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S. 1740

To provide guidance and priorities for Federal Government obligations in the event that the debt limit is reached and to provide a limited and temporary authority to exceed the debt limit for priority obligations.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2017

Mr. PAUL introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide guidance and priorities for Federal Government obligations in the event that the debt limit is reached and to provide a limited and temporary authority to exceed the debt limit for priority obligations.

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.**

4 This Act may be cited as the “Default Prevention
5 Act”.

6 **SEC. 2. PRIORITIZING OBLIGATIONS.**

7 (a) IN GENERAL.—In the event that the debt of the
8 Government of the United States reaches the statutory

1 limit under section 3101 of title 31, United States Code,
2 the following expenditures shall be granted priority over
3 all other obligations incurred by the Government of the
4 United States:

5 (1) The authority of the Department of the
6 Treasury provided in section 3123 of title 31,
7 United States Code, to pay with legal tender the
8 principal and interest on debt held by the public.

9 (2) The full payment of compensation, allow-
10 ances, and benefits for members of the Armed
11 Forces on active duty.

12 (3) The authority of the Commissioner of Social
13 Security to pay monthly old-age survivors' and dis-
14 ability insurance benefits under title II of the Social
15 Security Act.

16 (4) The authority of the Secretary of Health
17 and Human Services to make payments for items
18 and services furnished to beneficiaries under the
19 Medicare program under title XVIII of the Social
20 Security Act and related provisions.

21 (5) All obligations under any program adminis-
22 tered by the Department of Veterans Affairs.

23 (b) AUTHORITY TO ISSUE ADDITIONAL DEBT FOR
24 PRIORITY OBLIGATIONS.—

1 (1) IN GENERAL.—The Secretary of the Treas-
2 ury may issue obligations subject to limit under sec-
3 tion 3101 of title 31, United States Code, in an
4 amount in excess of the limit under such section—

5 (A) during the 30-day period beginning on
6 the date on which the United States is unable
7 to use revenues or the extraordinary measures
8 described in paragraph (2) to fully pay obliga-
9 tions of the Government of the United States
10 described in subsection (a) at the time they are
11 due;

12 (B) only to the extent necessary to make
13 timely payment on obligations of the Govern-
14 ment of the United States described in sub-
15 section (a); and

16 (C) if the Secretary provides to Congress
17 notice of the exercise of the authority under
18 this subsection.

19 (2) EXTRAORDINARY MEASURES.—The extraor-
20 dinary measures described in this paragraph are the
21 following:

22 (A) The authority under subsections (j),
23 (k), and (l) of section 8348 of title 5, United
24 States Code.

1 (B) The authority under subsections (g)
2 and (h) of section 8438 of title 5, United States
3 Code.

4 (C) The suspension of investing amounts
5 in the stabilization fund under section
6 5302(a)(1) of title 31, United States Code.

7 (D) The suspension of investing of
8 amounts or the issuance of obligations for any
9 other fund or account for purposes of pre-
10 venting the amount of obligations subject to
11 limit under section 3101 of title 31, United
12 States Code, from exceeding such limit.

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