

112TH CONGRESS
1ST SESSION

H. R. 1302

To make the Federal budget process more transparent and to make future budgets more sustainable.

IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 2011

Mr. QUIGLEY (for himself, Mr. PETERS, Mr. HIMES, and Mr. POLIS) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Rules and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To make the Federal budget process more transparent and to make future budgets more sustainable.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Transparent and Sustainable Budget Act of 2011”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. Purpose.

TITLE I—RECEIPT FOR TAXPAYERS

Sec. 101. Provision of taxpayer receipt.

TITLE II—RETURN TO RESPONSIBLE BUDGET RULES

Sec. 201. Restoring House PAYGO rule.

Sec. 202. Removing authority of Budget Chairman to unilaterally set spending limits.

TITLE III—MORE TRANSPARENCY AND BETTER ACCOUNTING FOR LONG-TERM SPENDING

Subtitle A—CBO and JCT Descriptive Analyses for Second Decade Budget Impact and Net Present Value Estimates for Any Costs Escalate Outside 10-Year Budget Window

Sec. 301. CBO and JCT descriptive analyses for second decade budget impact.

Sec. 302. CBO and JCT net present value estimates.

Subtitle B—OMB Reports on Unbudgeted Fiscal Exposures

Sec. 311. OMB reports on unbudgeted fiscal exposures.

Subtitle C—Accrual Accounting Report

Sec. 321. Accrual accounting report.

TITLE IV—RENEWED BUDGET PROCESS EMPHASIS ON FISCAL SUSTAINABILITY

Subtitle A—Reform of the President’s Budget

Sec. 401. Long-term fiscal responsibility.

Subtitle B—Reform of the Congressional Budget Resolution

Sec. 411. Long-term fiscal responsibility.

Subtitle C—Quadrennial Fiscal Sustainability Report

Sec. 421. OMB quadrennial reports.

Subtitle D—Presidential Address to Congress on Fiscal Sustainability

Sec. 431. Presidential address on long-term fiscal sustainability.

TITLE V—MORE OVERSIGHT OF TAX EXPENDITURES

Subtitle A—Identification of Tax Expenditures

Sec. 501. JCT reports on tax expenditures.

Sec. 502. Definition of tax subsidy.

Subtitle B—Enforcement of Tax Expenditure Requirements

Sec. 511. Tax expenditure points of order.

Subtitle C—Point of Order Against Tax Expenditures Unless They Sunset Within Ten Years

Sec. 521. Point of order regarding tax expenditures.

Subtitle D—Tax Expenditure Performance Reviews

Sec. 531. Tax expenditure performance reviews.

Subtitle E—Studies To Improve the Use of IRS Data in Evaluating Tax Expenditures

Sec. 541. GAO report on tax expenditures.

Subtitle F—Executive Branch Reporting of Tax Expenditures

Sec. 551. Executive branch reporting of tax expenditures.

1 **SEC. 2. PURPOSE.**

2 The Congress declares that it is essential—

3 (1) to establish the sustainability of public debt
4 and annual deficits as a fundamental objective of the
5 budget process;

6 (2) to ensure that the budget of the United
7 States Government is fully transparent, comprehen-
8 sible, and accurate;

9 (3) to establish effective controls over tax ex-
10 penditures and to integrate them into the budget
11 process; and

12 (4) to initiate a public discussion about fiscal
13 sustainability and budget transparency.

14 **TITLE I—RECEIPT FOR**
15 **TAXPAYERS**

16 **SEC. 101. PROVISION OF TAXPAYER RECEIPT.**

17 (a) IN GENERAL.—Chapter 77 of the Internal Rev-
18 enue Code of 1986 (relating to miscellaneous provisions)
19 is amended by adding at the end the following new section:

1 **“SEC. 7529. TAXPAYER RECEIPT.**

2 “(a) IN GENERAL.—Not later than October 15,
3 2012, and annually thereafter, the Secretary shall provide
4 via United States mail a Tax Receipt to each taxpayer
5 (other than a trust, estate, partnership, or corporation)
6 who made a return with respect to income taxes under
7 chapter 1 for the preceding taxable year and for whom
8 a current mailing address can be determined through such
9 methods as the Secretary determines to be appropriate.

10 “(b) TAX RECEIPT.—For purposes of this section,
11 each Tax Receipt shall—

12 “(1) state the amount of taxes paid (even if \$0)
13 and refund made to the taxpayer and state (by each
14 filing status specified in subsections (a) through (d)
15 of section 1) the average amount of tax paid by tax-
16 payers in each tax bracket, and

17 “(2) contain a table listing—

18 “(A) each of the spending categories de-
19 scribed in subsection (c),

20 “(B) with respect to each spending cat-
21 egory described in subsection (c)—

22 “(i) the ratio (expressed as a percent-
23 age) which bears the same percentage of
24 the taxpayer’s income tax liability for the
25 preceding taxable year to such category as
26 the ratio that such category bears to the

1 total of the spending categories described
2 in subsection (c) for the fiscal year ending
3 in the preceding taxable year, and

4 “(ii) the proportional amount (ex-
5 pressed in dollars) of the taxpayer’s income
6 tax liability spent on that category, and

7 “(C) the percentage change the results
8 under clauses (i) and (ii) of subparagraph (B)
9 are from the preceding year (expressed in
10 positives and negatives),

11 “(3) contain a table listing—

12 “(A) each of the spending categories de-
13 scribed in subsection (c),

14 “(B) the percentage each such category is
15 of the total Federal outlays for the fiscal year
16 ending in the preceding taxable year and the
17 dollar amount of each such category, and

18 “(C) the percentage change the results
19 under subparagraph (B) are from the preceding
20 year (expressed in positives and negatives),

21 “(4) contain a table of the 10 most costly tax
22 expenditures, and the cost of such expenditures, with
23 respect to individuals (not corporations) for the fis-
24 cal year ending in the preceding taxable year,

1 “(5) contain the annual budget review described
2 in subsection (e),

3 “(6) contain the graphs described in para-
4 graphs (1) and (2) of section 7523(a) for the fiscal
5 year ending in the preceding taxable year,

6 “(7) be not more than 4 pages in length, and

7 “(8) contain the Internet address of the website
8 of the Department of the Treasury described in sub-
9 section (f).

10 “(c) SPENDING CATEGORY.—

11 “(1) IN GENERAL.—A spending category re-
12 ferred to in this subsection is one of the following:

13 “(A) Administration of Justice.

14 “(B) Agriculture.

15 “(C) Allowances.

16 “(D) Commerce and Housing Credit.

17 “(E) Community and Regional Develop-
18 ment.

19 “(F) Education, Training, Employment,
20 and Social Services.

21 “(G) Energy.

22 “(H) General Science, Space, and Tech-
23 nology.

24 “(I) General Government.

25 “(J) Health.

1 “(K) Income Security.

2 “(L) International Affairs.

3 “(M) International Development and Hu-
4 manitarian Assistance.

5 “(N) Medicare.

6 “(O) Medicaid.

7 “(P) National Defense.

8 “(Q) Natural Resources and Environment.

9 “(R) Net Interest on the National Debt.

10 “(S) Ongoing military operation authorized
11 under a formal declaration of war by Congress
12 or resolution passed by the United Nations Se-
13 curity Council, including Operation New Dawn,
14 Operation Iraqi Freedom, and Operation En-
15 during Freedom, with each such military oper-
16 ation listed as a separate spending category.

17 “(T) Salaries and Benefits for Members of
18 Congress.

19 “(U) Social Security.

20 “(V) Transportation.

21 “(W) Undistributed Offsetting Receipts.

22 “(X) Veterans Benefits and Services.

23 “(2) RULES RELATING TO APPROPRIATE
24 SPENDING CATEGORIES.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1)—

3 “(i) the spending categories shall be
4 set forth in order of cost, with the greatest
5 expense stated first, and

6 “(ii) each spending category shall
7 have a one sentence, general description of
8 the programs, projects, and activities com-
9 prising that spending category.

10 “(B) PROGRAMS, PROJECTS, AND ACTIVI-
11 TIES.—The Secretary shall assign each Federal
12 program, project, or activity to one of the cat-
13 egories described in paragraph (1). Once as-
14 signed, the program, project, or activity cannot
15 be moved to a different spending category in
16 subsequent years. If a program, project, or ac-
17 tivity changes in material substance, the Sec-
18 retary may, in consultation with Congress,
19 move the program, project, or activity to the
20 appropriate spending category.

21 “(d) TAX EXPENDITURES.—For purposes of this sec-
22 tion, the term ‘tax expenditure’ shall have the meaning
23 given such term by section 3(3) of the Congressional
24 Budget and Impoundment Control Act of 1974 (2 U.S.C.
25 621).

1 “(e) ANNUAL BUDGET REVIEW.—The annual budget
2 review described in this subsection with respect to a fiscal
3 year shall be prepared by the Secretary in consultation
4 with the Congressional Budget Office and shall—

5 “(1) use the budget projections prepared by the
6 Congressional Budget Office, and

7 “(2) include—

8 “(A) an estimate of total Federal receipts
9 and outlays for the current fiscal year,

10 “(B) actual Federal receipts and outlays
11 for the preceding 5 fiscal years, and

12 “(C) projections of Federal receipts and
13 outlays for the succeeding 10 fiscal years.

14 “(f) RULE RELATING TO NONRESIDENT ALIENS.—
15 Subsection (a) shall not apply to an individual who is a
16 nonresident alien (within the meaning of section
17 7701(b)(1)(B)).

18 “(g) WEBSITE.—

19 “(1) IN GENERAL.—The website referred to in
20 this subsection is a website on which a taxpayer can
21 input his Federal income tax liability and see more
22 detailed information concerning each of the cat-
23 egories contained in his Tax Receipt.

1 “(2) PERIOD FOR MAINTAINING TAX RE-
2 RECEIPTS.—The website shall maintain a copy of the
3 receipt for each taxpayer for the previous 5 years.

4 “(3) PROTECTION OF TAXPAYER INFORMA-
5 TION.—In making information available on a website
6 pursuant to this section, the Secretary shall ensure
7 proper access to online taxpayer records and shall
8 protect the security and privacy of taxpayer informa-
9 tion online.”.

10 (b) CLERICAL AMENDMENT.—The table of sections
11 for chapter 77 of such Code is amended by adding at the
12 end the following new item:

“Sec. 7529. Taxpayer receipt.”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to returns for taxable years begin-
15 ning after December 31, 2010.

16 **TITLE II—RETURN TO**
17 **RESPONSIBLE BUDGET RULES**

18 **SEC. 201. RESTORING HOUSE PAYGO RULE.**

19 Clause 10 of rule XXI of the Rules of the House of
20 Representatives is amended to read as follows:

21 “10.(a)(1) Except as provided in paragraphs (b) and
22 (c), it shall not be in order to consider any bill, joint reso-
23 lution, amendment, or conference report if the provisions
24 of such measure affecting direct spending and revenues
25 have the net effect of increasing the on-budget deficit or

1 reducing the on-budget surplus for the period comprising
2 either—

3 “(A) the current year, the budget year, and the
4 four years following that budget year; or

5 “(B) the current year, the budget year, and the
6 nine years following that budget year.

7 “(2) The effect of such measure on the deficit or sur-
8 plus shall be determined on the basis of estimates made
9 by the Committee on the Budget relative to baseline esti-
10 mates supplied by the Congressional Budget Office con-
11 sistent with section 257 of the Balanced Budget and
12 Emergency Deficit Control Act of 1985 and consistent
13 with sections 3(4), 3(8), and 4(c) of the Statutory Pay-
14 As-You-Go Act of 2010.

15 “(3) For the purpose of this clause, the terms ‘budget
16 year’, ‘current year’, and ‘direct spending’ have the mean-
17 ings specified in section 250 of the Balanced Budget and
18 Emergency Deficit Control Act of 1985, except that the
19 term ‘direct spending’ shall also include provisions in ap-
20 propriation Acts that make outyear modifications to sub-
21 stantive law as described in section 3(4)(C) of the Statu-
22 tory Pay-As-You-Go Act of 2010.

23 “(b) If a bill, joint resolution, or amendment is con-
24 sidered pursuant to a special order of the House directing
25 the Clerk to add as new matter at the end of such measure

1 the provisions of a separate measure as passed by the
2 House, the provisions of such separate measure as passed
3 by the House shall be included in the evaluation under
4 paragraph (a) of the bill, joint resolution, or amendment.

5 “(c)(1) Except as provided in subparagraph (2), the
6 evaluation under paragraph (a) shall exclude a provision
7 expressly designated as an emergency for purposes of pay-
8 as-you-go principles in the case of a point of order under
9 this clause against consideration of—

10 “(A) a bill or joint resolution;

11 “(B) an amendment made in order as original
12 text by a special order of business;

13 “(C) a conference report; or

14 “(D) an amendment between the Houses.

15 “(2) In the case of an amendment (other than one
16 specified in subparagraph (1)) to a bill or joint resolution,
17 the evaluation under paragraph (a) shall give no cog-
18 nizance to any designation of emergency.

19 “(3) If a bill, a joint resolution, an amendment made
20 in order as original text by a special order of business,
21 a conference report, or an amendment between the Houses
22 includes a provision expressly designated as an emergency
23 for purposes of pay-as-you-go principles, the Chair shall
24 put the question of consideration with respect thereto.”.

1 **SEC. 202. REMOVING AUTHORITY OF BUDGET CHAIRMAN**
 2 **TO UNILATERALLY SET SPENDING LIMITS.**

3 Section 3(b) of H. Res. 5 (relating to budget enforce-
 4 ment powers of chair of the Committee on the Budget)
 5 shall have no force or effect during the remainder of the
 6 112th Congress.

7 **TITLE III—MORE TRANS-**
 8 **PARENCY AND BETTER AC-**
 9 **COUNTING FOR LONG-TERM**
 10 **SPENDING**

11 **Subtitle A—CBO and JCT Descrip-**
 12 **tive Analyses for Second Decade**
 13 **Budget Impact and Net Present**
 14 **Value Estimates for Any Costs**
 15 **Escalate Outside 10-Year Budget**
 16 **Window**

17 **SEC. 301. CBO AND JCT DESCRIPTIVE ANALYSES FOR SEC-**
 18 **OND DECADE BUDGET IMPACT.**

19 (a) CBO.—Section 402 of the Congressional Budget
 20 Act of 1974 is amended by inserting “(a)” after “402.”,
 21 by striking the last sentence, and by adding at the end
 22 the following new subsections:

23 “(b) Whenever the Director of the Congressional
 24 Budget Office submits a cost estimate under subsection
 25 (a) of a bill or resolution, the Director shall also provide

1 a descriptive analysis for the second decade budget impact
2 of such bill or resolution.

3 “(c) The estimates, comparison, and description so
4 submitted shall be included in the report accompanying
5 such bill or resolution if timely submitted to such com-
6 mittee before such report is filed.”.

7 (b) JCT.—Section 202(f) of the Congressional Budg-
8 et Act of 1974 is amended by inserting “(1)” after “REV-
9 ENUE ESTIMATES.—” and by adding at the end the fol-
10 lowing new paragraph:

11 “(2) Whenever the Joint Committee on Taxation pro-
12 vides revenue estimates to the Congressional Budget Of-
13 fice under paragraph (1), the Joint Committee on Tax-
14 ation shall also provide a descriptive analysis for the sec-
15 ond decade budget impact.”.

16 **SEC. 302. CBO AND JCT NET PRESENT VALUE ESTIMATES.**

17 (a) CBO.—Section 402 of the Congressional Budget
18 Act of 1974 (as amended by section 301) is further
19 amended by adding at the end the following new sub-
20 section:

21 “(d) Whenever the Director of the Congressional
22 Budget Office submits a cost estimate under subsection
23 (a) of a bill or resolution, the Director shall also provide
24 a net present value estimate for costs outside the first 10-
25 year budget window of such bill or resolution.”.

1 (b) JCT.—Section 202(f) of the Congressional Budg-
2 et Act of 1974 (as amended by section 301) is further
3 amended by adding at the end the following new para-
4 graph:

5 “(3) Whenever the Joint Committee on Taxation pro-
6 vides revenue estimates to the Congressional Budget Of-
7 fice under paragraph (1), the Joint Committee on Tax-
8 ation shall also provide a net present value estimate for
9 costs outside the first 10-year budget window.”.

10 **Subtitle B—OMB Reports on**
11 **Unbudgeted Fiscal Exposures**

12 **SEC. 311. OMB REPORTS ON UNBUDGETED FISCAL EXPO-**
13 **SURES.**

14 Not later than July 1 of each year, the Director of
15 the Office of Management and Budget, in conjunction
16 with the Secretary of the Treasury, shall publish a report
17 on the size, scope, risk, and cost of the contingent liabil-
18 ities of the Government, including the implicit guarantees
19 to government sponsored enterprises such as the Federal
20 National Mortgage Association and the Federal Home
21 Loan Mortgage Corporation.

1 **Subtitle C—Accrual Accounting**
2 **Report**

3 **SEC. 321. ACCRUAL ACCOUNTING REPORT.**

4 (a) ACCRUAL-BASED ACCOUNTING SYSTEM.—The
5 Director of the Office of Management and Budget shall
6 develop a proposal for the implementation of an accrual-
7 based accounting system for certain portions of the budg-
8 et, excluding—

9 (1) insurance;

10 (2) environmental liabilities;

11 (3) Federal employee pensions;

12 (4) retiree health benefits; and

13 (5) other budget items where accrual-based ac-
14 counting would feasibly capture significant future
15 cash resource requirements that are not reflected in
16 the cash-based budget; where appropriate and rea-
17 sonable.

18 (b) REPORT.—Within one year of the date of enact-
19 ment of this Act, the Director of the Office of Manage-
20 ment and Budget shall submit a report to Congress set-
21 ting forth the legislation necessary for the implementation
22 of an accrual-based accounting system for part of the
23 budget, along with any recommendations regarding its
24 proposed legislation.

1 **TITLE IV—RENEWED BUDGET**
2 **PROCESS EMPHASIS ON FIS-**
3 **CAL SUSTAINABILITY**

4 **Subtitle A—Reform of the**
5 **President’s Budget**

6 **SEC. 401. LONG-TERM FISCAL RESPONSIBILITY.**

7 Section 1105 of title 31, United States Code, is
8 amended by adding at the end the following new sub-
9 section:

10 “(i)(1) The budget transmitted pursuant to sub-
11 section (a) for a fiscal year shall include—

12 “(A) a scorecard of progress in meeting the
13 debt and deficit reduction targets set forth in sub-
14 paragraph (B);

15 “(B) a plan for long-term fiscal sustainability,
16 defined as reducing to within 10 fiscal years and
17 then maintaining a debt to potential gross domestic
18 product (GDP) ratio, as defined by the Director of
19 the Office of Management and Budget, of not more
20 than 60 percent and an annual deficit to GDP ratio
21 of not more than three percent;

22 “(C) a supplemental report from the Director of
23 the Office of Management and Budget of the non-
24 budgeted fiscal exposures of the Government, which

1 may be included in the Analytical Perspectives re-
2 port, and shall include—

3 “(i) explicit liabilities and implicit promises
4 embedded in the structure of current programs,
5 including Federal credit programs; and

6 “(ii) a concise description of, including cost
7 information for, such exposures; and

8 “(D) explicit goals for carrying out the long-
9 term fiscal sustainability plan for the first fiscal year
10 after the fiscal year of the budget submission and
11 each of the nine ensuing fiscal years.

12 “(2) Unless the supplemental report is included in
13 the Analytical Perspectives report referred to in paragraph
14 (1)(C), then not later than March 15 of each calendar
15 year, the Director of the Office of Management and Budg-
16 et shall transmit such report to the President and to Con-
17 gress.

18 “(3) Not later than two months after the supple-
19 mental report referred to in paragraph (1)(C) is trans-
20 mitted to the President and to Congress, the Comptroller
21 General shall publish a report auditing the supplemental
22 report referred to in paragraph (1)(C).”.

1 **Subtitle B—Reform of the**
2 **Congressional Budget Resolution**

3 **SEC. 411. LONG-TERM FISCAL RESPONSIBILITY.**

4 (a) CONTENT OF CONGRESSIONAL BUDGET RESOLU-
5 TION.—Section 301 of the Congressional Budget Act of
6 1974 is amended by adding at the end the following new
7 subsection:

8 “(j) ADDITIONAL MATTERS IN REPORT ACCOM-
9 PANYING THE RESOLUTION.—The report accompanying
10 the resolution shall include—

11 “(1) a scorecard of progress in meeting the
12 debt and deficit reduction targets set forth in para-
13 graph (2); and

14 “(2) a plan for long-term fiscal sustainability,
15 defined as reducing to within 10 fiscal years and
16 then maintaining a debt to gross domestic product
17 (GDP) ratio of not more than 60 percent and an an-
18 nual deficit to GDP ratio of not more than three
19 percent.”.

20 (b) ADDITIONAL MATTERS IN CBO REPORTS TO
21 BUDGET COMMITTEES.—Section 202(e) of the Congres-
22 sional Budget Act of 1974 is amended by adding at the
23 end the following new paragraph:

24 “(4) On or before February 15 of each year,
25 the Director shall submit to the Committees on the

1 Budget of the House of Representatives and the
2 Senate, a report that includes an assessment of the
3 plan for long-term fiscal sustainability set forth in
4 section 1105(i)(1) of title 31, United States Code,
5 and include it in the most recent budget submission
6 of the President, pursuant to subsection (a) of that
7 section. When such plan is submitted to the Com-
8 mittees on the Budget, the Director shall place it on
9 the public Web site of the Congressional Budget Of-
10 fice.”.

11 **Subtitle C—Quadrennial Fiscal** 12 **Sustainability Report**

13 **SEC. 421. OMB QUADRENNIAL REPORTS.**

14 The Director of the Office of Management and Budg-
15 et, in consultation with the Secretary of the Treasury,
16 shall publically issue, including by publishing on its Web
17 site, a Quadrennial Fiscal Sustainability Report not later
18 than April 1, 2013, and April 1 of every fourth year there-
19 after. The report shall address the long-term fiscal sus-
20 tainability of the Government, including its ability to man-
21 age finances to meet spending commitments, with a de-
22 tailed analysis of social insurance programs, for the budg-
23 et year and for the 30-year period commencing with the
24 budget year.

1 **Subtitle D—Presidential Address to**
2 **Congress on Fiscal Sustainability**

3 **SEC. 431. PRESIDENTIAL ADDRESS ON LONG-TERM FISCAL**
4 **SUSTAINABILITY.**

5 During October 2011 and each October thereafter,
6 there shall be convened a joint session of Congress at
7 which the President shall be invited to give an address
8 on the long-term fiscal sustainability of the Government.
9 As used in the preceding sentence, the term “long-term
10 fiscal sustainability” means the ability of the Government
11 to achieve and then maintain a debt to gross domestic
12 product ratio of not more than 60 percent and an annual
13 deficit to gross domestic product ratio of not more than
14 3 percent.

15 **TITLE V—MORE OVERSIGHT OF**
16 **TAX EXPENDITURES**

17 **Subtitle A—Identification of Tax**
18 **Expenditures**

19 **SEC. 501. JCT REPORTS ON TAX EXPENDITURES.**

20 Section 202(f) of the Congressional Budget Act of
21 1974 is amended by inserting “(1)” before “For” and by
22 adding at the end the following new paragraph:

23 “(2) Reports to Congress by the Joint Committee on
24 Taxation identifying tax expenditures shall also—

1 “(A) include an aggregate net cost of tax ex-
 2 penditures that estimates the net impact of all tax
 3 expenditures on tax revenues, taking into account,
 4 where possible, interaction between such tax expend-
 5 itures; and

6 “(B) compare this aggregate net cost with the
 7 total revenue currently raised by the Internal Rev-
 8 enue Code of 1986.”.

9 **SEC. 502. DEFINITION OF TAX SUBSIDY.**

10 Section 3 of the Congressional Budget and Impound-
 11 ment Control Act of 1974 is amended by adding at the
 12 end the following new paragraph:

13 “(11) The term ‘tax subsidy’ means those tax
 14 expenditures that are deliberately inconsistent with
 15 an identifiable general rule of the present tax law,
 16 and that collect less revenue than does the general
 17 rule.”.

18 **Subtitle B—Enforcement of Tax**
 19 **Expenditure Requirements**

20 **SEC. 511. TAX EXPENDITURE POINTS OF ORDER.**

21 Title III of the Congressional Budget Act of 1974
 22 is amended by adding at the end the following new section:

23 “TAX EXPENDITURE POINTS OF ORDER

24 “SEC. 316. (a) TAX EXPENDITURE POINT OF
 25 ORDER.—(1) It shall not be in order in the House of Rep-
 26 resentatives or the Senate to consider any bill or joint res-

1 olution reported by the Committee on Ways and Means
2 of the House or the Committee on Finance of the Senate
3 that proposes to amend the Internal Revenue Code of
4 1986 to establish a new tax expenditure unless the com-
5 mittee report includes—

6 “(A) a clear statement of the purpose of the tax
7 expenditure, including a justification of why this
8 purpose is best achieved through the tax system
9 rather than as an outlay;

10 “(B) an explanation of how the tax expenditure
11 will be implemented and integrated with other re-
12 lated tax expenditures and outlays;

13 “(C) a macroeconomic impact analysis; and

14 “(D) a statement from the Joint Committee on
15 Taxation explaining why a macroeconomic analysis
16 is not calculable.

17 “(2) As used in paragraph (1), the term ‘macro-
18 economic impact analysis’ means—

19 “(A) an estimate prepared by the Joint Com-
20 mittee on Taxation of the changes in economic out-
21 put, employment, capital stock, and tax revenues ex-
22 pected to result from enactment of the applicable bill
23 or joint resolution; and

1 “(B) a statement from the Joint Committee on
2 Taxation identifying the critical assumptions and the
3 source of data underlying that estimate.”.

4 **Subtitle C—Point of Order Against**
5 **Tax Expenditures Unless They**
6 **Sunset Within Ten Years**

7 **SEC. 521. POINT OF ORDER REGARDING TAX EXPENDI-**
8 **TURES.**

9 (a) IN GENERAL.—Section 312 of the Congressional
10 Budget Act of 1974 is amended by adding at the end the
11 following new subsection:

12 “(g) TAX EXPENDITURES POINT OF ORDER.—It
13 shall not be in order in the House of Representatives or
14 the Senate to consider any bill or joint resolution, or
15 amendment thereto or conference report thereon, or mo-
16 tion—

17 “(1) establishing a new tax expenditure unless
18 that tax expenditure terminates within ten years; or

19 “(2) extending an existing tax expenditure for
20 more than ten years.”.

21 (b) CONFORMING AMENDMENT.—Subsections (c)(1)
22 and (d)(2) of section 904 of the Congressional Budget Act
23 of 1974 are each amended by inserting “312(g),” after
24 “310(d)(2),”.

1 **Subtitle D—Tax Expenditure**
2 **Performance Reviews**

3 **SEC. 531. TAX EXPENDITURE PERFORMANCE REVIEWS.**

4 (a) PERFORMANCE REVIEW SCHEDULE AND RE-
5 PORTS.—(1) The Secretary of the Treasury (hereinafter
6 in this section referred to as the “Secretary”), in conjunc-
7 tion with the Director of the Office of Management and
8 Budget (hereinafter in this section referred to as the “Di-
9 rector”), shall conduct performance reviews of tax expend-
10 itures, as identified by the Joint Committee on Taxation,
11 on an ongoing basis. The Secretary shall develop the
12 schedule for these reviews, such that each tax expenditure
13 is reviewed at least once in every four-year period. A four-
14 year schedule shall be submitted by the Secretary to Con-
15 gress and to the Director during January of each calendar
16 year.

17 (2) Within three months after the enactment of any
18 new tax expenditure, the Secretary shall revise the most
19 recent four-year schedule of tax expenditure performance
20 reviews and submit them to Congress and to the Director.

21 (3) Not later than one year after the enactment of
22 this Act, the Secretary shall have submitted to Congress
23 and to the Director the first four-year schedule and begin
24 the first performance reviews under paragraph (1).

1 (4) The Secretary shall endeavor to develop a four-
2 year schedule that provides for the simultaneous review
3 of tax expenditures that have similar policy objectives.

4 (b) REPORTS.—

5 (1) The Secretary shall report each of its per-
6 formance reviews of tax expenditures to Congress
7 and to the Director in quarterly reports and con-
8 taining all of the performance reviews conducted
9 since the preceding report.

10 (2) The Secretary may conduct expedited per-
11 formance reviews for any tax expenditure that has
12 an estimated annual fiscal impact of less than \$1
13 billion, annually adjusted for inflation, unless the
14 Director requests or the chairs and ranking minority
15 members of the Committees on the Budget of the
16 House of Representatives and the Senate jointly re-
17 quest, in writing, a full review.

18 (3) Each performance review, except for expe-
19 dited performance reviews, shall include the fol-
20 lowing explanations, descriptions, estimates, anal-
21 yses, and recommendations:

22 (A) An explanation of the tax expenditure
23 and any relevant economic, social, or other con-
24 text under which it was first enacted.

1 (B) A description of the intended purpose
2 of the tax expenditure.

3 (C) An analysis of the overall success of
4 the tax expenditure in achieving such purpose,
5 and evidence supporting such analysis.

6 (D) An analysis of the extent to which fur-
7 ther extending the tax expenditure, or making
8 it permanent, would contribute to achieving
9 such purpose.

10 (E) A description of the direct and indirect
11 beneficiaries of the tax expenditure, also speci-
12 fying—

13 (i) any unintended beneficiaries of the
14 tax expenditure;

15 (ii) the classes of individuals, types of
16 organizations, or types of industries whose
17 Federal tax liabilities are directly affected
18 by the tax expenditure;

19 (iii) the extent to which terminating
20 the tax expenditure may have negative ef-
21 fects on the category of taxpayers that cur-
22 rently benefit from the tax preference and
23 on the economy; and

24 (iv) the extent to which the termi-
25 nation of the tax expenditure would affect

1 the distribution of liability for payments of
2 Federal taxes.

3 (F) An analysis of whether the tax expend-
4 iture is the most cost-effective method for
5 achieving the purpose for which it was intended,
6 and a description of any more cost-effective
7 methods through which such purpose could be
8 accomplished, and in particular the extent to
9 which a direct spending program might be pref-
10 erable to a tax expenditure, including—

11 (i) whether an outlay program might
12 achieve the same policy objectives as a tax
13 expenditure;

14 (ii) whether an outlay program might
15 reduce deadweight losses and improve eco-
16 nomic efficiency in the national economy;
17 and

18 (iii) whether a direct spending pro-
19 gram might be more or less expense to ad-
20 minister.

21 (G) A description of any unintended effects
22 of the tax expenditure that is useful in under-
23 standing the tax expenditure's overall value.

24 (H) A description of any interactions (ac-
25 tual or potential) with other tax expenditures or

1 direct spending programs in the same or related
2 budget function that should be studied further.

3 (I) An estimate of the annual cost in for-
4 gone revenues of the tax expenditure, as well as
5 a projection of the cost in foregone revenues for
6 the ensuing ten fiscal years.

7 (J) A description of any further informa-
8 tion needed to complete a more thorough exam-
9 ination and analysis of the tax expenditure, and
10 what is necessary to make such information
11 available.

12 (K) A specific recommendation, based on
13 analysis conducted in the performance review,
14 as to whether the tax expenditure should be
15 continued without modification, modified (in-
16 cluding converted fully or partly into a direct
17 spending program), scheduled for sunset, re-
18 viewed at a later date, or terminated imme-
19 diately. The Secretary may decline to provide a
20 specific recommendation, but in each such case
21 shall provide an explanation of why a rec-
22 ommendation has not been given.

23 (4) An expedited performance review shall in-
24 clude at least the explanations, descriptions, esti-
25 mates, analyses, and recommendations as listed in

1 subparagraphs (A), (B), (C), (D), (I), (J), and (K)
2 of paragraph (3).

3 (c) COMMITTEE HEARINGS.—Not later than 60 days
4 after the submission of any performance review report
5 under subsection (b), the Committees on Ways and Means
6 of the House of Representatives and the Committee on
7 Finance of the Senate shall hold public hearings to con-
8 sider the performance review recommendations contained
9 in that report. The Committees on the Budget of the
10 House of Representatives and the Senate may also hold
11 hearings on such performance review recommendations.

12 (d) CBO COMMENTS.—Not later than 60 days after
13 submission of a performance review report pursuant to
14 section 204(b) of the Congressional Budget Act of 1974,
15 the Director of the Congressional Budget Office shall pro-
16 vide to Congress, the Secretary, and the Director detailed,
17 written comments on the performance review rec-
18 ommendations, stating whether the Director of the Con-
19 gressional Budget Office agrees or disagrees with all or
20 any part of the report or, if no opinion is given, providing
21 an explanation of why he has no opinion or has not given
22 one.

1 **Subtitle E—Studies To Improve the**
2 **Use of IRS Data in Evaluating**
3 **Tax Expenditures**

4 **SEC. 541. GAO REPORT ON TAX EXPENDITURES.**

5 (a) REPORT REQUIRED.—Not later than one year
6 after the date of the enactment of this Act, the Comp-
7 troller General shall submit to Congress and publish a
8 written report that assesses improvements the Internal
9 Revenue Service could make to facilitate the evaluation of
10 tax expenditures, including a description of how the im-
11 provements could be implemented and the potential effects
12 of such improvements on the Internal Revenue Service,
13 taxpayers, and other relevant parties determined by the
14 Comptroller General.

15 (b) TAX EXPENDITURES DEFINED.—The term “tax
16 expenditures” has the meaning given that term in section
17 3(3) of the Congressional Budget and Impoundment Con-
18 trol Act of 1974 (2 U.S.C. 622(3)).

19 **Subtitle F—Executive Branch**
20 **Reporting of Tax Expenditures**

21 **SEC. 551. EXECUTIVE BRANCH REPORTING OF TAX EX-**
22 **PENDITURES.**

23 (a) OMB GUIDANCE REGARDING TAX EXPENDI-
24 TURES.—The Director of the Office of Management and
25 Budget shall develop clear and consistent guidance to

1 agencies on how to incorporate tax expenditures in their
2 strategic plans, annual performance plans, and perform-
3 ance and accountability reports, to provide a broader per-
4 spective and more cohesive plan of the Government’s goals
5 and strategies.

6 (b) REPORTING OF TAX EXPENDITURE DATA.—The
7 Director of the Office of Management and Budget shall
8 require agencies to report tax expenditure data related to
9 their overall mission in their annual financial statements.

10 (c) DEFINITIONS.—As used in this section—

11 (1) the term “agency” has the meaning given to
12 such term in paragraph (1) of section 551 of title
13 5, United States Code; and

14 (2) the term “tax expenditure” has the meaning
15 given to such term in paragraph (3) of section 3 of
16 the Congressional Budget and Impoundment Control
17 Act of 1974.

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