limits:

“(1) For fiscal year 2013, $759,000,000,000 in budget authority.

“(2) For fiscal year 2014, $697,000,000,000 in budget authority.

“(3) For fiscal year 2015, $662,000,000,000 in budget authority.

“(4) For fiscal year 2016, $641,000,000,000 in budget authority.

“(5) For fiscal year 2017, $628,000,000,000 in budget authority.

“(6) For fiscal year 2018, $629,000,000,000 in budget authority.

“(7) For fiscal year 2019, $642,000,000,000 in budget authority.

“(8) For fiscal year 2020, $653,000,000,000 in budget authority.

“(9) For fiscal year 2021, $661,000,000,000 in budget authority.

“(10) For fiscal year 2022, $688,000,000,000 in budget authority.

“(d) Point of Order in the Senate.—
“(1) Waiver.—The provisions of this section shall be waived or suspended in the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

“(2) Appeal.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

“SEC. 318. LIMITS FOR SOCIAL SECURITY.

“(a) In General.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause total mandatory spending for Social Security (function 650) to exceed the limits specified in subsection (b).

“(b) Limits.—

“(1) In General.—For purposes of this section the limits are as follows:

“(A) For fiscal year 2013, total outlays shall be $812,950,000,000.
“(B) For fiscal year 2014, total outlays shall be $855,960,000,000.

“(C) For fiscal year 2015, total outlays shall be $900,380,000,000.

“(D) For fiscal year 2016, total outlays shall be $948,300,000,000.

“(E) For fiscal year 2017, total outlays shall be $1,002,220,000,000.

“(F) For fiscal year 2018, total outlays shall be $1,060,820,000,000.

“(G) For fiscal year 2019, total outlays shall be $1,124,720,000,000.

“(H) For fiscal year 2020, total outlays shall be $1,193,610,000,000.

“(I) For fiscal year 2021, total outlays shall be $1,264,910,000,000.

“(J) For fiscal year 2022, total outlays shall be $1,339,660,000,000.

“(2) EXCEPTION.—If the Congressional Budget Office determines that projected outlays are expected to exceed the limits specified above due to changes in cost-of-living adjustments contained in present law subsection (e) shall not apply.

“(c) POINT OF ORDER IN THE SENATE.—
“(1) WAIVER.—The provisions of this section shall be waived or suspended in the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

“SEC. 319. LIMITS FOR MEDICARE.

“(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause total mandatory spending for Medicare (function 570) to exceed the limits specified in subsection (b).

“(b) LIMITS.—For purposes of this section the limits are as follows:

“(1) For fiscal year 2013, total outlays shall be $515,440,000,000.
“(2) For fiscal year 2014, total outlays shall be $539,840,000,000.

“(3) For fiscal year 2015, total outlays shall be $564,400,000,000.

“(4) For fiscal year 2016, total outlays shall be $613,340,000,000.

“(5) For fiscal year 2017, total outlays shall be $630,980,000,000.

“(6) For fiscal year 2018, total outlays shall be $654,100,000,000.

“(7) For fiscal year 2019, total outlays shall be $717,110,000,000.

“(8) For fiscal year 2020, total outlays shall be $769,480,000,000.

“(9) For fiscal year 2021, total outlays shall be $822,530,000,000.

“(10) For fiscal year 2022, total outlays shall be $910,200,000,000.

“(c) POINT OF ORDER IN THE SENATE.—

“(1) Waiver.—The provisions of this section shall be waived or suspended in the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

“(2) Appeal.—Appeals in the Senate from decisions of the Chair relating to any provision of this
section shall be limited to one hour, to be equally di-
vided between, and controlled by, the appellant and
the manager of the measure. An affirmative vote of
two-thirds of the Members of the Senate, duly cho-
sen and sworn, shall be required to sustain an ap-
peal of the ruling of the Chair on a point of order
raised under this section.

SEC. 320. LIMITS FOR MANDATORY FUNCTION 700 SPEND-
ING.

“(a) In General.—It shall not be in order in the
House of Representatives or the Senate to consider any
bill, joint resolution, amendment, or conference report that
includes any provision that would cause total mandatory
spending for Veterans Benefits and Services (function
700) to exceed the limits specified in subsection (b).

“(b) Limits.—For purposes of this section the limits
are as follows:

“(1) For fiscal year 2013, total outlays shall
not exceed $73,160,000,000.

“(2) For fiscal year 2014, total outlays shall
not exceed $73,620,000,000.

“(3) For fiscal year 2015, total outlays shall
not exceed $75,320,000,000.

“(4) For fiscal year 2016, total outlays shall
not exceed $82,300,000,000.
“(5) For fiscal year 2017, total outlays shall not exceed $79,360,000,000.

“(6) For fiscal year 2018, total outlays shall not exceed $76,070,000,000.

“(7) For fiscal year 2019, total outlays shall not exceed $83,530,000,000.

“(8) For fiscal year 2020, total outlays shall not exceed $85,760,000,000.

“(9) For fiscal year 2021, total outlays shall not exceed $88,000,000,000.

“(10) For fiscal year 2022, total outlays shall not exceed $95,940,000,000.

“(c) POINT OF ORDER IN THE SENATE.—

“(1) WAIVER.—The provisions of this section shall be waived or suspended in the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an ap-
peal of the ruling of the Chair on a point of order raised under this section.”

SEC. 203. STATUTORY ENFORCEMENT OF SPENDING CAPS THROUGH SEQUESTRATION.

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after section 253 the following:

“SEC. 253A. ENFORCEMENT OF DISCRETIONARY AND MANDATORY CAPS.

“(a) ANNUAL REPORT AND SEQUESTRATION ORDER.—

“(1) REPORT.—Not later than 30 calendar days following the start of each fiscal year, the Office of Management and Budget shall make publicly available and cause to be printed in the Federal Register an annual report containing expected budget authority and outlays for the categories and limits established in sections 316 through 320 of the Congressional Budget Act of 1974. The limits established in such sections shall be enforced without regard to the waiver of such limits by either House.

“(2) ORDER.—If the annual report issued by OMB, as required by paragraph (1), shows any category exceeding specified spending caps, OMB shall prepare and the President shall issue and include in
that report a sequestration order that, upon issuance, shall reduce budgetary resources by an amount sufficient to bring spending in line with that category’s statutory cap.

“(3) EFFECTIVE DATE.—The sequestration order shall take effect no later than 60 days after completion by the OMB.

“(b) CALCULATING A SEQUESTRATION.—

“(1) IN GENERAL.—OMB shall calculate the uniform percentage each program within a category that has exceeded its spending cap shall be reduced to bring that category’s budget authority and/or outlays in line with the limits referred to in subsection (a)(1).

“(2) IMPLEMENTATION.—The sequesters shall be implemented as follows:

“(A) For the discretionary limits in section 316 of the Congressional Budget Act of 1974, pursuant to section 251 with each category sequestered separately.

“(B) For the mandatory limits in section 317 of the Congressional Budget Act of 1974, pursuant to the Statutory Pay-As-You-Go Act of 2010, except that section 7 of such Act shall not apply.
“(C) For the Social Security limits in section 318 of the Congressional Budget Act of 1974, the Social Security Administration shall modify the program so that all benefits and administrative expenses are reduced in a uniform fashion by a percentage sufficient to allow the program to operate under its cap.

“(D) For the Medicare limit in section 319 of the Congressional Budget Act of 1974, the Centers for Medicare & Medicaid Services (CMS) shall modify the program so that all outlays are reduced by a uniform percentage sufficient to bring the program under its cap.

“(E) For the Veterans Benefits and Services limit in section 320 of the Congressional Budget Act of 1974, the Secretary of Defense and the Secretary of Veterans Affairs shall modify the program so that the program operates under its spending cap.

“(c) MODIFICATION OF PRESIDENTIAL ORDER.—

“(1) IN GENERAL.—At any time after the Director of OMB issues a sequestration report, Congress may override the order through the passage of a law that either waves or supersedes the spending
limitations for that category of Federal spending for that fiscal year.

“(2) SENATE.—In the Senate, any motion to move to consideration of a bill to waive, modify, or in any way alter a sequestration order shall be subject to a point of order that can only be waived through an affirmative vote of two-thirds of the Members, duly chosen and sworn. This point of order shall not apply to defense spending while the nation is engaged in a conflict which has been justified through a declaration of war or a Congressional authorization of force.”.

SEC. 204. CONFORMING AMENDMENTS.

(a) IN GENERAL.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in section 250(c)(1) (2 U.S.C. 900(c)(1)), by striking “shall mean the amounts specified in section 251 of this Act” and inserting “shall mean the amounts specified in section 316 of the Congressional Budget Act of 1974”;

(2) in section 251 (2 U.S.C. 901), by striking subsections (b) and (c);

(3) by striking section 251A (2 U.S.C. 901a);

(4) in section 254 (2 U.S.C. 904)—
(A) in subsection (c)(2), by striking “under section 251” and inserting “under section 316 of the Congressional Budget Act of 1974”; and

(B) in subsection (f)(2)(A), by striking “under section 251” and inserting “under section 316 of the Congressional Budget Act of 1974”; and

(5) in the table of contents, by striking the item relating to section 251A.

(b) CONGRESSIONAL BUDGET ACT OF 1974.—The Congressional Budget Act of 1974 is amended—

(1) in section 302(a)(3)(A) (2 U.S.C. 633(a)(3)(A)), by striking “section 251(c) of that Act” and inserting “section 316”;

(2) in section 312(b)(1) (2 U.S.C. 643(b)(1)), by striking “section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985” and inserting “section 316”;

(3) in section 314 (2 U.S.C. 645)—

(A) in subsection (a), by striking “section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985” and inserting “section 316”; and

(B) by striking subsections (d), (e), and (f); and
(4) in section 904(c)(2) (2 U.S.C. 621 note) by striking “312(c), and 314(e)” and inserting “312(c)”.

(e) BUDGET CONTROL ACT OF 2011.—Section 106 of the Budget Control Act of 2011 (2 U.S.C. 631 note) is repealed.

(d) OTHER LAWS.—

(1) The matter under the heading “EMERGENCY FOREST SERVICE FIREFIGHTING FUND” under the heading “FOREST SERVICE” under the heading “DEPARTMENT OF AGRICULTURE” under title II of the Department of the Interior and Related Agencies Appropriations Act, 1992 (Public Law 102–154; 105 Stat. 1015; 16 U.S.C. 556e) by striking “: Provided further, That hereafter” and all that follows and inserting a period.

(2) Section 5006(d) of the Oil Pollution Act of 1990 (33 U.S.C. 2736(d)) is amended by striking “: Provided, That” and all that follows and inserting a period.

(3) The matter under the heading “DISASTER RELIEF” under the heading “FEDERAL EMERGENCY MANAGEMENT AGENCY” under chapter II of title I of the Dire Emergency Supplemental Appropriations and Transfers for Relief From the
Effects of Natural Disasters, for Other Urgent Needs, and for Incremental Cost of “Operation Desert Shield/Desert Storm” Act of 1992 (Public Law 102–229; 105 Stat. 1711; 42 U.S.C. 5203) is amended by striking “: Provided further, That hereafter” and all that follows and inserting a period.

(4) Section 2602(e) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(e)) is amended by striking “Funds appropriated pursuant to this subsection” and all that follows and inserting a period.

(5) The matter under the heading “EMERGENCY DEPARTMENT OF THE INTERIOR FIRE-FIGHTING FUND” under the heading “BUREAU OF LAND MANAGEMENT” under title I of the Department of the Interior and Related Agencies Appropriations Act, 1992 (Public Law 102–154; 105 Stat. 991; 43 U.S.C. 1474a) is amended by striking “: Provided further, That” and all that follows and inserting a period.

TITLE III—BALANCE

SEC. 301. REQUIREMENT THAT BBA BE SUBMITTED TO STATES.

(a) IN GENERAL.—The Secretary of the Treasury shall not exercise the additional borrowing authority under
subsection (b) of section 3101 of title 31, United States Code until the date that the Archivist of the United States transmits to the States S.J. Res. 10 as introduced on March 31, 2011, a balanced budget amendment to the Constitution, or a similar amendment provided it requires that total outlays not exceed total receipts, that contains a spending limitation as a percentage of GDP, and requires that tax increases be approved by a super-majority vote in both houses of Congress, for their ratification.

(b) Amendment to Title 31.—Effective on the date that the Archivist of the United States transmits to the States S.J. Res. 10, a balanced budget amendment to the Constitution, or a similar amendment provided it requires that total outlays not exceed total receipts, that contains a spending limitation as a percentage of GDP, and requires that tax increases be approved by a super-majority vote in both houses of Congress, for their ratification, subsection (b) of section 3101 of title 31, United States Code, is amended by striking the dollar limitation contained in such subsection and inserting $17,400,000,000,000.