

TO THE CONGRESS OF THE UNITED STATES:

In my State of the Union Address, I asked the Congress to give the President a line item veto. Today, I am sending the Congress a legislative proposal to give the President line item authority to reduce wasteful spending. This legislation will help to limit spending and ensure accountability and transparency in the expenditure of taxpayer funds.

Although the Congress achieved significant spending restraint this past year, appropriations and other bills that are sent to my desk still contain spending that is not fully justified, is a low priority, or is earmarked to avoid the discipline of competitive or merit-based reviews. When this legislation is presented to me, I now have no ability to line out unnecessary spending. In 1996, the Congress gave the President a line item veto -- an important tool to limit wasteful spending -- but the Supreme Court struck down that version of the law in 1998.

My proposed legislation, the "Legislative Line Item Veto Act of 2006," would provide a fast-track procedure to require the Congress to vote up-or-down on rescissions proposed by the President. There has been broad bipartisan support for similar proposals in the past. Under this proposal, the President could propose legislation to rescind wasteful spending, and the Congress would be obligated to vote quickly on that package of rescissions, without amendment. The same procedure would apply to new mandatory spending and to special interest tax breaks given to small numbers of individuals.

Forty-three Governors have a line item veto to reduce spending. The President needs similar authority to help control unjustified and wasteful spending in the Federal budget. I urge you to promptly consider and send me this legislation for enactment to reduce unnecessary spending and help achieve my goal of cutting the deficit in half by 2009.

GEORGE W. BUSH

THE WHITE HOUSE,  
March 6, 2006.

# LEGISLATIVE LINE ITEM VETO ACT OF 2006

## Section-by-Section Summary

### SECTION 1. SHORT TITLE

Section 1 gives the bill the short title, the “Legislative Line Item Veto Act of 2006”.

### SECTION 2. LEGISLATIVE LINE ITEM VETO

Section 2 amends Title X of the Congressional Budget and Impoundment Control Act of 1974 by deleting Part C and inserting the following new Part:

#### PART C—LEGISLATIVE LINE ITEM VETO

Section 1021. (a) **PROPOSED RESCISSIONS.** This subsection provides the President with the authority to propose the rescission of any dollar amount of discretionary budget authority or any item, in whole or in part, of new direct spending.

(b) **TRANSMITTAL OF SPECIAL MESSAGE.** This subsection describes the transmittal of a special message by the President to the Congress proposing to rescind budget authority contained in an appropriations Act or any item of direct spending. The contents of the special message shall include: (1) the amount of budget authority or the specific item of direct spending proposed to be rescinded; (2) the account, department, or establishment of Government that is the subject of the rescission; (3) reasons for the rescission; (4) the estimated fiscal, economic, and budgetary effect of the proposed rescission; (5) other relevant information about the proposed rescission; and (6) a draft bill that would effectuate the President’s request. The subsection specifies that the amounts of budget authority or items of direct spending that are rescinded must be used for deficit reduction and cannot be used to offset other spending increases. In addition, the subsection specifies that not later than five days following the date of enactment of a rescission bill, the Chairmen of the Senate and House Budget Committees would be required to make the necessary adjustments to Committee allocations. Also, the Office of Management and Budget would be required to make the necessary adjustments to its spending caps.

(c) **PROCEDURES FOR EXPEDITED CONSIDERATION.** This subsection specifies that the House and Senate Leadership may introduce (by request) the President’s proposed bill to rescind budget authority or an item of direct spending within two days following receipt of the special message by the President. After that period has elapsed, any member of Congress may introduce the President’s proposal. Once introduced, the rescission bill would be referred to the appropriate committee and that committee would have five days to report the bill without substantive revision and with or without recommendation. Failure to meet the specified deadline would result in the bill being automatically discharged and placed on the appropriate calendar for action. A vote on

final passage must occur in the House and the Senate on or before the close of the 10<sup>th</sup> day of session following introduction of the bill. This subsection would also establish procedural rules for consideration of a rescission bill in the House of Representatives and the Senate. For example, motions to proceed to the consideration of the bill would not be subject to debate, motions to limit debate would not be subject to debate, and motions to recommit or reconsider would not be in order. Debate on the bill would be limited to four hours in the House and 10 hours in the Senate.

(d) **AMENDMENTS AND DIVISIONS PROHIBITED.** This subsection specifies that no amendment to a bill considered under this section would be in order in either House of Congress and that it would not be in order to demand a division of the question in the House.

(e) **TEMPORARY PRESIDENTIAL AUTHORITY TO WITHHOLD.** This subsection would allow the President to temporarily withhold any budget authority for up to 180 calendar days from the date the President transmits the special message to the Congress. The subsection also makes clear that the President has the authority to make funds available at an earlier time if he concludes Congress is unlikely to enact specific rescissions into law.

(f) **TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND.** This subsection would allow the President to temporarily suspend the execution of any item of direct spending for up to 180 calendar days from the date the President transmits the special message to the Congress. The subsection would also makes clear that the President has the authority to terminate a suspension at an earlier time if he concludes Congress is unlikely to enact specific rescissions into law.

(g) **DEFINITIONS.** This subsection defines the terms: (1) appropriation law; (2) deferral; (3) dollar amount of discretionary budget authority; (4) rescind or rescission; (5) direct spending; (6) item of direct spending; (7) suspend the execution and (8) targeted tax benefit.

(h) **APPLICATION TO TARGETED TAX BENEFITS.** This subsection authorizes the President to propose the repeal of any targeted tax benefit in any bill that includes such a benefit in the same way the President is allowed to rescind an item of direct spending.

The bill also provides that, for purposes of judicial review, the provisions of the Act are severable. If any provision of the Act or the amendments made by it are held to be unconstitutional, then the remainder of the Act shall not be affected by the Court's holding. The bill also provides that it would apply only to spending contained in bills passed subsequent to the passage of this proposed Act.

## A BILL

To amend the Congressional Budget and Impoundment Control Act of 1974 to provide Line Item Rescission Authority.

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 “Legislative Line Item Veto Act of 2006”.

### SEC. 2. LEGISLATIVE LINE ITEM VETO.

(a) IN GENERAL—Title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 et seq.) is amended by deleting Part C and inserting the following:

#### “PART C—LEGISLATIVE LINE ITEM VETO”

“SEC. 1021. (a) PROPOSED RESCISSIONS—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any dollar amount of discretionary budget authority or the rescission, in whole or in part, of any item of direct spending.

“(b) TRANSMITTAL OF SPECIAL MESSAGE—

“(1) SPECIAL MESSAGE—

“(A) IN GENERAL—The President may transmit to Congress a special message proposing to rescind any dollar amount of discretionary budget authority or any item of direct spending.

“(B) CONTENTS OF SPECIAL MESSAGE—Each special message shall specify, with respect to the budget authority or item of direct spending proposed to be rescinded—

“(i) the amount of budget authority or the specific item of direct spending that the President proposes be rescinded;

“(ii) any account, department, or establishment of the Government to which such budget authority or item of direct spending is available for obligation, and the specific project or governmental functions involved;

“(iii) the reasons why such budget authority or item of direct spending should be rescinded;

“(iv) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission;

“(v) to the maximum extent practicable, all facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority or item of direct spending is provided; and

“(vi) a draft bill that, if enacted, would rescind the budget authority or item of direct spending proposed to be rescinded in that special message.

“(2) ENACTMENT OF RESCISSION BILL—

“(A) DEFICIT REDUCTION—Amounts of budget authority or items of direct spending which are rescinded pursuant to enactment of a bill as provided under this section shall be dedicated only to deficit reduction and shall not be used as an offset for other spending increases.

“(B) ADJUSTMENT OF COMMITTEE ALLOCATIONS—Not later than 5 days after the date of enactment of a rescission bill as provided under this section, the chairs of the Committees on the Budget of the Senate and the House of Representatives shall revise levels under section 311(a) and adjust the committee allocations under section 302(a) to reflect the rescission, and the appropriate committees shall report revised allocations pursuant to section 302(b), as appropriate.

“(C) ADJUSTMENTS TO CAPS—After enactment of a rescission bill as provided under this section, the Office of Management and Budget shall revise applicable limits under the Balanced Budget and Emergency Deficit Control Act, as appropriate.

“(c) PROCEDURES FOR EXPEDITED CONSIDERATION—

“(1) IN GENERAL—

“(A) INTRODUCTION—Before the close of the second day of session of the Senate and the House of Representatives, respectively, after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of each House shall introduce (by request) a bill to rescind the amounts of budget authority or items of direct spending, as specified in the special message and the President’s draft bill. If the bill is not introduced as provided in the preceding sentence in either House, then, on the third day of session of that House after the date of receipt of that special message, any Member of that House may introduce the bill.

“(B) REFERRAL AND REPORTING—The bill shall be referred to the appropriate committee. The committee shall report the bill without substantive revision and with or without recommendation. The committee shall report the bill not later than the fifth day of session of that House after the date of introduction of the bill in that House. If the committee fails to report the bill within that period, the committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

“(C) FINAL PASSAGE—A vote on final passage of the bill shall be taken in the Senate and the House of Representatives on or before the close of the 10th day of session of that House after the date of the introduction of the bill in that House. If the bill is passed, the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, shall cause the bill to be transmitted to the other House before the close of the next day of session of that House.

“(2) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES—

“(A) MOTION TO PROCEED TO CONSIDERATION—A motion in the House of Representatives to proceed to the consideration of a bill under this subsection shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) LIMITS ON DEBATE—Debate in the House of Representatives on a bill under this subsection shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion further to limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this subsection or to move to reconsider the vote by which the bill is agreed to or disagreed to.

“(C) APPEALS—Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

“(D) APPLICATION OF HOUSE RULES—Except to the extent specifically provided in this section, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

“(3) CONSIDERATION IN THE SENATE—

“(A) MOTION TO PROCEED TO CONSIDERATION—A motion to proceed to the consideration of a bill under this subsection in the Senate shall not be debatable. It shall not be in order to move to reconsider the vote by which the motion to proceed is agreed to or disagreed to.

“(B) LIMITS ON DEBATE—Debate in the Senate on a bill under this subsection, and all debatable motions and appeals in connection therewith (including debate pursuant to subparagraph (D)), shall not exceed 10 hours, equally divided and controlled in the usual form.

“(C) APPEALS—Debate in the Senate on any debatable motion or appeal in connection with a bill under this subsection shall be limited to not more than 1 hour, to be equally divided and controlled in the usual form.

“(D) MOTION TO LIMIT DEBATE—A motion in the Senate to further limit debate on a bill under this subsection is not debatable.

“(E) MOTION TO RECOMMIT—A motion to recommit a bill under this subsection is not in order.

“(F) CONSIDERATION OF THE HOUSE BILL—

“(i) IN GENERAL—If the Senate has received the House companion bill to the bill introduced in the Senate prior to the vote required under paragraph (1)(C), then the Senate may consider, and the vote under paragraph (1)(C) may occur on, the House companion bill.

“(ii) PROCEDURE AFTER VOTE ON SENATE BILL—If the Senate votes, pursuant to paragraph (1)(C), on the bill introduced in the Senate, then immediately following that vote, or upon receipt of the House companion bill, the House bill shall be deemed to be considered, read the third time, and the vote on passage of the Senate bill shall be considered to be the vote on the bill received from the House.

“(d) AMENDMENTS AND DIVISIONS PROHIBITED—No amendment to a bill considered under this section shall be in order in either the Senate or the House of Representatives. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole). No motion to suspend the application of this subsection shall be in order in the House of Representatives, nor shall it be in order in the House of Representatives to suspend the application of this subsection by unanimous consent.

“(e) TEMPORARY PRESIDENTIAL AUTHORITY TO WITHHOLD.—

“(1) IN GENERAL.—At the same time as the President transmits to Congress a special message pursuant to subsection (b), the President may direct that any dollar amount of discretionary budget authority proposed to be rescinded in that special message shall not be made available for obligation for a period not to exceed 180 calendar days from the date the President transmits the special message to Congress.

“(2) EARLY AVAILABILITY.—The President may make any dollar amount of discretionary budget authority deferred pursuant to paragraph (1) available at a time earlier than the time specified by the President if the President determines that continuation of the deferral would not further the purposes of this Act.”

“(f) TEMPORARY PRESIDENTIAL AUTHORITY TO SUSPEND.—

“(1) IN GENERAL.—At the same time as the President transmits to Congress a special message pursuant to subsection (b), the President may suspend the execution of any item of direct spending proposed to be rescinded in that special message for a period not to exceed 180 calendar days from the date the President transmits the special message to Congress.

“(2) EARLY AVAILABILITY.—The President may terminate the suspension of any item of direct spending at a time earlier than the time specified by the President if the President determines that continuation of the suspension would not further the purposes of this Act.”

“(g) DEFINITIONS—For purposes of this section—

“(1) the term “appropriation law” means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations;

“(2) the term “deferral” has, with respect to any dollar amount of discretionary budget authority, the same meaning as the phrase “deferral of budget authority” defined in section 1011(1) in Part B (2 U.S.C. § 682(1));

“(3) the term “dollar amount of discretionary budget authority” means the entire dollar amount of budget authority and obligation limitations—

“(A) specified in an appropriation law, or the entire dollar amount of budget authority required to be allocated by a specific proviso in an appropriation law for which a specific dollar figure was not included;

“(B) represented separately in any table, chart, or explanatory text included in the statement of managers or the governing committee report accompanying such law;

“(C) required to be allocated for a specific program, project, or activity in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which budget authority is provided in an appropriation law;

“(D) represented by the product of the estimated procurement cost and the total quantity of items specified in an appropriation law or included in the statement of managers or the governing committee report accompanying such law; or

“(E) represented by the product of the estimated procurement cost and the total quantity of items required to be provided in a law (other than an appropriation law) that mandates the expenditure of budget authority from accounts, programs, projects, or activities for which dollar amount of discretionary budget authority is provided in an appropriation law;

“(4) the terms “rescind” or “rescission” mean to modify or repeal a provision of law to prevent:

“(A) budget authority from having legal force or effect;

“(B) in the case of entitlement authority, to prevent the specific legal obligation of the United States from having legal force or effect; and

“(C) in the case of the food stamp program, to prevent the specific provision of law that provides such benefit from having legal force or effect.

“(5) the term “direct spending” means budget authority provided by law (other than an appropriation law); entitlement authority; and the food stamp program;

“(6) the term “item of direct spending” means any specific provision of law enacted after the effective date of the Legislative Line Item Veto Act of 2006 that is estimated to result in a change in budget authority or outlays for direct spending relative to the most recent levels calculated pursuant to section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 and included with a budget submission under section 1105(a) of title 31, United States Code, and with respect to estimates made after that budget submission that are not included with it, estimates consistent with the economic and technical assumptions underlying the most recently submitted President’s budget; and

“(7) the term “suspend the execution” means, with respect to an item of direct spending or a targeted tax benefit, to stop for a specified period, in whole or in part, the carrying into effect of the specific provision of law that provides such benefit.

“(8) (A) The term “targeted tax benefit” means—

“(i) any revenue-losing provision that provides a Federal tax deduction, credit, exclusion, or preference to 100 or fewer beneficiaries under the Internal Revenue Code of 1986 in any fiscal year for which the provision is in effect; and

“(ii) any Federal tax provision that provides temporary or permanent transitional relief for 10 or fewer beneficiaries in any fiscal year from a change to the Internal Revenue Code of 1986.

“(B) A provision shall not be treated as described in subparagraph (A)(i) if the effect of that provision is that—

“(i) all persons in the same industry or engaged in the same type of activity receive the same treatment;

“(ii) all persons owning the same type of property, or issuing the same type of investment, receive the same treatment; or

“(iii) any difference in the treatment of persons is based solely on—

“(I) in the case of businesses and associations, the size or form of the business or association involved;

“(II) in the case of individuals, general demographic conditions, such as income, marital status, number of dependents, or tax-return-filing status;

“(III) the amount involved; or

“(IV) a generally-available election under the Internal Revenue Code of 1986.

“(C) A provision shall not be treated as described in subparagraph (A)(ii) if—

“(i) it provides for the retention of prior law with respect to all binding contracts or other legally enforceable obligations in existence on a date contemporaneous with congressional action specifying such date; or

“(ii) it is a technical correction to previously enacted legislation that is estimated to have no revenue effect.

“(D) For purposes of subparagraph (A)—

“(i) all businesses and associations that are members of the same controlled group of corporations (as defined in section 1563(a) of the Internal Revenue Code of 1986) shall be treated as a single beneficiary;

“(ii) all qualified plans of an employer shall be treated as a single beneficiary;

“(iii) all holders of the same bond issue shall be treated as a single beneficiary; and

“(iv) if a corporation, partnership, association, trust or estate is the beneficiary of a provision, the shareholders of the corporation, the partners of the partnership, the members of the association, or the beneficiaries of the trust or estate shall not also be treated as beneficiaries of such provision.

“(E) For the purpose of this paragraph, the term ‘‘revenue-losing provision’’ means any provision that results in a reduction in Federal tax revenues for any one of the two following periods—

“(i) the first fiscal year for which the provision is effective; or

“(ii) the period of the 5 fiscal years beginning with the first fiscal year for which the provision is effective.

“(F) The terms used in this paragraph shall have the same meaning as those terms have generally in the Internal Revenue Code of 1986, unless otherwise expressly provided.

“(h) APPLICATION TO TARGETED TAX BENEFITS—The President may propose the repeal of any targeted tax benefit in any bill that includes such a benefit, under the same conditions, and subject to the same Congressional consideration, as a proposal under this section to rescind an item of direct spending .”.

(b) EXERCISE OF RULEMAKING POWERS—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (a), by striking “and 1017” and inserting “1017, and 1021”; and

(2) in subsection (d), by striking “section 1017” and inserting “sections 1017 and 1021”.

(c) CLERICAL AMENDMENTS—(1) Section 1(a) of the Congressional Budget and Impoundment Control Act of 1974 is amended by—

(i) striking “Parts A and B” before “title X” and inserting “Parts A, B, and C”; and

(ii) striking the last sentence and inserting at the end the following new sentence: “Part C of title X also may be cited as the ‘Legislative Line Item Veto Act of 2006.’”

(2) TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by deleting the contents for part C of title X and inserting the following:

“PART C—LEGISLATIVE LINE ITEM VETO

Sec. 1021. Expedited consideration of certain proposed rescissions.”.

(d) SEVERABILITY.—If any provision of this Act or the amendments made by it is held to be unconstitutional, the remainder of this Act and the amendments made by it shall not be affected by the holding.

- (e) EFFECTIVE DATE. —The amendments made by this Act shall—
- (1) take effect on the date of enactment of this Act; and
  - (2) apply only to any dollar amount of discretionary budget authority, item of direct spending, or targeted tax benefit provided in an Act enacted on or after the date of enactment of this Act.