Reserve Fund Issues & HR 3058

Question Presented: Does HR 3058 as reported from the Natural Resources Committee meet the requirements of reserve fund language in the FY-2008 budget resolution (adopted on May 17, 2007) and/or the language in the pending FY-2009 budget resolutions.

Background:

Budget resolutions for fiscal years FY-2008 & 2009 include “reserve fund” language that would protect legislation extending the county payments program from budget resolution points of order so long as that legislation contains offsets that would ensure that the deficit is not increased over certain periods of time.

The FY-2008 budget resolution contained the following language:

“SEC. 309. DEFICIT-NEUTRAL RESERVE FUND FOR COUNTY PAYMENTS LEGISLATION.

The Chairman of the appropriate Committee on the Budget may revise the allocations of a committee or committees, aggregates, and other appropriate levels and limits in this resolution for one or more bills, joint resolutions, amendments, motions, or conference reports that provide for the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106-393), make changes to the Payments in Lieu of Taxes Act of 1976 (Public Law 94-565), or both, by the amounts provided by that legislation for those purposes (or, in the House, that contain offsets so designated for those purposes), provided in the Senate that such legislation would not increase the deficit over either the period of the total of fiscal years 2007 through 2012 or the period of the total of fiscal years 2007 through 2017, and provided further in the House that such legislation would not increase the deficit or decrease the surplus for the total over the period of fiscal years 2007 through 2012 or the period of fiscal years 2007 through 2017.”

Note that the bottom line is that the deficits for the total of either the period 2007-2012 or 2007-2017 must not increase the deficit. There is some ambiguity about this standard. Does this mean that if the legislation meets either standard then it qualifies for reserve fund treatment or that the legislation must meet both standards? In the final analysis, the interpretation will be up to the budget committees in the House and Senate.

The House-reported budget resolution for FY-2009 contains the following reserve fund language:

"SEC. 314. DEFICIT-NEUTRAL RESERVE FUND FOR COUNTY PAYMENTS LEGISLATION.

In the House, the chairman of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels in this resolution for any bill, joint resolution, amendment, or conference report that provides for the reauthorization of the Secure Rural Schools and Community Self Determination Act of 2000 (Public Law 106-393) or makes changes to the Payments in Lieu of Taxes Act of 1976 (Public Law 94-565) by the amounts provided in such measure if such measure would not increase the deficit or decrease the surplus for the period of fiscal years 2008 through 2013 or for the period of fiscal years 2008 through 2018."

The principal difference between this language and that of the previous budget resolution is the extension of the time periods from 2008-2013 and 2008-2018.

The Senate-reported budget resolution for FY 2009 includes the following language:

"2) COUNTY PAYMENTS- The Chairman of the Senate Committee on the Budget may revise the allocations of a committee or committees, aggregates, and other appropriate levels and limits in this resolution for one or more bills, joint resolutions, amendments, motions, or conference reports that provide for the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106-393), make changes to the Payments in Lieu of Taxes Act of 1976 (Public Law 94-565), or both, by the amounts provided by that legislation for those purposes, provided that such legislation would not increase the deficit over either the period of the total of fiscal years 2008 through 2013 or the period of the total of fiscal years 2008 through 2018."

The Senate language is similar to the House language.

The **Congressional Budget Office cost estimate** for HR 3058 contains the following language:

"CBO estimates that enacting H.R. 3058 would increase net direct spending by

$409 million over the 2008-2012 period, but reduce such spending by about $4.2 billion over the 2008-2017 period. Enacting the bill would not affect revenues but could result in savings in discretionary spending by reducing the need for annual appropriations for payments in lieu of taxes (PILT). Assuming that appropriations are reduced accordingly, CBO estimates that discretionary spending would fall by $975 million through 2012."

This cost estimate poses a few questions. Will the projected decrease in discretionary spending be scored to offset the increase in net direct spending over the 2008-2012 period? If not, will the fact that the bill would reduce such spending by $4.2 billion over the 2008-2017 period. These issues can be resolved through staff discussion during the upcoming recess period. If necessary, the bill could be amended on the floor to meet the technical requirements of the reserve fund provisions.

Reserve Fund Options

The reserve fund language presents some opportunities to advance the county payments extension. Once the technical questions of compliance are resolved, we could seek to put the following chain of events into motion.

- Chairman Rahall and Ranking Member Young (perhaps joined by Subcommittee Chairman Grijalva and Ranking Member Bishop) write to Budget Chairman John Spratt and Ranking Member Paul Ryan asking them to revise the budget allocations for the Natural Resources Committee in accord with the reserve fund language in the FY 2008 (or 2009, if it has been adopted by that time) budget resolution. The basis for this request would be the belief that HR 3058 meets the reserve fund requirements.
- The Budget Committee would meet (or consult without a formal meeting) and consider the request. With the appropriate technical and political support, we can be optimistic that the result would be favorable.
- Favorable action by the Budget Committee would pave the way for the leadership to schedule the bill for floor consideration.
- Favorable action by the full House would put pressure on the Senate to move companion legislation.