Legislative Bulletin………………………………………….....December 20, 2012

Contents:

Amendment to the Senate Amendment to H.J.Res. 66 – Permanent Tax Relief for Families and Small Businesses Act of 2012 (*Crowley, D-NY*)*

Order of Business: H.Res. 841 would make in order a motion from the Chair of the Committee on Ways and Means that the House concur in the Senate amendment with an amendment printed in House Report 112-708. The rule provides for one hour of debate equally divided and controlled by the Chair and Ranking Member of the Committee on Ways and Means. The rule waives all points of order. The motion to consider the Senate amendment is expected on December 20th. An amendment submitted to the Rules Committee and testified on by Reps. Mulvaney, Jordan, and Scalise was not made in order; no other amendments were made in order. For information on previous versions of H.J.Res. 66, see section on Prior Congressional Action summary below.

Special Note: RSC staff have confirmed from Senate sources that, under Senate rules, Majority Leader Harry Reid (D-NV) is **not** limited in what he can offer as a further amendment to H.J.Res. 66, should it pass the House this week. Put simply, Leader Reid could amend the House message with any policy he wants to and does **not** face a meaningful germaneness restriction. All Senate amendments would have to be germane if cloture is invoked (60-vote threshold). However, the combination of the House-passed bill PLUS any amendment from Leader Reid would together define the universe of what is and is not germane. The House-passed bill alone would not define germaneness. In addition, only one cloture vote is required under Senate precedents for messages between Houses.

Thus, Leader Reid could move to concur in the House message with a Senate amendment that includes a debt ceiling increase and other items on President Obama's and Rep. Nancy Pelosi's wish list and *then* file cloture—and thereby set the baseline for germaneness. Under Senate rules, the Senate could then send the newly-amended version of H.J.Res. 66 back to the House by this Sunday morning the 23rd.

Rep. Crowley sponsored the original version of H.J.Res 66.

Opposing Arguments:

Affirmatively Provides for Tax Increases: If this legislation is enacted, some Americans would face higher tax rates in 2013 on regular income and income from capital gains and dividends than they have faced in recent years, a situation conservatives have historically and universally advocated against.

Death Tax: After many years of effort, conservatives succeeding in eliminating the death tax for one year, 2010. This legislation would permanently reestablish the death tax at a 35% rate with a $5 million exemption.

Tax Inequality: If enacted, some conservatives have argued that this legislation could lead to an increase in the ratio of share of taxes paid by higher earners. That may increase the number of Americans who do not experience the full cost of the federal government, but benefit from it.

Economic Growth and Jobs: Many conservatives have expressed that increased revenue flowing to the federal government from taxpayers during a period of economic distress could negatively impact economic growth and increase the unemployment rate, particularly if investment income is impacted.

Class Warfare: Some conservatives have argued that this legislation affirms Democrats' efforts to engage in class warfare by explicitly singling out high earners for more revenue.

Supporting Arguments:

Ensures Rates Do Not Rise On Majority of Taxpayers: Enactment of the legislation would ensure that taxes do not rise on the majority of taxpayers on January 1st, 2013 as would occur for all taxpayers under existing law if no changes are made prior to that date. Speaker Boehner has said that 99.8% of taxpayers would not be subject to higher rates.

Would Provide Clarity to Individuals and Businesses: If enacted, the tax changes made by legislation would be permanent, providing a measure of stability for individuals and businesses as they plan for the foreseeable future which was not achieved by previous Congresses. Many conservative economists have argued that tax uncertainty has been a big obstacle to job creation and growth.

Payroll Tax: Some conservatives have argued that the temporary employee-share payroll tax cut of 2% has been a form of stimulus spending that puts further strain on the Social Security Trust Fund. This legislation would not extend the payroll tax cut.

Achieve Conservative Goals: The legislation would achieve some policies that have previously been goals of many conservatives, including permanently extending many of the 2001 and 2003 tax cuts and permanently patching the Alternative Minimum Tax on individuals.

Summary: The House amendment to the Senate amendment to H.J.Res. 66 would make several permanent changes to federal tax rates and income treatment. According to the Joint Committee on Taxation, passage of this legislation would reduce federal revenues by $3.9 trillion over 10 years when compared to a baseline of existing law, which includes the expiration of the 2001 and 2003 tax cuts. No estimate on the effect of H.J.Res. 66 in increasing federal revenues if compared to current tax policy for 2012 has been released at press time.

Specific Provisions

- **Income tax rates for the first $1 million of income:** The legislation would make permanent the existing 10%, 15%, 25%, 28%, 33%, and 35% tax rates and brackets for adjusted income reported up to $1 million. This would reduce federal revenues by $875.7 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts. The vast majority of taxpayers would see no difference in their tax treatment next year compared to current tax policy.

- **Income tax rates on income exceeding $1 million:** The legislation would not amend the tax rate increase to 39.6% on adjusted gross income exceeding $1 million provided for in current law. At this time, there is no public estimate by the Joint Committee on Taxation (JCT) on the amount of revenue this would create relative to current tax policy. However, previous revenue estimates released by the JCT have projected that extension of all the 2001 and 2003 tax rates on all earners would lower revenue by $1.16 trillion in FYs 2013-2022.

- **Marriage Penalty Relief:** The legislation would make permanent the marriage penalty relief in current law, specifically by setting the standard deduction and 15% rate bracket at twice the single filer level for married taxpayers filing jointly and modifying and simplifying the refundable Earned Income Tax Credit. This would reduce federal revenues by $59.5 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

- **Higher-Income Exemption and Deduction Phase-Outs:** It would also permanently extend the Personal Exemption Phase-Out (PEP) and Pease limitation, which allows all taxpayers to take advantage of the maximum personal exemption and full value of itemized deductions. This would reduce federal revenues by $162.7 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

- **Capital Gains and Dividend Income:** The legislation would make permanent the current tax rates of 0% and 15% on capital gains and dividend income for those reporting less than $1 million in income. This would reduce federal revenues by $282.5 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts. The vast majority of taxpayers would see no difference in their tax treatment next year compared to current tax policy.

It would not amend the rate increase on capital gains income to 20% on individuals reporting over $1 million in adjusted gross income provided for in current law. It would limit any rate increase on dividend income for those reporting over $1 million in income to 20%, preventing the reclassification of dividend income as regular income subject to the 39.6% rate for those taxpayers. At this time, there is no public estimate by the Joint Committee on Taxation on the amount of revenue this would create relative to current tax policy. However, previous revenue estimates released by the JCT have projected that extension of all the 2001 and 2003 tax rates on all earners would lower revenue by $315.26 billion in FYs 2013-2022.

- **Child Tax Credit:** The legislation would make permanent the refundable $1000 Child Tax Credit, preventing a reversion to the previous $500 level. This would reduce federal revenues by $220.1 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

- **Death and Gift Tax:** The legislation would make permanent the existing death and gift tax rate of 35% and exemption amount of $5 million. In 2010, there was no death tax. Current law would have increased the rate to 55% and lowered the exemption amount to $1 million on January 1st, 2013. This would reduce federal revenues by $388.2 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

- **Alternative Minimum Tax for Individuals (AMT):** The legislation would permanently "patch" the AMT protecting millions of Americans from falling subject to an unexpected tax increase from not indexing the AMT exemption amount for inflation. This would reduce federal revenues by $1.9 trillion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

- **Section 179 Small Business Expensing:** The legislation would permanently allow a deduction limit of $250,000 for small businesses acquiring qualifying equipment up to a phase-out threshold of $800,000 in annual equipment purchases. These amounts would be indexed to inflation for future tax years. This would reduce federal revenues by $45.7 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

- **Education-Related and Other Tax Provisions:** The legislation would make a variety of provisions of the 2001 and 2003 tax cuts permanent, including Coverdell education savings provisions, higher student loan interest deduction phaseouts, and preferable tax treatment of Alaska Settlement Funds. A full list is available here. These provisions would reduce federal revenues by $ 28.8 billion over 10 years when compared to a baseline of existing law, which presumes the expiration of the 2001 and 2003 tax cuts.

Pending Issues: Passage of H.J.Res. 66 would not address several other issues pending before Congress. The legislation does not extend expanded unemployment benefits, the "doc fix," or "tax extenders." It also does not provide for an extension of the 2% employee-share payroll tax cut, nor does it provide for an increase in the statutory debt limit. The legislation also does not include any of the savings reportedly part of negotiations over resolution of the fiscal cliff, including Chained CPI. Chained CPI is a new inflation measure believed to be more accurate than the CPI-U or CPI-W measures used to calculate the annual inflation adjustment for income tax brackets and Social Security benefits respectively. Chained CPI is expected to grow approximately .25% more slowly annually, slowing the growth of tax bracket amounts and Social Security benefit compared to their growth if traditional CPI measures are used.

The impending sequester of FY 2013 funds would also not be addressed by H.J.Res. 66. However, H.R. 6684, the Spending Reduction Act of 2012, which is summarized later in this document and scheduled to come before the House on Thursday, December 20th would suspend the sequester for one year and provide for offsetting savings.

Notable Groups Supporting/Opposing:

Of note: Americans for Tax Reform is neither supporting nor opposing this legislation, but has announced that it will not consider a vote in the affirmative a violation of the Taxpayer Protection Pledge.

Also, RSC staff have learned that despite initially signaling support, FreedomWorks has announced opposition to the legislation and will be key voting a NO vote.

Groups Supporting (at press time):
National Association of Wholesaler-Distributors
National Federation of Independent Business
National Roofing Contractors Association
U.S. Chamber of Commerce

Groups Opposing (at press time):
Americans for Prosperity (Scoring)
Club for Growth (Scoring against rule and final passage)
CNP Action
FreedomWorks (Scoring)
Heritage Action (Scoring)
National Taxpayers Union (Scoring)

*The below have signed a letter to Members urging them to oppose the **RULE** for H.J.Res 66:*
Edwin Meese III, former Attorney General
Brent Bozell, President, ForAmerica
Erick Erickson, Editor, RedState.com
Colin Hanna, President, Let Freedom Ring
J. Kenneth Blackwell, Ohio Faith & Freedom Coalition
Tony Perkins, President, Family Research Council
David N. Bossie, President, Citizens United
Alfred Regnery, President, The Paul Revere Project
William Wilson, President, Americans for Limited Government
Michael Needham, Chief Executive Officer, Heritage Action for America

Peter Thomas, Chairman, The Conservative Caucus
Amy Kremer, Chairman Tea Party Express
Richard Viguerie, Chairman, ConservativeHQ.com
David Y. Denholm, President, Public Service Research Council
Becky Norton Dunlop, former Reagan Administration official
Gary Bauer, President, American Values
David Williams, President, Taxpayers Protection Alliance
David McIntosh, former Member of Congress, Indiana
T. Kenneth Cribb, former Domestic Advisor to President Reagan
All organizations listed for identification purposes only

Additionally, without expressing a position on H.J.Res. 66, Associated Builders and Contractors sent a letter to Congress on the fiscal cliff. In part, the letter stated, "rather than exposing American taxpayers and job creators to a perilous fiscal cliff, Congress must act swiftly to extend all current policies as a bridge to comprehensive tax reform."

Prior Congressional Action: H.J.Res. 66, previously titled "Approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003," was introduced on May 26, 2011 by Rep. Joseph Crowley, and referred to the House Committee on Ways and Means. On August 20, 2011 the legislation passed the House under suspension of the rules by voice vote. The legislation was amended by the Senate and retitled the Emergency Supplemental Disaster Relief Appropriations Resolution, 2011; the amended version was approved by the Senate by unanimous consent on September 15, 2011.

Administration Position: The Obama administration released a Statement of Administration Policy voicing strong opposition to passage of this legislation. The Statement concludes, "If the President were presented with the House amendment to the Senate amendment to H.J.Res. 66, he would veto this legislation."

Cost to Taxpayers: According to the Joint Committee on Taxation, passage of this legislation would reduce federal revenues by $3.9 trillion over 10 years when compared to a baseline of existing law, which includes the expiration of the 2001 and 2003 tax cuts. No estimate on the effect of H.J.Res. 66 in increasing federal revenues if compared to current tax policy for 2012 has been released at press time.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: H.J.Res. 66 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority Statement: The Constitutional Authority Statement accompanying the bill upon introduction states, "Congress has the power to enact this legislation pursuant to the following: "Clause 3 of section 8 of article I of the Constitution [Commerce Clause]." An updated Constitutional Authority Statement was not provided for the House amendment to be considered by the House.

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H.R. 6684 – Spending Reduction Act of 2012 (Cantor, R-VA)

Order of Business: H.Res. 841 would provide for consideration of H.R. 6684, which borrows its title from the RSC's bill H.R. 408/S. 178 from earlier this Congress, without opportunity for amendment and provide for one hour of debate equally divided and controlled by the Majority Leader and Minority Leader or their designees. The rule waives all points of order and provides for one motion to recommit. The bill is expected to be considered on December 20, 2012.

Special Note: The bill is nearly identical to H.R. 5652, the Sequester Replacement Reconciliation Act of 2012. This RSC Legislative Bulletin is based heavily on the Legislative Bulletin released for that Act, available here. Differences between H.R. 5652 and H.R. 6684 are primarily limited to the elimination of a section of H.R. 5652 addressing the National Flood Insurance Program. That language was enacted in subsequent legislation.

Summary: H.R. 6684 would suspend the sequester on all defense and non-defense discretionary spending for FY 2013, more than offset by reductions in mandatory spending identified by several House Committees as part of the reconciliation process earlier this year.

$19 Billion Reduction to Budget Control Act: The legislation would lower the Budget Control Act, Public Law 112-25, spending cap by $19 billion in FY 2013. The cap would be lowered from $1.047 trillion to $1.028 trillion, the level of the House-passed budget resolution.

Replace $78 Billion Scheduled Discretionary Sequestration: The legislation would turn off the remaining $78 billion sequestration for FY 2013 and replace it with mandatory spending reforms. The sequestration would only be turned off if reconciliation is enacted into law.

Eliminates Sequestration of Mandatory Defense Spending: The legislation permanently exempts mandatory defense spending from sequestration.

Overview of Spending Reductions: According to CBO's estimate of H.R. 6684, the legislation includes mandatory savings of $314.5 billion over 10 years and increased spending of $96.8 billion over 10 years to replace the FY 2013 discretionary sequester. It would increase net spending by $45.33 billion in FY 2013, but decrease net spending by $31.359 billion over five years, and $217.68 billion over ten years.

SPECIAL NOTE ON SCORING**:** The CBO score released for H.R. 6684 did not included scores for the specific provisions within H.R. 6684. Therefore, all savings figures below are from the RSC Legislative Bulletin on H.R. 5652, the Sequester Replacement Reconciliation Act of 2012. These individual figures will have changed between the date of consideration of H.R. 5652 in March 2012 and consideration of H.R. 6684 today.

Notable provisions included in this savings figure:

Agriculture Committee:

- **Earlier sunset for higher food stamp benefits from the "stimulus".** This provision changes from October 31, 2013, to February 28, 2013 the sunset of the higher food stamp benefits provided from the "stimulus." **This provision saves $5.9 billion over ten years.**

- **Limit eligibility of food stamps to those who are eligible.** Under current law an individual may qualify for food stamps based on receiving other government benefits: TANF, SSI, or state-run General Assistance programs. This proposal would restrict eligibility on that basis. It would prevent states, based on the Obama Administration's efforts, from using "broadbased categorical eligibility," which leads to states to extend coverage to those who are not eligible. **This provision saves $11.7 billion over ten years.**

- **Eliminate SUA Loophole.** Under current law individuals receiving any LIHEAP funding also receive more benefits through SNAP through the SNAP Standard Utility Allowance (SUA). This provision allows states to offer very small amounts of money in LIHEAP benefits and have their citizens receive the higher benefits. Currently 16 states and DC offer benefits of $1 or $5 to lead to the extra SUA benefits. This provision eliminates the link between LIHEAP eligibility and SUA eligibility. **This provision saves $14.3 billion over ten years.**

- **Eliminate extra 50/50 cost share for SNAP employment and training.** Current law already provides a grant to states for SNAP Employment and Training. Further, there are, according to GAO, 47 other federal training programs. **This provision saves $11.7 billion over ten years.**

- **End state bonus program for SNAP.** These bonuses are given to states for doing their job in administering the program. This provision eliminates this spending. **This provision saves $480 million over ten years.**

- **Turn off indexing for nutrition education and obesity prevention.** Current law allows $375 million of SNAP nutrition education assistance to be sent to states. This money automatically increases with inflation. This proposal would eliminate this automatic increase. **This proposal saves $546 million over ten years.**

Energy and Commerce Committee:

- **Repeal of ObamaCare provisions.** The legislation repeals mandatory funding to establish American Health Benefit Exchanges ($14.5 billion savings over ten years), repeals the Prevention and Public Health Fund ($12 billion savings over ten years), and rescinds unobligated balances for the CO-OP program ($872 million savings over ten years). **The total savings from these three provisions is $27 billion over ten years.**

  Repealing Unlimited ObamaCare State Exchange Grants: ObamaCare gives the Secretary of Health and Human Services (HHS) unlimited appropriations to provide states grants to create exchanges for individuals to purchase federal-government approved health insurance. This proposal repeals the unlimited direct appropriation and rescinds any unobligated funds. It is similar to H.R. 1213, which passed the House last year by a vote of 238-183. **CBO estimates that this proposal will save approximately $14.5 billion over ten years.**

  Repealing ObamaCare's Prevention and Public Health Slush Fund: This proposal is similar to H.R. 1217, which passed the House by a vote of 263-183 last year. It repeals this ObamaCare slush fund called the "Prevention and Public Health Fund" designed to supplement spending—and controlled by the HHS Secretary—on public health programs (all programs within the Public Health Service Act are eligible for funding). The law created an advanced appropriation of $16 billion for the first ten years of the program and a permanent $2 billion annual appropriation for the fund in perpetuity. **CBO estimates that this proposal will save approximately $11.9 billion over ten years.**

  Defunding of ObamaCare's CO-OP Program: ObamaCare created the "Consumer Operated and Oriented Plan" (CO-OP) program to provide government-subsidized loans to qualified non-profit health insurance plans. The Heritage Institute Center for Health Policy explains, these Co-Ops "could be a back door to a public plan flying under a different flag." In the proposed rule for CO-OPs, the Office of Management and Budget (OMB) estimated that up to "50 percent of all loans" will not be repaid – jeopardizing hundreds of millions of taxpayer dollars. ObamaCare appropriated $6 billion for such loans (H.R. 1473, the continuing resolution for FY 2011, cut $2.2 billion from this program, and H.R. 2055 cut an additional $400 million) This proposal rescinds all unobligated funds made available to this program saving approximately **$872 million** over ten years according to CBO.

- **Medicaid Provisions:** The legislation includes five Medicaid reform provisions that **save $23 billion over ten years,** summarized below:

  Medicaid Provider Tax Threshold Reduction: This proposal reduces the state Medicaid provider tax threshold from 6.0 percent to 5.5 percent beginning in FY2013. States use this threshold to receive higher federal Medicaid matching funds. Under current law, states are limited to a provider tax threshold of no higher than 6 percent of the net patient service revenues. The provider tax threshold was 5.5 percent up until October 1, 2011. **Note:** The President's Budget Proposal for FY 2013 phases the provider tax threshold down to 3.5 percent. **This proposal saves approximately $11.25 billion over ten years according to CBO.**

Rebasing the Disproportionate Share Hospital (DSH) Allotments in Fiscal Year 2022: This proposal rebases the FY 2022 DSH allotments to maintain the FY 2021 level of reductions included in the Middle Class Tax Relief and Job Creation Act of 2012. ObamaCare reduces DSH payments from FY 2014 through FY 2020 to reflect a projected increase in insured Americans and a declining need for uncompensated care funding. However, in FY2021, DSH payments were scheduled to revert back to levels prior to ObamaCare's passage. The President's Budget Proposal for FY 2013 included this policy. **CBO estimates this proposal will save $4.2 billion over ten years.**

Repealing the Medicaid Maintenance of Effort (MOE) Requirement Imposed on States: This proposal repeals the MOE requirement for Medicaid and the Children's Health Insurance Program (CHIP) as mandated by ObamaCare. ObamaCare (and previously the Stimulus law) put in place an MOE requirement prohibiting states from having eligibility standards, methodologies, or procedures under its state Medicaid or Children's Health Insurance Program (CHIP) plans that are more restrictive than those in effect on March 23, 2010, the date of ObamaCare's enactment. The MOE repeal allows states the same operational flexibility they have exercised since the beginnings of the Medicaid and CHIP programs. **CBO estimates that this proposal saves approximately $600 million over ten years.**

Repealing the Territories Increased Federal Medicaid Funding Cap and Match Rate: This proposal reverses the increased Medicaid federal match and funding cap for the territories included in ObamaCare. ObamaCare increased the federal Medicaid match rate for the territories from 50 percent to 55 percent beginning in FY 2011. It also increased the cap on federal Medicaid spending directed to the territories by $6.3 billion over 10 years. **CBO estimates this proposal saves $6.3 billion over ten years.**

CHIP Bonus Payments Repeal: This proposal repeals the bonus payments the Children's Health Insurance Reauthorization Act of 2009 (CHIPRA) authorized to states that increase their Medicaid enrollment above a defined baseline from the prior year. While on one hand, states have been prohibited from implementing more aggressive eligibility review procedures due to the Maintenance of Effort (MOE), states are receiving hundreds of millions to implement much less restrictive eligibility review methods through the CHIP bonus payment program. **CBO estimates this proposal saves approximately $400 million over ten years.**

<u>Financial Services Committee:</u>

- **Eliminate Dodd-Frank Bailout Fund:** The Dodd-Frank bill gave the FDIC orderly liquidation authority providing creditors the ability to bailout financial institutions. H.R. 6684 repeals this fund. **This provision would save $22 billion over ten years.**

- **Repeal HAMP program:** The House voted to eliminate this program on March 29, 2011 by a vote of 252-170. H.R. 6684 includes this provision. See the RSC Legislative Bulletin for more information on this program. **This provision saves $2.8 billion over ten years.**

- **Repeal mandatory spending for Consumer Financial Protection Bureau (CFPB):** H.R. 6684 would make agency's funding subject to the appropriations process, **saving $5.4 billion over ten years.** The legislation would also authorize $200 million annually for the Bureau for FY 2013 and 2014.

Judiciary Committee:

- **Reform medical malpractice liability for health care lawsuits brought in state and federal court:** These reforms are similar to those included in H.R. 5, which the House passed on March 22, 2012 by a vote of 223-181. The RSC Legislative Bulleting describing H.R. 5 can be found here. The only difference between the House-passed H.R. 5 and the reforms included in this title is that repeal of the Independent Payment Advisory Board is not included in this title. **CBO estimates that this proposal saves approximately $40 billion over the next ten years.**

Oversight and Government Reform:

- **Make federal pension benefits more similar to private-sector:** The legislation increases federal pension contributions by 5%, and increases pension contributions for Members of Congress by 8.5%. This provision is intended to make federal pensions 50% funded by taxpayers (instead of being more than 90% funded by taxpayers under current law). **This provision saves $80 billion over ten years.**

Ways and Means Committee:

- **Fully recapture subsidy repayments from ObamaCare:** The legislation requires individuals that receive Obamacare exchange subsidies that they were not entitled to, to pay back the entire amount of the overpayment. **This provision saves $43.9 billion over ten years.**

- **Social Security Number Required to Claim the Refundable Portion of the Child Tax Credit:** Under current law, eligibility for the Earned Income Tax Credit requires a Social Security number. The refundable portion of the child tax credit does not require a Social Security number for eligibility, which means individuals not eligible to work in the U.S. receive the benefit. H.R. 6684 would require a Social Security number to receive the refundable child tax credit. **This provision saves $7.6 billion over ten years.**

- **Repeal Social Services Block Grant:** This program is a means-tested welfare program, that provides block grants to the states, which use the money for services that are duplicative of the 70 other federal welfare programs. The program is also used by states to refer individuals to other government programs. **This provision repeals the program and saves $17 billion over ten years.**

Additional Background: On August 2, 2011, the Budget Control Act of 2011 was signed into law. One component of this bill was to accommodate a debt ceiling increase of $2.1 trillion (it would have been up to $2.4 trillion had legislation from the Joint Select Committee on Deficit Reduction been enacted into law).

Because the "super-committee" created by the Budget Control Act did not lead to enactment of deficit reduction legislation, on January 2, 2013, under current law, OMB will order sequestrations for defense and non-defense categories of spending as necessary to meet spending cuts required by the "trigger."

The RSC's Cut, Cap, and Balance legislation would have cut $111 billion in FY 2012, placed firm caps on future spending, and – contingent upon House and Senate passage of a Balanced Budget Amendment – granted President Obama's request for a debt limit increase. The House of Representatives passed the legislation, but it was not enacted.

Groups Opposing (at press time):
Club for Growth (Scoring against rule and final passage)

Prior Congressional Action: H.R. 6684 was introduced by Rep. Eric Cantor on December 19th, 2012. HR. 6684 has not been reported our by any House Committee. However, nearly identical legislation was reported by the House Budget Committee on May 9th, 2012 and passed the House on May 10th, 2012.

Administration Position: No Statement of Administration Policy is available. The Obama administration did release a Statement of Administration Policy opposing H.R. 5652, which was nearly identical legislation passed by the House earlier this year.

Cost to Taxpayers: According to CBO's estimate of H.R. 6684, the legislation would increase net spending by $45.33 billion in FY 2013, but decrease net spending by $31.359 billion over five years, and $217.68 billion over ten years. It includes mandatory savings of $314.5 billion over 10 years and increased spending of $96.8 billion over 10 years to replace the FY 2013 discretionary sequester.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority Statement: The Constitutional Authority Statement accompanying the bill upon introduction states, "Article I, Section 8, Clauses 1, 3, and 18 and Article I, Section 9, Clause 7 of the United States Constitution."

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