COUNSEL REPORT

ON THE

BIPARTISAN BUDGET ACT OF 2015

HOUSE BUDGET COUNSEL

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Prepared

by

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U.S. House of Representatives

CONTENTS

BIPARTISAN BUDGET ACT OF 2015

INTRODUCTION

The "Bipartisan Budget Act of 2015" (BBA 2015) became Public Law 114-74 on November 2, 2015 having travelled a path not quite in the usual way legislation is enacted. The Committees of jurisdiction were largely excluded from the decisions as to its content and the normal procedures used to bring bills to the Floor of the House and the Senate were not used.

This contrasts with the Bipartisan Budget Act of 2013, which stemmed originally from a concurrent resolution on the budget and through discussions between the Chairs of the Budget Committees of the House and Senate.

Instead, the BBA 2015 was the product of the Leadership offices of the House and the Senate. Ultimately Rep. John Boehner, Speaker of the House, and Senator Mitch McConnell, Majority Leader of the Senate, concluded a deal with President Obama and Democratic Members of the House and Senate.

There is no public record of who or how it was written, though elements of the bill as passed by Congress, had been considered in various places. It was then cobbled together, apparently, by these Leadership Offices and the White House and brought to the House and Senate for a vote, ultimately being signed by the President into law as Public Law 114-74.

SUMMARY OF LEGISLATIVE HISTORY

October 28, 2015 12:21 am:	The House Committee on Rules reported an original measure, H. Rept. 114-315, by Mr. Tom Cole.
October 28, 2015 12:21 am:	The resolution provides for consideration of the Senate amendment to H.R. 1314.
October 28, 2015 12:21 am:	Placed on the House Calendar, Calendar No. 70.
October 28, 2015 12:33 pm:	Considered as privileged matter. (consideration: CR H7268-7271)
October 28, 2015 12:33 pm:	DEBATE - The House proceeded with one hour of debate on H. Res. 495.
October 28, 2015 12:58 pm:	POSTPONED PROCEEDINGS – At the conclusion of debate on H. Res. 495, the Chair put the question on ordering the previous question and by voice vote, announced that the ayes had prevailed. Mr. Cole demanded the yeas and nays and the Chair postponed further proceedings on ordering the previous question until a time to be announced.
October 28, 2015 2:54 pm:	Considered as unfinished business. (consideration: CR H7271-7272)
October 28, 2015 3:25 pm:	On ordering the previous question Agreed to by the Yeas and Nays: 325 - 103 (Roll no. 577). (consideration: CR H8271-7272)
October 28, 2015 3:33 pm:	On agreeing to the resolution Agreed to by recorded vote: 392 - 37 (Roll no. 578). (text: CR H7268)
October 28, 2015 3:34 pm:	Motion to reconsider laid on the table Agreed to without objection.

LEGISLATIVE HISTORY

The Bipartisan Budget Act of 2015 has very little legislative history as that term is commonly understood. No hearings were held on the bill in the form it was enacted, nor was it considered in that fashion by any Committee.

The bill began its existence as H.R. 1314, introduced by Patrick Meehan on March 14, 2015. The short title of the bill as introduced was "Ensuring Tax Exempt Organizations the Right to Appeal Act" and it was reported by the Ways and Means Committee on April 13, 2015 (H. Rept. 114-67).

The bill was noncontroversial, passing the House on April 15, 2015 by voice vote. This satisfied the Suspension Calendar requirement of a two-thirds majority and it was sent to the Senate. The Senate agreed to the bill with an amendment on May 22, 2015. The Senate returned H.R. 1314 to the House – where further debate was had but ultimately further consideration was postponed on June 25, 2015.

This was the legislative vehicle chosen used to carry the Bipartisan Budget Act of 2015. It was convenient in that it was already a revenue measure having originated in the House, per the Constitutional requirement, since the replacement text included tax provisions. It had already been reported by the Ways and Means Committee and had already been moved through the Senate. All that was needed was to replace the existing text with the Bipartisan Budget Act of 2015 language and the bill could be considered.

The Committee on Rules of the House brought the previously postponed version of H.R. 1314 back to the floor for debate, and reported a simple House Resolution (H. Res. 495) which upon its adoption had the effect of amending the underlying measure for which it was providing terms of debate (this is commonly called a "self-executing rule".

Due to certain needed changes, the report on the rule (H. Rpt. 114-315) also included additional changes to the text. A summary from that report is as follows:

SUMMARY OF THE MODIFICATION IN PART B TO THE HOUSE AMENDMENT

Boehner (OH): Updates the table of content item related to section 504. The second amendment corrects a drafting error that interfered with the operation of the Overseas Contingency Operations cap adjustment. The third amendment corrects the name of the Department of the Treasury. The fourth amendment raises the flat- and variable-rate premiums in section 501 by $1 in each period.

The fifth amendment extends the funding stabilization percentages for an additional year to 2020. The sixth amendment clarifies the definition of "applicable items and services." The seventh amendment corrects the effective date to clarify the provision applies to voluntary suspensions requested 180 days after enactment. The eighth amendment corrects a drafting omission that would otherwise limit the use of SRF fund for system enhancements that increase spectral efficiency.

This Boehner Amendment also had the effect of altering the cost and presentation of the estimate produced by the Congressional Budget Office.

The bill subsequently passed the House (266-167), the Senate (64-35), and was signed by President Obama on November 2, 2015 as Public Law 114-74, 129 Stat. 2242, November 2, 2015.

SUMMARY OF THE LEGISLATIVE HISTORY OF H.R. 1314

March 4, 2015	Introduced in House by Representative Patrick Meehan
April 13, 2015	Reported (Amended) by the Committee on Ways and Means. H. Rept. 114-67.
April 15, 2015	Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote.
May 22, 2015	Passed/agreed to in Senate: Passed Senate with an amendment by Yea-Nay Vote. 62 - 37. Record Vote Number: 193.
October 28, 2015	Resolving differences – House actions: On motion that the House agree with an amendment to the Senate amendment Agreed to by the Yeas and Nays: 266 - 167 (Roll No. 579).
October 30, 2015	Resolving differences – Senate actions: Senate agreed to the House amendment to the Senate amendment to H.R. 1314 by Yea-Nay Vote. 64 - 35. Record Vote Number: 294.
November 2, 2015	Presented to President.
November 2, 2015	Signed by President.
November 2, 2015	Became Public Law No: 114-74

SECTION BY SECTION DESCRIPTION

Because the Bipartisan Budget Act of 2015 was not reported from a committee in the form in which it was finally enacted, no usable section by section in from a Committee report exists. Nevertheless, a section by section was prepared regarding its contents and provided to Members of the House of Representatives as part of the explanation of the bill before it was considered. This section by section, included here, was made public by the Committee on Rules, and it was prepared in part by those who were involved in the agreement and writing the final legislative text.

No substantive edits have been incorporated into this description. Further explanatory material is set out in footnotes.

Sec. 1. Short title; Table of Contents.

Subsection 1(a) provides that the short title of this Division is the "Bipartisan Budget Act of 2015". Subsection 1(b) sets forth the table of contents for the Act.

TITLE I – BUDGET ENFORCEMENT

Sec. 101. Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985.

The limits on discretionary spending are established in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA). The limits are subdivided in each fiscal year through 2021 into two categories: revised security category and revised nonsecurity category. The revised security category is defined to be the National Defense budget function (Function 050) which includes funding for the Department of Defense, the nuclear weapons- related work of the Department of Energy, intelligence-related activities, and the national security elements of the Departments of Commerce, Justice, Homeland Security, and several independent agencies. The Department of Defense (including the intelligence programs) usually receives over 95 percent of the budget authority in this function. The revised nonsecurity category comprises discretionary spending not contained in the revised security category.

Subsection 101(a) amends section 251(c) of BBEDCA to increase the limits on discretionary spending for fiscal years 2016 and 2017. The revised levels for each category are shown in the table.

	FISCAL YEAR 2016		FISCAL YEAR 2017	
	Revised Security	**Revised Nonsecurity**	**Revised Security**	**Revised Nonsecurity**
Current Law	$523,091	$493,491	$536,068	$503,531
Revised Limit	$548,091	$518,491	$551,068	$518,531

(Budget Authority in Millions of Dollars)

In addition to the limits on discretionary spending, section 251A of BBEDCA also includes a sequester of direct spending, the size of which interacts with the discretionary spending levels.

Subsection 101(b) provides for the implementation of the sequester of direct spending as if the amendments in subsection 101(a) had not been made. The President is required by law to implement the sequester of direct spending ordered on February 2, 2015 and the one in the Sequestration Preview Report for Fiscal Year 2017 as if the amendments in subsection 101(a) had not been made.

Subsection 101(c) reduces spending by $14 billion in fiscal year 2025 by requiring the President to sequester the same percentage of direct spending in 2025 as will be sequestered in 2021. It also replaces the arbitrary dips and increases in the Medicare sequester percentages in 2023 and 2024 with a flat two-percent rate as applies under current law in fiscal years 2016 through 2022.

Subsection 101(d) establishes minimum adjustments to the defense and non-defense caps for overseas contingency operations (OCO) in fiscal years 2016 and 2017 providing certainty for two years on approximate OCO levels.

	FY 2016	**FY 2017**
Defense OCO	$58.798	$58.798
Nondefense OCO	$14.895	$14.895

(Budget Authority in Millions of Dollars)

Sec. 102. Authority for fiscal year 2017 budget resolution in the Senate.

Subsection 102(a) authorizes in the Senate a congressional budget for fiscal year 2017. Subsection 102(b) provides that the chair of the Senate Committee on the Budget will submit after April 15 and no later than May 15, 2014 for publication in the Congressional Record allocations of budgetary resources for each congressional committee, aggregate spending and revenue levels, and levels of revenues and outlays for Social Security that will be enforceable as if included in a conference agreement on a budget resolution. Subsection 102(c) provides that the submission pursuant to subsection (b) may also include reserve funds adopted in the fiscal year 2016 budget resolution for fiscal year 2017 updated to cover the new budget window. Subsection 102(d) provides that this section shall expire if a budget resolution conference report for fiscal year 2017 is agreed to by the House and the Senate.

TITLE II – AGRICULTURE

Sec. 201. Standard Reinsurance Agreement.

Section 201 amends the Federal Crop Insurance Act to require that the Standard Reinsurance Agreement be renegotiated no later than December 31, 2016 and at least once every five years thereafter. This section also establishes an 8.9 percent cap on the overall rate of return for insurance providers under the agreement. Currently, the negotiated overall rate of return is approximately 14.5 percent.

TITLE III – COMMERCE

Sec. 301. Debt collection improvements.

Subsection 301(a) amends the Communications Act of 1934 to authorize the use of automated telephone equipment to call cellular telephones for the purpose of collecting debts owed to the

United States government. This subsection also authorizes the Federal Communications Commission to issue regulations to limit the number and duration of any such calls.

Subsection 301(b) requires the FCC to issue regulations to implement this section within 9 months of the date of enactment of the Bipartisan Budget Act of 2015.

TITLE IV – STRATEGIC PETROLEUM RESERVE

Sec. 401. Strategic Petroleum Reserve test drawdown and sale notification and definition change.

Subsection 401(a) amends section 161 of the Energy Policy Conservation Act (EPCA) to require DOE to notify Congress prior to any Strategic Petroleum Reserve test sale, with an exception for emergency drawdowns, and to submit a report following any sale. Subsection 401(b) amends section 3 of EPCA to include terrorism as a qualifying cause of severe energy disruption.

Sec. 402. Strategic Petroleum Reserve mission readiness optimization.

Section 402 requires DOE to conduct a strategic review of SPR and develop proposals related to its role in national policy, relevant legal authorities, configuration and performance, and long- term effectiveness.

Sec. 403. Strategic Petroleum Reserve drawdown and sale.

Subsection 403(a) authorizes the sale of 58 million barrels of oil from the Strategic Petroleum Reserve (SPR) from 2018-2025. Subsection 403(b) prohibits sales under subsection (a) if such sales would limit the ability of the SPR to meet its strategic purpose of preventing and reducing the adverse impacts of severe domestic energy supply interruptions. Subsection 403(c) requires the proceeds of the sale to be deposited in the General Fund of the treasury to reduce the deficit.

Sec. 404. Energy Security and Infrastructure Modernization Fund.

Subsection 404(a) establishes an Energy Security and Infrastructure Modernization Fund (Modernization Fund). Subsection 404(b) provides that the purpose of the Modernization Fund is to provide for the construction, maintenance, repair, and replacement of Strategic Petroleum Reserve facilities. Subsection 404(c) authorizes the sale (subject to approval in advance through the appropriations process) of up to $2 billion of oil from the SPR and for deposit of the proceeds of the sale in the Modernization Fund. It also prohibits sales under this au-

thority if such sales would limit the ability of the SPR to meet its strategic purpose of preventing and reducing the adverse impacts of severe domestic energy supply interruptions. Subsection 404(d) establishes the authorized uses of the Modernization Fund balances for operational improvements to extend the useful life of SPR's surface and subsurface infrastructure; maintenance of SPR cavern storage integrity; and addition of SPR infrastructure and facilities to optimize the drawdown and incremental distribution capacity of the Strategic Petroleum Reserve. Subsection 404(e) authorizes up to $2 billion of sales under subsection 404(c) from 2017-2020. Subsection 404(f) requires the Secretary of Energy to provide detailed plans in the Department of Energy's annual budget requests. Subsection 404(g) terminates the authority provided in subsection 404(c) after 2020.

TITLE V – PENSIONS

Sec. 501. Single Employer Plan Annual Premium Rates.

Current law: Single-employer pension plans annually pay a fixed premium to the PBGC, which is indexed for inflation, and will be $64 per person in 2016. Single-employer plans also pay a variable rate premium, which is indexed to inflation and will equal $30 per $1000 of underfunding in 2016.

Provision: The single-employer fixed premium would be raised to $68 for 2017, $73 for 2018, and $78 for 2019, and then re-indexed for inflation. The variable rate premium would continue to be indexed for inflation, but would be increased by an additional $2 in 2017, an additional $3 in 2018, and an additional $3 in 2019.

Sec. 502. Pension Payment Acceleration.

Current law: The due date for premiums is generally the fifteenth day of the tenth full calendar month of the premium payment year.

Provision: The premium due date for plan years beginning in 2025 would be the fifteenth day of the ninth calendar month beginning on or after the first day of the premium payment year.

Sec. 503. Mortality Tables.

Current law: Private sector defined benefit pension plans generally must use mortality tables prescribed by the Treasury for purposes of calculating pension liabilities. Plans may apply to Treasury to use a separate mortality table. Plans qualify to use a separate table only if (1) the proposed table reflects the actual experience of the pension plan maintained by the plan sponsor and projected trends in general mortality experience, and (2) there are a sufficient number of plan participants, and the plan was maintained for a sufficient period of time to have credible information necessary for that purpose.

Provision: The determination of whether the plan has credible information shall be made in accordance with established actuarial credibility theory, which is materially different from the current rules. In addition, the plan may use tables that are adjusted from the Treasury tables if such adjustments are based on a plan's experience.

Sec. 504. Extension of Current Funding Stabilization Percentages to 2018 and 2019.

Current Law: Single employer defined benefit pension plan liabilities may be valued by using either spot interest rates or by taking into account the interest rates on investment grade corporate bonds over the prior two years. Under MAP-21 (the 2012 highway bill) and HAFTA (the 2014 highway bill), interest rates for valuing liabilities in 2012-2017 are deemed not to vary more than ten percent from the average interest rates over the prior twenty-five years. That corridor increases by 5 percent per year through 2021, at which point it remains permanently at 30 percent, which has the effect of deferring companies' deductible required pension contributions.

Provision: The corridor on interest rates would remain at ten percent through 2019. The corridor would increase by five percent per year through 2023, at which point the corridor would remain permanently at 30 percent. The provision would generally be effective for plan years beginning after December 31, 2015. This proposed reduction in required pension contributions would, purely at the discretion of employers that choose to take advantage of this pension funding relief, result in those employers having more taxable income (because the contributions that they elect to defer are tax-deductible when contributed). This is estimated to increase revenues as compared to the budget baseline. It is also estimated to result indirectly in

increased Pension Benefit Guaranty Corporation (PBGC) premiums because employers that, purely at their discretion, choose to take advantage of this funding relief would have a larger base for purposes of computing the variable rate premium on underfunding.

TITLE VI – HEALTH CARE

Sec. 601. Maintaining 2016 Medicare Part B Premium and Deductible Levels Consistent With Actuarially Fair Rates.

In 2015, the monthly Part B premium rate is $104.90. Without Congressional action, the estimated monthly Part B premium in 2016 for beneficiaries not held harmless would be $159.30. This policy would maintain the hold harmless provision in current law and prevent a dramatic premium increase on beneficiaries not held harmless. This policy accomplishes this by setting a new 2016 basic Part B premium for the beneficiaries not held harmless at $120, which is the amount the Part B premium would otherwise be for all beneficiaries in 2016 if the hold harmless provision in current law did not apply.

To effectuate this policy, in 2016, there would be a loan of general revenue from the Federal Treasury to the Supplemental Medical Insurance (SMI) Trust Fund. To repay the loan, starting in 2016, beneficiaries not subject to the hold harmless would pay an additional $3 in their monthly Part B premium until the loan is repaid.

Medicare beneficiaries who currently pay higher income-related premiums would pay higher than $3, the amount of which would increase for beneficiaries in each higher-income bracket in proportion to income-related premiums under current law. If there is no cost of living adjustment increase for 2017, this provision would apply again.

Sec. 602. Applying Inflation Adjustment to Medicaid Generic Drug Inflationary Rebate.

Currently, single source and innovator multiple source drugs pay an additional rebate if the price of the drug has increased faster than inflation (CPI-U). The inflation-based rebate, however, does not apply to generic drugs. Section 602 would apply the inflation-based rebate currently paid on brand drugs to generic drugs.

Sec. 603. Treatment of New Off-Campus Outpatient Departments of a Provider

Section 603 would codify the Centers for Medicare & Medicaid Services (CMS) definition of provider-based (PBD) off-campus hospital outpatient departments (HOPDs) as those locations that are not on the main campus of a hospital and are located more 250 yards from the main campus. The section defines a "new" PBD HOPD as an entity that executed a CMS provider agreement [after the date of enactment]. Any PBD HOPD executing a provider agreement after the date of enactment would not be eligible for reimbursements from CMS' Outpatient Prospective Payment System (PPS). New PBD HOPDs, as defined by this section, would be eligible for reimbursements from either the Ambulatory Surgical Center (ASC PPS) or the Medicare Physician Fee Schedule (PFS).

Sec. 611. Repeal of automatic enrollment requirement.

Section 611 repeals Section 18A of the Fair Labor Standards Act (29 U.S.C. 218a), as added by section 1511 of the Affordable Care Act. Section 1511 requires employers with more than 200 employees to automatically enroll new full-time equivalents into a qualifying health plan if offered by that employer, and to automatically continue enrollment of current employees.

TITLE IX - JUDICIARY

Sec. 701. Civil monetary penalty inflation adjustments.

Section 701(a) establishes the short title for this section as the "Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015." Section 701(b) amends the Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note) to:

1. Require all agencies with civil monetary penalties covered by the statute to update penalties based on their value in the last update prior to 1996 and the change in the CPI between that date and October 2015. The increase in penalties that results from this "catch up" calculation would be capped at 150% (so a penalty now set at $10,000 could not increase to more than $25,000).
2. Require all agencies to adjust their civil monetary penalties annually based on changes in the CPI, using data

from October of each year.

3. Replace current rounding rules with a simple rule that penalties be rounded to the nearest dollar.
4. Apply these provisions to the Occupational Safety and Health Act and civil penalties assessed under the Social Security Act.
5. Allow a Secretary of a covered agency to increase one or more penalties covered by these provisions by less than the new formula through a rulemaking only if the Secretary finds that increasing the penalty by the required amount will have a negative economic impact or that the social costs outweigh the benefits and the Director of the Office of Management and Budget concurs with this analysis.
6. Speed implementation by:
   a. requiring OMB to issue guidance on how to implement the inflation provisions by January 31, 2016 and annually thereafter by December 15th;
   b. requiring agencies to publish the first adjustment in the penalties by at latest July 1, 2016 through Interim Final Rulemaking (specified in statute) to become effective by at latest August 1, 2016; and
   c. starting in January 2017, and annually thereafter, require agencies to publish annual updates by January 15th each year in the Federal Register (specified in statute). These annual inflationary adjustments would not require rulemaking.
7. Improve oversight and agency compliance by (a) requiring agencies to include information about penalties and their adjustments in agency annual financial statements, and (b) calling on GAO to assess compliance with required inflation adjustments as part of its annual agency audits.

Subsection 701(c) makes a conforming change to the Debt Collection Improvement Act of 1996 (28 U.S.C. 2461 note).

Sec. 702. Crime Victims Fund.

Section 802 rescinds and permanently cancels $1.5 billion from the Crime Victims Fund. This provision preserves adequate balances to meet programmatic funding needs for the foreseeable future.

Sec. 703. Assets Forfeiture Fund.

Section 703 rescinds and permanently cancels $746 million from the Department of Justice Asset Forfeiture Fund.

TITLE VIII – SOCIAL SECURITY

Sec. 801. Short title.

This section establishes that the short title for this title is the "Social Security Benefit Protection and Opportunity Enhancement Act of 2015".

Subtitle A: Ensuring Correct Payments and Reducing Fraud

Sec. 811. Expansion of cooperative disability investigations units

Requires nationwide coverage by Cooperative Disability Investigations (CDI) units, jointly run by the Social Security Administration (SSA) and the Office of the Inspector General (OIG), and consisting of staff from local SSA offices, the OIG, State Disability Determination Services (DDS), and local law enforcement. CDI units generally investigate suspected fraud before benefits are awarded.

Sec. 812. Exclusion of certain medical sources of evidence

Prevents evidence submitted by unlicensed or sanctioned physicians and health care providers from being considered when determining disability. (Effective for determinations made on or after one year after enactment)

Sec. 813: New and stronger penalties

Creates a new specific felony for conspiracy to commit Social Security fraud, punishable by up to 5 years in prison, fines generally up to $250,000, or both. Increases the maximum felony penalty from 5 years to 10 years for individuals in positions of trust (including claimant representatives, doctors and other health care providers, translators, and current or former SSA employees) who use their specialized knowledge to defraud the SSA, in addition to fines (generally up to $250,000).

Increases the maximum Civil Monetary Penalty (CMP) that the SSA can levy against individuals in a position of trust from $5,000 to $7,500 for each false statement, representation, conversion, or omission the individual makes or causes to be made.

Disqualifies individuals from receiving benefits during a trial work period if they are assessed a CMP for fraudulently concealing work activity. (All provisions effective upon enactment)

Sec. 814. References to Social Security and Medicare in electronic communications

Clarifies that the prohibitions and penalties contained in Section 1140 of the Social Security Act, regarding the misuse of symbols, emblems, and names associated with Social Security and Medicare, also apply to electronic and Internet communications, and treats each Internet viewing as a separate offense. (Effective upon enactment)

Sec. 815. Change to cap adjustment authority

Increases the level of the cap adjustment spending for program integrity as allowed under the Budget Control Act. Additional funding totals $484 million FY 2017-2020. Expands the use of funds to include CDI units, Special Assistant United States Attorneys who prosecute Social Security fraud, and work-related continuing disability reviews.

Subtitle B: Promoting Opportunity for Disability Beneficiaries

Sec. 821. Temporary reauthorization of disability insurance demonstration project authority.

Reinstates the Social Security Administration's demonstration authority through December 31, 2021 and requires all projects using the authority to terminate on December 31, 2022.

Sec. 822. Modification of demonstration project authority.

Updates requirements for the Congressional review period, under which the Commissioner must notify Congress in advance of any experiment or demonstration project conducted under this authority. Requires additional information to be sent to the Committee on Ways and Means and Committee on Finance prior to beginning. The proposal must now include a descrip-

tion of objectives, expected annual and total costs, start date, and end date. Specifies that participation in demonstration projects is voluntary and requires informed consent.

Sec. 823. Promoting opportunity demonstration project.

Requires the Social Security Administration to test the effect on beneficiary earnings of changing how earnings are treated for purpose of ongoing benefit eligibility. Under the demonstration, the existing "cash cliff" would be replaced with a benefit offset, under which the DI benefit would be reduced by $1 for every $2 of earnings in excess of a threshold. The SSA could test multiple thresholds at or below the current level of earnings that constitute a trial work month ($780 in 2015). Under the demonstration, there would be no trial work period and no extended period of eligibility, but beneficiaries could receive partial benefits if their earnings in a month exceeded the substantial gainful activity amount ($1,090 a month in 2015). In addition, the threshold amount could be adjusted upward to reflect an individual's itemized Impairment Related Work Expenses. Once an individual's benefit is fully offset, entitlement to benefits would end, but Medicare coverage would continue for 93 months.

Sec. 824. Use of electronic payroll data to improve program administration

Authorizes Social Security to obtain, with beneficiary consent, data on beneficiary earnings from payroll providers and other commercial sources of earnings data through a data exchange. Individuals for whom the SSA obtains earnings data from these sources would be exempt from the requirement to report their own earnings. The SSA would be required to publish regulations governing this process prior to implementation. (Effective one year after enactment)

Sec. 825. Treatment of earnings derived from services.

When a DI beneficiary works, the SSA must consider which month the income was earned in determining whether the individual's earnings exceed the Substantial Gainful Activity amount. The SSA would be permitted to streamline the process of evaluating a beneficiary's earnings by presuming that wages and salaries were earned when paid, unless information was available to the SSA that showed when the income was earned.

Beneficiaries would receive a notification when such presumption is made, and afforded an opportunity to provide additional wage information regarding when the services were performed. (Effective upon enactment)

Sec. 826. Electronic reporting of earnings.

Requires the SSA to permit DI beneficiaries to report their earnings via electronic means, including telephone and internet, similar to what is available to Supplemental Security Income recipients. (Effective not later than September 30, 2017)

Subtitle C: Protecting Social Security Benefits

Sec. 831. Closure of unintended loopholes.

Closes several loopholes in Social Security's rules about deemed filing, dual entitlement, and benefit suspension in order to prevent individuals from obtaining larger benefits than Congress intended. (Effective for individuals who attain age 62 after 2015, with respect to dual entitlement and deemed filing; and effective for benefits payable beginning 6 months after enactment, with respect to benefit suspension.)

Sec. 832. Requirement for medical review.

In order to make an initial determination of disability, the Commissioner must make every reasonable effort to ensure that a qualified physician, psychiatrist or psychologist has completed the medical portion of the case review. (Effective for determinations made beginning one year after enactment)

Sec. 833. Reallocation of payroll tax revenue.

Reallocates to the Disability Insurance Trust Fund an additional 0.57 percentage points (for a total of 2.37 percentage points of the total combined 12.4 percent payroll tax) in 2016, 2017 and 2018. This would be sufficient to pay benefit until 2022, and the total rate would not change.

Sec. 834. Access to financial information for waivers and adjustments of recovery

When an individual requests waiver of an overpayment because they are without fault and are unable to repay the funds,

the SSA would be permitted to verify their financial information using its Access to Financial Institutions system (which provides data on beneficiary financial accounts). (Effective for determinations made 3 months after enactment)

Subtitle C: Relieving Administrative Burdens and Miscellaneous Provisions

Sec. 841. Interagency coordination to improve program administration.

Under current law, the Office of Personnel Management (OPM) must reduce disability payments made to a Federal Employee Retirement System (FERS) annuitant who also receives

Social Security disability benefits. In some cases, OPM pays the FERS annuity before the SSA has determined whether the annuitant is also entitled to Social Security disability, resulting in a FERS overpayment. SSA would be permitted to repay OPM the amount of overpaid FERS benefits if an individual is found eligible for DI and is entitled to an award of past-due benefits, and deduct this overpaid amount from the past-due Social Security payment. This shall apply to past-due disability insurance benefits payable 1 year after enactment.

Sec. 842. Elimination of quinquennial determinations relating to wage credits for military service prior to 1957.

Eliminates the requirement that the SSA make quinquennial determinations for pre-1957 military service wage credits after the 2010 determination; the trust funds have been reimbursed for all costs attributable to granting these wage credits.

Sec. 843. Certification of benefits payable to a divorced spouse of a railroad worker to the Railroad Retirement Board.

Adds divorced spouses to the list of beneficiaries whose information is certified electronically.

Sec. 844. Technical amendments to eliminate obsolete provisions.

Technical change to remove subsections 226(j) and 226A(c) which are obsolete.

Sec. 845. Reporting requirements to Congress.

Requires the SSA to report on:

1. Fraud Prevention Activities and Improper Payments
2. Work-Related Continuing Disability Reviews
3. Overpayment Waivers

Sec. 846. Expedited examination of Administrative Law Judges

SSA hires new ALJs through the Office of Personnel Management, which holds periodic examinations for potential ALJ candidates. SSA would be allowed to request additional examinations for Administrative Law Judges (ALJs) when the need arises.

Title IX – Temporary Extension of Public Debt Limit

Sec. 901. Temporary extension of public debt limit.

Subsection 901(a) provides for the temporary suspension of the limit on public debt through March 15, 2017. Subsection 901(b) further provides that on March 16, the public debt limit will be increased, but only to the extent that:

(1) the face amount of obligations issued and the face amount of obligations whose principal and interest are guaranteed by the federal government (except guaranteed obligations held by the Secretary of the Treasury) outstanding on March 15, 2017, exceeds

(2) the face amount of such obligations outstanding on the date of enactment of this Act.

Sec. 902. Restoring Congressional Authority Over the National Debt.

Subsection 902(a) limits the adjustment under section 901(b) by prohibiting an obligation from being taken into account unless its issuance was necessary to fund a commitment incurred by the federal government that required payment before March 16, 2017.

Subsection 902(b) prohibits the Secretary of the Treasury from abusing the suspension of the debt ceiling to build up cash balances above normal operating balances.

TITLE X – SPECTRUM

Sec. 1001. Short title.

This section establishes the short title of this tile as the "Spectrum Pipeline Act of 2015."

Sec. 1002. Definitions.

This section defines terms as used in this title.

Sec. 1003. Rule of construction regarding frequency bands.[1]

This section reads in its entirety as follows:

> "SEC. 1003. RULE OF CONSTRUCTION.
>
> "Each range of frequencies described in this title shall be construed to be inclusive of the upper and lower frequencies in the range."

This section clarifies the band is band described in the Act is 1-10, which hence includes the individual 1 and 10 bands as well as 2 through 9.

Sec. 1004. Identification, Reallocation, and Auction of Federal Spectrum.

This section requires the NTIA to identify 30 MHz of spectrum below 3 GHz (excluding 1675- 1695 MHz) by 2022 in preparation for an auction by the FCC no later than July 1, 2024. Requires the FCC to hold said auction.

Sec. 1005. Additional Uses of Spectrum Relocation Fund.

This section expands the eligible uses of the Spectrum Relocation Fund to include research and development of spectrum technologies and systems to improve government spectrum efficiency. It also allocates $500 million for such purposes and includes ongoing funding of 10% of funds deposited in the SRF. This funding will increase the ability of the Federal government to identify opportunities for spectrum reallocation and sharing with commercial systems.

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[1] No description of this section was included in the original section by section as made public at the time of consideration on October 28, 2015 in the House. The description here is from discussions among House Budget Committee staff.

Entities requesting funds from OMB must submit a plan to the technical panel established under the Middle Class Tax Relief and Job Creation Act of 2012 in order to make a determination whether the plan is likely to produce tangible positive results.

Sec. 1006. Plans for Auction of Certain Spectrum.

Establishes a series of reports from the FCC to Congress detailing new opportunities to reallocate spectrum from government to commercial or shared use.

Sec. 1007. FCC Auction Authority.

Extends expiring FCC auction authority from 2022 to 2025 for the specific spectrum identified under Section 1004.

Sec. 1008. Report to Congress on Rules Changes Relating to 3550-3650 MHz Spectrum.

Requires a report to Congress on the efficacy of the Spectrum Access System rules being implemented in the 3650-3750 MHz band to enable sharing between licensed, unlicensed, and government incumbents.

TITLE XI – REVENUE PROVISIONS RELATED TO TAX COMPLIANCE

Sec. 1101. Partnership Audits and Adjustments.

Three different regimes currently exist for auditing partnerships:

For partnerships with 10 or fewer partners, the IRS generally applies the audit procedures for individual taxpayers, auditing the partnership and each partner separately.

For most large partnerships with more than 10 partners, the IRS conducts a single administrative proceeding (under the so-called TEFRA rules, which were adopted as part of the Tax Equity and Fiscal Responsibility Act of 1982) to resolve audit issues regarding partnership items that are more appropriately determined at the partnership level than at the partner level. Under the TEFRA rules, once the audit is completed and the resulting adjustments are determined, the IRS must recalculate the tax liability of each partner in the partnership for the particular audit year.

A third audit regime applies to partnerships with 100 or more

partners that elect to be treated as Electing Large Partnerships (ELPs) for reporting and audit purposes. A distinguishing feature of the ELP audit rules is that unlike the TEFRA partnership audit rules, partnership adjustments generally flow through to the partners for the year in which the adjustment takes effect, rather than the year under audit. As a result, the current-year partners' share of current-year partnership items of income, gains, losses, deductions, or credits are adjusted to reflect partnership adjustments relating to a prior-year audit that take effect in the current year. The adjustments generally do not affect prior-year returns of any partners (except in the case of changes to any partner's distributive share).

Under the provision, the current TEFRA and ELP rules would be repealed, and the partnership audit rules would be streamlined into a single set of rules for auditing partnerships and their partners at the partnership level. Similar to the current TEFRA rule excluding small partnerships, the provision would permit partnerships with 100 or fewer qualifying partners to opt out of the new rules, in which case the partnership and partners would be audited under the general rules applicable to individual taxpayers.

Under the streamlined audit approach, the IRS would examine the partnership's items of income, gain, loss, deduction, credit and partners' distributive shares for a particular year of the partnership (the "reviewed year"). Any adjustments would be taken into account by the partnership (not the individual partners) in the year that the audit or any judicial review is completed (the "adjustment year"). Partners would not be subject to joint and several liability for any liability determined at the partnership level.

Partnerships would have the option of demonstrating that the adjustment would be lower if it were based on certain partner-level information from the reviewed year rather than imputed amounts determined solely on the partnership's information in such year. This information could include amended returns of partners opting to file, the tax rates applicable to specific types of partners (e.g., individuals, corporations, tax-exempt organizations), and the type of income subject to the adjustment (e.g., ordinary income, dividends, capital gains). As an alternative to taking the adjustment into account at the partnership level, a partnership would be permitted to issue adjusted information returns (i.e., adjusted Form K-1s) to the reviewed year partners, in which case those partners would take the adjustment into account on their individual returns in the adjustment year

through a simplified amended-return process. As a result, partnerships generally would no longer issue amended Form K-1s after the partnership return is filed, but instead would use the adjusted Form K-1 process.

A partnership would also have the option of initiating an adjustment for a reviewed year, such as when it believes additional payment is due or an overpayment was made, with the adjustment taken into account in the adjustment year. The partnership generally would be permitted to take the adjustment into account at the partnership level or issue adjusted information returns to each reviewed-year partner. The provision would be delayed for two years, so that it applies to returns filed for partnership tax years beginning after 2017.

Sec. 1102. Partnership Interests Created By Gift.

A partnership generally is an unincorporated organization in which the parties (typically referred to as partners) have joined together with the purpose of conducting an active trade or business. A person also may be recognized as a partner if capital is a material income-producing factor, whether such interest was obtained by purchase or by gift. Congress intended this rule to clarify that a family member who receives via gift a capital interest in a partnership, where capital is a material income-producing factor, should be respected as a partner in the partnership and should be taxed on the income from that partnership. Some taxpayers have argued that this family partnership rule provides an alternative test for determining who is a partner without regard to how the term is generally defined in the partnership tax rules. Thus, they assert that if a partner holds a capital interest in a partnership, the partnership must be respected regardless of whether the parties have demonstrated that they joined together to conduct an active trade or business.

The provision would clarify that Congress did not intend for the family partnership rules to provide an alternative test for whether a person is a partner in a partnership. The determination of whether the owner of a capital interest is a partner would be made under the generally applicable rules defining a partnership and a partner. In addition, the family partnership rules would be clarified to provide that a person is treated as a partner in a partnership in which capital is a material income-producing factor whether such interest was obtained by purchase or gift and regardless of whether such interest was acquired from a family member. The rule, therefore, is a general

rule about who should be recognized as a partner.

TITLE XII – DESIGNATION OF SMALL HOUSE ROTUNDA

Sec. 1201. Designating Small House Rotunda as "Freedom Foyer".

This section designates the first floor area of the House of Representatives wing of the U.S. Capitol known as the small House rotunda as "Freedom Foyer." Busts of Winston Churchill, Lajos Kossuth, and Vaclav Havel are on display in the Freedom Foyer.

COST ESTIMATE OF THE BUDGETARY EFFECTS

SUMMARY

The Congressional Budget Office provided two tables providing information regarding the Bipartisan Budget Act of 2015. The initial estimate was based on the legislative text as made public by the House Committee on Rules on October 27, 2015. The second estimate was an updated version of the first, and was based on the text as amended by the H. Res. 495, reported by the House Committee on Rules on October 27, 2015. The text of the amendment to the initial text is included in the Rules Committee House Report 114-315.

ESTIMATE OF THE CONGRESSIONAL BUDGET OFFICE

The table from the Congressional Budget Office, dated October 28, 2015, reflects the estimate of the budgetary effects of the Bipartisan Budget Act of 2015, as amended by the adoption of H. Res. 495, by the House prior to the full consideration of the measure. The table follows on the next page.

ESTIMATE OF THE BUDGETARY EFFECTS OF H.R. 1314, THE BIPARTISAN BUDGET ACT OF 2015, as reported by the House Committee on Rules on October 27, 2015.

(Millions of dollars, by fiscal year)

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN DIRECT SPENDING												
Title I - Budget Enforcement												
Section 101 (c) - Medicare Sequestration												
Estimated Budget Au-	0	0	0	0	0	0	0	4,700	5,900	-31,600	0	-21,000
Estimated Outlays	0	0	0	0	0	0	0	2,600	3,200	-17,000	0	-11,200
Section 101 (c) - Defense Mandatory Sequestration												
Estimated Budget Au-	0	0	0	0	0	0	0	0	0	-871	0	-871
Estimated Outlays	0	0	0	0	0	0	0	0	0	-802	0	-802
Section 101 (c) - NonDefense Mandatory Sequestration												
Estimated Budget Au-	0	0	0	0	0	0	0	0	0	-3,887	0	-3,887
Estimated Outlays	0	0	0	0	0	0	0	0	0	-2,045	0	-2,045
Subtotal, Title I												
Estimated Budg-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,700**	**5,900**	**-36,358**	**0**	**-25,758**
Estimated Out-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,600**	**3,200**	**-19,847**	**0**	**-14,047**

		2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
Title II - Agriculture												
Section 201 - Standard Reinsurance Agreement												
Estimated Budget Authority	0	0	-399	-417	-435	-444	-448	-454	-459	-464	-1,251	-3,520
Estimated Outlays	0	0	-36	-348	-416	-434	-443	-448	-454	-459	-800	-3,038
Title III - Commerce												
Section 301 - Debt Collection Improvements												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*
Title IV - Strategic Petroleum Reserve												
Section 403 - Drawdown and Sale												
Estimated Budget Authority	0	0	-350	-400	-400	-400	-700	-900	-950	-950	-1,150	-5,050
Estimated Outlays	0	0	-350	-400	-400	-400	-700	-900	-950	-950	-1,150	-5,050
Title V - Pensions												
Section 501 - Raise PBGC's Single-Employer Program Premium Rates												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	-270	-515	-715	-565	-470	-485	-505	-525	-1,500	-4,050
Section 502 - Accelerate 2025 Premium Payments to PBGC												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0	0	0	0	-2,560	0	-2,560

											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
Section 503 - Mortality Tables												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	5	5	5	5	150	130	110	90	15	500
Section 504 - Change Interest Rate for Pension Plans												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	-35	-105	-195	-240	-235	-180	-110	-140	-1,100
Interactions Among Provisions												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	-5	-40	-80	-65	-85	-85	-555	-45	-915
Subtotal, Title V												
Estimated Budget Author-		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Estimated Outlays		**0**	**-265**	**-550**	**-855**	**-835**	**-625**	**-675**	**-660**	**-3,660**	**-1,670**	**-8,125**
Title VI - Health Care												
Section 601 - Medicare Part B Premium												
Estimated Budget Authority	5,170	2,080	-1,340	-2,190	-2,360	-1,280	-300	-20	0	0	1,360	-240
Estimated Outlays	5,170	2,080	-1,340	-2,190	-2,360	-1,280	-300	-20	0	0	1,360	-240
Section 602 - Medicaid Rebate for Generic Drugs												
Estimated Budget Authority	0	-6	-72	-104	-120	-127	-134	-141	-148	-156	-302	-1,008
Estimated Outlays	0	-6	-72	-104	-120	-127	-134	-141	-148	-156	-302	-1,008
Section 603 - Off-Campus Outpatient Departments												
Estimated Budget Authority	0	-800	-900	-900	-1,000	-1,100	-1,100	-1,100	-1,100	-1,300	-3,600	-9,300
Estimated Outlays	0	-800	-900	-900	-1,000	-1,100	-1,100	-1,100	-1,100	-1,300	-3,600	-9,300

											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
Section 604 - Repeal of Automatic Enrollment Requirement												
Estimated Budget Authority	0		100	200	400	500	500	500	600	600	700	1,300	4,300
Estimated Outlays	0		100	200	400	500	500	500	600	600	700	1,300	4,300
Subtotal, Title VI												
Estimated Budget Au-			**1,374**	-	-	-	-	-	-	-	-	-	-
Estimated Outlays			**1,374**	**-2,112**	**-2,794**	**-2,980**	**-2,007**	**-1,034**	-	-	-	**-1,242**	**-6,248**
Title VII - Judiciary												
Section 702 - Crime Victims Fund												
Estimated Budget Authority	-1,500		0	0	0	0	0	0	0	0	0	-1,500	-1,500
Estimated Outlays	-300		-450	-600	-150	0	0	0	0	0	0	-1,500	-1,500
Section 703 - Assets Forfeiture Fund												
Estimated Budget Authority	-746		0	0	0	0	0	0	0	0	0	-746	-746
Estimated Outlays	0		-298	-298	-150	0	0	0	0	0	0	-746	-746
Subtotal, Title VII												
Estimated Budget Au-			**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,246**	**-2,246**
Estimated Outlays			**-748**	**-898**	**-300**	**0**	**0**	**0**	**0**	**0**	**0**	**-2,246**	**-2,246**
Title VIII - Social Security [1, 2]												
Section 823 - Promoting Opportunity Demonstration Project (off-budget)												
Costs of Demonstration												
Estimated Budget Author-	30		0	0	0	0	0	0	0	0	0	30	30
Estimated Outlays	0		1	5	6	6	6	4	2	0	0	18	30

											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
Benefit Effects												
Estimated Budget Author-	0		*	*	1	2	3	2	0	0	0	3	8
Estimated Outlays	0		*	*	1	2	3	2	0	0	0	3	8
Section 824 - Use of Electronic Payroll Data												
Estimated Budget Authority	0		0	0	-30	-27	-23	-20	-17	-13	-10	-57	-140
Estimated Outlays	0		0	0	-30	-27	-23	-20	-17	-13	-	-	-
Section 825 - Treatment of Earnings Derived from Services (off-budget)												
Estimated Budget Authority	0		*	6	9	9	9	10	10	11	11	24	75
Estimated Outlays	0		*	6	9	9	9	10	10	11	11	24	75
Section 832 - Requirement for Medical Review												
Social Security (off-budget)												
Estimated Budget Author-	0		-10	-30	-100	-190	-300	-410	-520	-630	-740	-330	-2,930
Estimated Outlays	0		-10	-30	-100	-190	-300	-410	-520	-630	-740	-330	-2,930
Supplemental Security Income												
Estimated Budget Author-	0		-2	-10	-25	-45	-70	-95	-110	-120	-150	-82	-627
Estimated Outlays	0		-2	-10	-25	-45	-70	-95	-110	-120	-150	-82	-627
Health programs												
Estimated Budget Author-	0		*	-2	-10	-25	-50	-75	-105	-135	-170	-37	-572
Estimated Outlays	0		*	-2	-10	-25	-50	-75	-105	-135	-170	-37	-572
Section 834 - Overpayment Waivers (off-budget)												
Estimated Budget Authority	*		-1	-2	-2	-2	-2	-2	-2	-2	-2	-7	-17
Estimated Outlays	*		-1	-2	-2	-2	-2	-2	-2	-2	-2	-7	-17

											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
Section 841 - Interagency Coordination												
Estimated Budget Author-	0	0	-23	-24	-25	-26	-27	-28	-30	-31	-72	-214
Estimated Outlays	0	0	-23	-24	-25	-26	-27	-28	-30	-31	-72	-214
Subtotal, Title VIII												
Estimated Budget		**-13**	**-61**	**-181**	**-303**	**-459**	**-617**	**-772**	**-919**	**-1,092**	**-528**	**-4,387**
Estimated Outlays		**-12**	**-56**	**-175**	**-297**	**-453**	**-613**	**-770**	**-919**	**-1,092**	**-540**	**-4,387**

Title X - Spectrum Pipeline												
Title X - Multiple Sections												
Estimated Budget Author-	500	60	70	40	60	60	60	140	140	-1,060	730	70
Estimated Outlays	*	30	140	160	150	130	100	210	190	-5,530	480	-4,420
Total Changes in Direct Spending												
Estimated Budget Author-	*3,454*	*1,421*	*-2,852*	*-3,752*	*-4,058*	*-3,250*	*-2,739*	*2,053*	*3,064*	*-40,680*	*-5,687*	*-47,139*
Estimated Outlays	*4,870*	*644*	*-3,577*	*-4,407*	*-4,798*	*-3,999*	*-3,315*	*-644*	*-241*	*-32,294*	*-7,168*	*-47,561*
On-budget Direct Spending												
Estimated Budget Authori-	*3,424*	*1,432*	*-2,826*	*-3,660*	*-3,877*	*-2,960*	*-2,339*	*2,565*	*3,685*	*-39,949*	*-5,407*	*-44,305*
Estimated Outlays	*4,870*	*654*	*-3,556*	*-4,321*	*-4,623*	*-3,715*	*-2,919*	*-134*	*380*	*-31,563*	*-6,876*	*-44,727*
Off-budget Direct Spending												
Estimated Budget Authori-	*30*	*-11*	*-26*	*-92*	*-181*	*-290*	*-400*	*-512*	*-621*	*-731*	*-280*	*-2,834*
Estimated Outlays	*	*-10*	*-21*	*-86*	*-175*	*-284*	*-396*	*-510*	*-621*	*-731*	*-292*	*-2,834*

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
CHANGES IN REVENUES [3]												
Title V - Pensions	3	6	183	819	1,740	2,395	2,240	1,155	130	-1,018	2,751	7,652
Title VI - Health Care	0	200	800	1,400	800	1,100	1,700	1,900	2,100	2,200	3,300	12,200
Title VII - Judiciary	*	60	80	100	110	140	160	190	220	250	350	1,310
Title VIII - Social Security	*	*	*	-1	-4	-7	-11	-15	-19	-24	-5	-81
Title XI - Tax Compliance	266	325	282	1,083	1,364	1,421	1,507	1,604	1,662	1,705	3,320	11,219
Total Changes in Revenues	**269**	**591**	**1,345**	**3,401**	**4,010**	**5,049**	**5,596**	**4,834**	**4,093**	**3,113**	**9,716**	**32,300**
On-budget	*269*	*391*	*934*	*2,756*	*3,725*	*4,440*	*4,702*	*4,001*	*3,200*	*2,172*	*8,174*	*26,588*
Off-budget	*	*200*	*411*	*645*	*285*	*609*	*894*	*833*	*893*	*941*	*1,542*	*5,712*
NET INCREASE OR DECREASE (-) IN DEFICITS FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Total Changes in Deficits	**4,601**	**53**	**-4,922**	**-7,808**	**-8,808**	**-9,048**	**-8,911**	**-5,478**	**-4,334**	**-35,407**	**-16,884**	**-79,861**
On-budget	*4,601*	*263*	*-4,490*	*-7,077*	*-8,348*	*-8,155*	*-7,621*	*-4,135*	*-2,820*	*-33,735*	*-15,050*	*-71,315*
Off-budget	*	*-210*	*-432*	*-731*	*-460*	*-893*	*-1,290*	*-1,343*	*-1,514*	*-1,672*	*-1,834*	*-8,546*

MEMORANDUM:

											2016-	2016-
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2020**	**2025**
Changes to Caps on Spending Subject to Appropriation												
Title I - Budget Enforcement, Section 101 (a)												
Authorization Level	50,000	30,000	0	0	0	0	0	0	0	0	80,000	80,000
Estimated Outlays	29,050	30,230	12,030	4,310	2,420	840	0	0	0	0	78,040	78,880
Title VIII - Program Integrity, Section 815												
Authorization Level	0	237	153	101	0	-7	0	0	0	0	491	484
Estimated Outlays	0	209	149	112	14	0	0	0	0	0	484	484
Total Changes to Caps on Spending Subject to Appropriation												
Authorization Level	50,000	30,237	153	101	0	-7	0	0	0	0	80,491	80,484
Estimated Outlays	29,050	30,439	12,179	4,422	2,434	840	0	0	0	0	78,524	79,364
Nonscorable Direct Spending Savings from Program Integrity Activities in section 815												
Supplemental Security Income and Medicaid [4]	0	-10	-90	-145	-155	-150	-155	-135	-120	-125	-400	-1,085

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation

PBGC = Pension Benefit Guaranty Corporation; OASDI = Old Age, Survivors, and Disability Insurance; OASI = Old Age and Survivors Insurance; DI = Disability Insurance;

Notes:
Components may not sum to totals because of rounding; * = between -$500,000 and $500,000.

Title IX would temporarily suspend the limitation on borrowing by the Treasury through March 15, 2017. On the following day, the current debt limit of $18.113 trillion would be raised by the amount of borrowing above that level during the period in which the limitation was suspended. Enacting that title, by itself, would not have a significant effect on the federal budget.

1. Sections 812, 826, and 831 would have insignificant budgetary effects. Section 831 would change Social Security law related to both presumed filing and to claiming and suspending, and would result in both substantial additional benefit payments and substantial reductions in payments. CBO estimates those effects would be roughly offsetting over the 2016-2025 period.

2. Section 833 would change the share of OASDI payroll tax revenues allocated to the DI trust fund, which would delay the exhaustion of that fund. Under the bill, the total payroll tax rate for the DI trust fund would be increased from 1.8 percent to 2.37 percent for calendar years 2016 through 2018, and the payroll tax rate for the OASI trust fund would be reduced by an equal amount in those years, from 10.6 percent to 10.03 percent. Because the total OASDI payroll tax rate would remain 12.4 percent, and CBO's baseline incorporates the assumption that the Social Security Administration will pay DI benefits in full even after the balance of the trust fund is exhausted, that provision would have no budgetary effect. Under CBO's March baseline assumptions, that change would increase DI trust fund income from payroll tax revenues by about $117 billion over the 2016-2019 period and reduce OASI trust fund income from payroll tax revenues by the same amount. The change, when combined with other reductions in DI spending in title VIII, would delay the exhaustion of the DI trust fund until fiscal year 2021, CBO estimates.

3. Positive numbers indicate increases in revenues; negative numbers indicate decreases in revenues.

4. For Congressional scorekeeping purposes, the benefit savings in Supplemental Security Income and Medicaid from increased discretionary spending on program integrity would not be counted as an offset to direct spending, pursuant to Congressional scorekeeping guidelines published in the conference report for the Balanced Budget Act of 1997. Specifically, Scorekeeping Rule 3 states that "entitlements and other mandatory programs…will be scored at current law levels…unless Congressional action modifies the authorization legislation." In other words, even though additional discretionary funding for the administration of such programs might lead to budgetary savings (from reduced benefit payments), such savings are not counted as reductions in direct spending for scorekeeping purposes.

ANALYSIS OF BUDGET ENFORCEMENT PROVISIONS

SUMMARY

The resolution provides for the consideration of the Senate amendment to H.R. 1314, the Ensuring Tax Exempt Organizations the Right to Appeal Act. The resolution makes in order a motion by the Majority Leader or his designee that the House concur in the Senate amendment with the amendment printed in part A of this report modified by the amendment printed in part B of this report. The resolution waives all points of order against consideration of the motion and provides that the motion is not subject to a demand for division of the question. The resolution provides that the Senate amendment and the motion shall be considered as read. The resolution provides one hour of debate on the motion equally divided and controlled by the Majority Leader and the Minority Leader or their respective designees.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of the motion includes a waiver of the following:

- Section 302(f) of the Congressional Budget Act, which prohibits consideration of legislation providing new budget authority in excess of a 302(a) allocation of such authority;

- Section 306 of the Congressional Budget Act, which prohibits consideration of legislation within the jurisdiction of the Committee on the Budget unless referred to or reported by the Budget Committee;

- Section 311 of the Congressional Budget Act of 1974, which prohibits consideration of legislation that would cause the level of total new budget authority for the first fiscal year to be exceeded;

- Clause 7 of rule XVI, which requires that no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment;

- Clause 4 of rule XXI, which prohibits reporting a bill or joint resolution carrying an appropriation from a committee not having jurisdiction to report an appropriation.

SUMMARY OF THE MODIFICATION IN PART B TO THE HOUSE AMENDMENT

Boehner (OH): Updates the table of content item related to section 504. The second amendment corrects a drafting error that interfered with the operation of the Overseas Contingency Operations cap adjustment. The third amendment corrects the name of the Department of the Treasury. The fourth amendment raises the flat- and variable-rate premiums in section 501 by $1 in each period.

The fifth amendment extends the funding stabilization percentages for an additional year to 2020. The sixth amendment clarifies the definition of "applicable items and services." The seventh amendment corrects the effective date to clarify the provision applies to voluntary suspensions requested 180 days after enactment. The eighth amendment corrects a drafting omission that would otherwise limit the use of SRF fund for system enhancements that increase spectral efficiency.

HOUSE BUDGET COMMITTEE SUMMARY

SUMMARY

The Congressional Budget Office [CBO] cost estimate shows the agreement would increase discretionary outlays by about $79 billion over 10 years. Most of the new spending occurs early in the budget window, while savings occur near the end of the window. The estimated deficit increase is $62 billion over 5 years and $3 billion over 10 years. The agreement's total spending offsets are $46, and the total revenue increase is $30 billion over 10 years. The net spending increase (including discretionary increases and mandatory decreases) is about $33 billion. One can make the argument that net new spending is paid for entirely with new revenue. [Certain tables have been removed or updated because of more recent CBO information.]

Summary of CBO Cost Estimate for the Bipartisan Budget Act of 2015

	2016	2017	5-Years	10-Years
Discretionary Cap Increases				
Budget Authority	+50	+30	+80	+80
Outlays	+29.1	+30.4	+78.5	+79.4
Other Spending/Offsets	+4.9	+0.6	-7.6	-48.6
New Revenue	+0.3	+0.6	+9.7	+32.3
Deficit Impact	+33.7	+30.4	+61.2	-1.5

The CBO cost estimate notes that the agreement would require a minimum cap adjustment for OCO/GWOT funds related to non-defense activities in budget function 150 (international affairs). The effect of this provision would provide an additional $7.8 billion in funding above the President's request for State Department-related OCO funding and would effectively allow more of State's budget to be moved from the base category to the OCO category making room for additional non-defense spending within the non-defense cap. One could argue the agreement would increase the deficit by an additional $7.8 billion in both 2016 and 2017 above what CBO shows by guaranteeing the State Department would receive OCO funds that are outside of the caps.

TITLE I – BUDGET ENFORCEMENT

Section 101. Amendments to the Balanced Budget and Emergency Deficit Control Act of 1985

Subsection 101(a) increases the total base discretionary spending limits set in the Budget Control Act of 2011 for fiscal years 2016 and 2017 by $50 billion and $30 billion, respectively. (The base discretionary limits exclude amounts for Overseas Contingencies [OCO/GWOT], emergencies, disaster relief, and program integrity). In the base discretionary cap adjustments, the increases are divided evenly between defense and non-defense and reflect a $25-billion increase for each category for fiscal year 2016 and a $15-billion increase for each category for fiscal year.

The agreement would provide relief to national defense programs in 2016-2017. In addition, however, it would create a new spending cliff the following fiscal year. In fiscal year 2018, the total base discretionary spending limits in law would be about $5.3 billion less than fiscal year 2017 (defense would be about $2 billion less and non-defense would be about $3.3 billion less than the 2017 amounts). The agreement would provide for about $41.2 billion in additional non-defense resources in fiscal year 2017 vs. the fiscal year 2016 budget conference agreement. The agreement would provide about $13 billion and $22 billion less than the President requested for the base defense budget in fiscal years 2016 ($561 billion) and 2017 ($573 billion), respectively. (See below for total defense spending including OCO.)

Subsection 101(b) implements the sequester of direct spending as if the amendments in subsection 101(a) had not been made. The president is required by law to implement the sequester of direct spending ordered on February 2, 2015 and the one in the Sequester Preview report for fiscal year 2017 as if the amendments in subsection 101(a) had not been made.

Subsection 101(c) would extend the 2-percent Medicare sequester through fiscal year 2025. It also replaces the arbitrary dips and increases in the Medicare sequester percentages in 2023 and 2024 with a flat two-percent rate as applies under current law in fiscal years 2016 through 2022. The Bipartisan Budget Act of 2013 included a reduction of 2.9 percent in the first six months and 1.11 percent cut in the second six months

of 2023. Protecting Access to Medicare Act of 2014 (the permanent SGR fix) included a reduction of 4 percent in the first six months and 0 percent cut in the second six months of 2014. Savings are achieved in the last year of the budget window. Republican members may be concerned that this option saves money very late in the budget window and is used to offset new spending early in the budget window.

The agreement would provide $14.8 billion in funding for State Department-related OCO in fiscal year 2016, which is $7.8 billion above the amount requested by the President. If passed, this would effectively allow more of the State Department budget to move from the base category to the OCO category. The agreement would also set a floor on OCO funding in fiscal year 2017 which has traditionally been established in the budget resolution process; not in statute.

The agreement would provide for total defense resources that are about $6.3 billion below the fiscal year 2016 budget conference agreement or about $5 billion below the President's request. A comparison against the fiscal year 2017 amount assumed in the budget is not shown because OCO amounts in the budget in the outyears beyond fiscal year 2016 are placeholders and do not reflect actual policy; therefore, they are a meaningless comparison against the fiscal year 2017 amount in the bill.

Section 102. Authority for fiscal year 2017 budget resolution in the Senate

The section effectively establishes a budget resolution for fiscal year 2017 for the Senate at levels consistent with the budget agreement. These levels would be enforced by the usual points of order. The discretionary levels are consistent with the increase in the caps and the mandatory (direct spending and revenue) levels are consistent with the most recent baseline. The interim budget language also allows the SBC chairman to unilaterally extends the budget rules in fiscal year 2016 budget resolution (S. Con. Res. 11). The Senate Budget Committee chairman would insert these in the continuing resolution between April 15 and May 15 (assuming a budget for fiscal year 2017 is not adopted).

This provision virtually guarantees the Senate will not pass a budget next year and that there will be no conference report. The only incentive for the Senate to move a budget would be to have reconciliations instructions so it can pass a agreement

with a simple majority. A budget based on this budget agreement would no longer be in balance because it would not assume the additional mandatory savings reflected in the budget resolution. The agreement does not eliminate a looming pay-as-you-go sequester.

There is no interim level for the House, which may make it slightly easier to develop sufficient support to move the budget through the House. If the House does not pass a budget resolution in calendar 2016, it will be necessary to include some budget enforcement language in a rule next year and in the separate orders adopted as part of the rules package in 2017. The rescission of $746 million from the Crime Victims Fund could have implications for the amount the Appropriations Committee taps it to meet their allocation (although this is probably reflected in the revised caps).

TITLE II - AGRICULTURE

Section 201. Standard Reinsurance Agreement

Section 201 amends the Federal Crop Insurance Act to establish a maximum target rate of return of 8.9 percent of insurance companies' retained premium in the Federal crop insurance program for each of the 2017 through 2026 reinsurance years. The projected rate of return under CBO's current law baseline is 14.5 percent. To implement this change, the section requires the Department of Agriculture to renegotiate its Standard Reinsurance Agreement [SRA] with insurance companies that implement the federal crop insurance program not later than December 31, 2016 and at least once every five years thereafter. This provision appears to be related to the administration's 12 percent rate of return proposal from its fiscal year 2015 budget, not its larger crop insurance proposal from its fiscal year 2016 budget. Unlike the administration's fiscal year 2016 budget proposal, this provision would not directly affect premiums paid by farmers for federal crop insurance.

Due to the growth of the Federal crop insurance program and the structure of the current SRA, crop insurance companies receive large taxpayer-provided returns in exchange for implementing the program in most reinsurance years. The drought-impacted 2012 reinsurance year was an exception. This provision will reduce companies' average rate of return and in the process will produce significant and ongoing mandatory savings through the budget window. Whether the provision pro-

duces savings beyond the 2026 reinsurance year will depend on whether CBO's future crop insurance program baseline continues the 8.9 rate of return target or returns to a much higher rate of return for 2027 reinsurance year and later period.

TITLE III – COMMERCE

Section 301. Debt collection improvements

Authorizes the use of automated telephone equipment to call cellular phones for the purpose of collecting debts owed to the U.S. Government. This is illegal under current law without express consent and companies can be fined for doing this. This was included as a part of the President's 2011 debt reduction plan but no specific estimate was provided for this provision as it was part of a larger debt collection improvement proposal.

TITLE IV – STRATEGIC PETROLEUM RESERVE

Section 401. Strategic Petroleum Reserve [SPR] test drawdown and sale notification definition change

This section requires the Department of Energy to notify Congress prior to any SPR test sale, with an exception for emergency drawdowns, and to submit a report following sale. It broadens the scope of what qualifies as a "severe energy disruption" to include terrorism. This provision was not included in the fiscal year 2016 House or conference passed budget.

Section 402. SPR mission readiness optimization

This section requires the Department of Energy to conduct a strategic review of SPR and develop proposals long-term effectives and performance. This provision was not included in the fiscal year 2016 House or conference passed budget.

Section 403. SPR drawdown and sale

This section authorizes the sale of 58 million barrels of oil from SPR from 2018-2025. Sale is prohibited if the sale would limit the ability of SPR to respond to adverse domestic energy supply disruptions. Proceeds shall be deposited into the Treasury general fund. The conference budget resolution of this Congress also called for SPR sales for deficit reduction. Concern is warranted to the back loading of the sale of SPR in this provision. The conferenced passed fiscal year 2016 budget resolution re-

duced SPR holding to 75 days of net imports (or an estimated 312 barrels between 2018-2025). SPR currently holds 110 days of net imports.

Section 404. Energy Security and Infrastructure Modernization Fund

This section establishes a fund to provide construction, maintenance, repair, and replacement of SPR facilities. This section finances these activities by authorizing the sale of up to $2 billion of oil from the SPR and for deposit of the proceeds of the sale to go to the Modernization Fund. This was not included in the fiscal year 2016 House or conference passed budget.

TITLE V – PENSIONS

Section 501. Single Employer Plan Annual Premium Rates

This provision would increase premiums to the Pension Benefit Guarantee Corporation. Single-employer plans are schedule to be $64 per person in 2016. This provision would raise that number to $68 dollars and be re-indexed for inflation. Single employer plans also pay a variable rate premium that is indexed for inflation and will equal $30 per $1000 of underfunding in 2016. This provision would increase the variable rate premium by $2 in 2017, $3 in 2018, and $3 in 2019. This provision would score as savings because premiums, including additional premiums in the bill, are deposited into the "revolving fund" and this fund is on-budget.

Section 502. Pension Payment Acceleration

The current due date for premiums is the fifteenth day of the tenth full calendar month of the premium payment year. This provision would change the due date beginning in 2025 to be the fifteenth day of the ninth calendar year beginning on or after the first day of the premium payment year. Policy justification for this change is unclear. This may be a budget gimmick to achieve out year offsets.

Section 504. Extension of Current Funding Stabilization Percentages to 2018 and 2019

This extends "pension smoothing." This provision changes the interest rate calculation in regards to employer pension plan

liabilities. The net effect is it would reduce required pension contributions of single employer defined benefit pension plans. This provision is at the discretion of employers. Employers who opt to take advantage of this relief would as a result defer the companies' tax deductible required pension contributions. This has the result of increasing employers after tax income. Therefore, this increases revenues relative to the budget baseline. This provision was used in Map-21 (2012 highway bill) and the 2014 highway bill. This is a budget gimmick.

TITLE VI – HEALTH CARE

Section 601. Maintaining 2016 Medicare Part B Premium and Deductible Levels Consistent With Actuarially Fair Rates

In 2015, the monthly Part B premium rate is $104.90. Without Congressional action, the estimated monthly Part B premium in 2016 for beneficiaries not held harmless would be $159.30. This policy would maintain the hold harmless provision in current law and prevent a dramatic premium increase on beneficiaries not held harmless.

This policy accomplishes this by setting a new 2016 basic Part B premium for the beneficiaries not held harmless at $120, which is the amount the Part B premium would otherwise be for all beneficiaries in 2016 if the hold harmless provision in current law did not apply.

This provision would increase spending by approximately $7.5 billion in 2016. To effectuate this policy, in 2016, there would be a loan of general revenue from the Federal Treasury to the Supplemental Medical Insurance [SMI] Trust Fund. To repay the loan, starting in 2016, beneficiaries not subject to the hold harmless would pay an additional $3 in their monthly Part B premium until the loan is repaid. Medicare beneficiaries who currently pay higher income-related premiums would pay higher than $3, the amount of which would increase for beneficiaries in each higher-income bracket in proportion to income-related premiums under current law. If there is no cost of living adjustment increase for 2017, this provision would apply again.

Section 602. Applying Inflation Adjustment to Medicaid Generic Drug Inflationary Rebate

Currently, single source (brand-name drugs) and innovator multiple source drugs (brand-name drugs that now have ge-

neric competition) pay an additional rebate if the price of the drug has increased faster than inflation [CPI-U]. The inflation-based rebate, however, does not apply to generic drugs. Section 602 would apply the inflation-based rebate currently paid on brand drugs to generic drugs.

The President's fiscal year 2016 budget carried this provision, and would have saved $1.2 billion over 10 years. Generic Pharmaceutical Association [GPhA] strongly opposes the measure. Additionally, this section mirrors a proposal from Senator Sanders and Representative Cummings. Historically, because generic drug manufacturers are not developing new drugs, they operate under a different business model. These manufacturers already pay a 13 percent Medicaid rebate; however, they do not owe an additional rebate if their unit price increases faster than inflation whereas the single source and multiple source drugs do owe an additional rebate.

Section 603. Treatment of New Off-Campus Outpatient Departments of a Provider

Section 603 would codify the Centers for Medicare & Medicaid Services [CMS] definition of provider-based [PBD] off-campus hospital outpatient departments [HOPDs] as those locations that are not on the main campus of a hospital and are located more 250 yards from the main campus. The section defines a "new" PBD HOPD as an entity that executed a CMS provider agreement [after the date of enactment]. Any PBD HOPD executing a provider agreement after the date of enactment would not be eligible for reimbursements from CMS' Outpatient Prospective Payment System [PPS]. New PBD HOPDs, as defined by this section, would be eligible for reimbursements from either the Ambulatory Surgical Center [ASC PPS] or the Medicare Physician Fee Schedule [PFS].

The fiscal year 2016 budget resolution discretely carried site-neutral reforms to equalize payments under OPPS regardless of the site of care under *Payment Reforms to Promote Quality and Patient Outcomes*. CBO scored the provision as saving $8 billion over the 2016 - 2025 period. Additionally, the President's FY2016 budget also carried a site-neutral provision to "encourage efficient care by improving incentives to provide care in the most appropriate ambulatory setting", which would phase-in over 4 years a lower payment for services provided in off-campus hospital outpatient departments under the OPPS to either the PFS or ASC rate. CBO scored this provision as sav-

ing $13 billion over the 2016-2025 period. McKesson/US Oncology fully supports this provision and hopeful that it will pave the way for additional site-neutral reforms in the future.

Section 611. Repeal of automatic enrollment requirement

This section repeals Section 18A of the Fair Labor Standards Act (29 U.S.C. 218a), as added by section 1511 of the Affordable Care Act. Section 1511 requires employers with more than 200 employees to automatically enroll new full-time equivalents into a qualifying health plan if offered by that employer, and to automatically continue enrollment of current employees.

This provision was included in H.R. 3762, Restoring Americans' Healthcare Freedom Reconciliation Act of 2015.

TITLE VII – JUDICIARY

Section 701. Civil monetary penalty inflation adjustments

This increases civil penalties based on inflation since 1996. The resulting increase in penalties would be capped at 150 percent. Agencies would adjust the penalties annually based on changes in CPI. OMB would issue guidance on implementing the inflation process by January 31, 2016 and every year after by December 15th. The Budget Committee has not used increased civil penalties as an offset in our past budgets.

Section 702. Crime Victims Fund

This permanently rescinds and cancels $1.5 billion from the Crime Victims Fund. The House budget was much more aggressive and rescinded all the funds in excess of $730 million which got us about $24 billion in savings over 10 years.

Section 703. Assets Forfeiture Fund

This rescinds and permanently cancels $746 million from the DOJ assets forfeiture fund. This very similar to the House budget resolution, except it rescinded about $810 million. The difference is due to the fluctuation in funds in the account since the budget passed.

TITLE VIII – SOCIAL SECURITY

Sec. 811. Expansion of cooperative disability investigation units [CDIs]

This creates nationwide coverage of CDI's between the Social Security Administration [SSA] and Office of Inspector General [OIG]. CDI units investigate fraud before awarding benefits.

Section 812. Exclusion of certain medical sources evidence

This prevents evidence submitted by unlicensed or sanctioned physicians from being considered when determining disability. This enforcement legislation has been in included in previous legislation under Ways and Means jurisdiction.

Section 813. New and stronger penalties

This creates new penalties for those who commit Social Security fraud. Penalties are both criminal and civil monetary.

Section 815 Change to cap adjustment authority

This increases the level of cap adjustment spending for program integrity as allowed under the Budget Control Act. Additional funding total is $484 million FY 2017-2020. Funds shall be used to increased CDIs and work-related continuing disability reviews. This was requested in the President's budget but at a level of $15 billion over the budget window.

Section 823. Promoting opportunity demonstration project

This section reduces the "cash cliff" and would replace its structure with a benefit offset, under which the DI benefit would be reduced by $1 for every $2 of earnings in excess of a certain threshold. Once an individual benefit is fully offset, entitlement to benefits would end. This proposal has been floated by Ways and Means and would smooth the full transition of DI beneficiaries return to work efforts in a way that the cash cliff currently does not.

Section 833 Reallocation of payroll tax revenue

This section reallocates to the Disability Insurance Trust Fund an additional 0.57 percentage points (for a total of 2.37 per-

centage point of the total combined 12.4 percent payroll tax) in 2016, 2017, and 2018. This is sufficient to pay full benefit until 2022. A similar, more expensive provision that would have allowed to the DI trust fund to pay full benefit until 2033 was in the President's budget. Congress resisted this proposal without reforms to the DI program.

Section 834 Access to financial information for waivers and adjustments of recovery

This allows SSA to verify financial information using its Access to Financial Institutions system (which provides dates on beneficiary financial accounts) to determine if an induvial is capable of repaying an overpayment. This was requested in the President's budget.

TITLE IX – TEMPORARY EXTENSION OF PUBLIC DEBT LIMIT

Section 901. Temporary extension of public debt limit

This provision temporarily suspends the current $18.113 trillion statutory debt limit through March 15, 2017. On March 16, 2017, the provision provides that the limit will be reset at a higher level equal to debt outstanding on March 15, 2017 for obligations incurred necessary to fund a commitment incurred by the Federal Government (except guaranteed obligations held by the Secretary of the Treasury) that required payment before March 16, 2017.

Section 902. Restoring congressional authority over the national debt

The provision also prohibits the Secretary of the Treasury from abusing the suspension of the debt ceiling to build up cash balances above normal operating balances.

House Budget Committee majority staff projects that this provision will result in a new statutory debt limit, effective on March 16, 2017, that is about $1.7 trillion above its current level assuming no other legislation with significant budgetary effects is subsequently enacted that is not currently projected as part of the CBO August 2015 baseline.

TITLE X – SPECTRUM

Sections 1001 through 1008. The Spectrum Pipeline Act of 2015

This title extends the expiring Federal Communications Administration auction authority from 2022 through 2025. It requires the National Telecommunications and Information Administration to identify an additional 30 MHz of spectrum below 3 GHz by 2022 and to auction the added spectrum by July 1, 2024. This title also allocates $500 million plus an ongoing 10 percent of the Spectrum Relocation Fund to be used for research and development of spectrum technology and systems to improve government spectrum efficiency.

The fiscal year 2016 House budget resolution privately assumed the extension of spectrum auction authority from 2023 through 2025 with additional offsetting receipts estimated at $550 million over that timeframe. In the Conference Agreement, HBC and SBC staff estimated higher auction sales and achieved $1.650 billion in additional receipts from the sales over the three year window. We have supported the use of spectrum sales as an offset in the past several budgets but CBO has been reluctant to score significant savings from these sales.

TITLE XI – REVENUE PROVISIONS RELATED TO TAX COMPLIANCE

Section 1101. Partnership Audits and Adjustments

This section repeals partnership audits rules under the Tax Equity and Fiscal Responsibility Act of 1982 and the Electing Large Partnership rules to create a single set of rules for auditing partnerships and their partners at the partnership level. This would require any audit adjustment be taken into account by the partnership (not the individual partners); but would provide relief by allowing a partnership to elect to issue adjusted returns to the partners as an alternative.

Requiring audit adjustments to be taken at the partnership level could be problematic as current law does not assess tax at the partnership entity level but when it is passed to individual shareholders. Furthermore, some partnerships distribute a significant amount of profits to shareholders and thus hold very little cash at the entity level. This provision represents a shift in partnership tax law beyond simple tax compliance. Tax

compliance (i.e., revenues) should not be considered in lieu of mandatory spending reductions to offset new spending. A similar provision has been introduced by Rep. Jim Renacci (R-OH). This version is different in that it contains more taxpayer friendly provisions as a result of stakeholder feedback. This provision applies to returns filed for partnership tax years beginning after 2017.

Section 1102. Partnership Interests Created By Gift

This provision amends partnership tax rules in relation to family members who receive capital interest in a partnership via gift. This provision would clarify that Congress did not intend for the family partnership rules to provide an alternative test for whether a person is a partnership or a partnership. This provision clarifies discrepancy in partnership tax law to create a general rule about who should be recognized as a partner (and as a result taxed as a partner). Tax compliance for revenue as opposed to mandatory spending reforms is problematic in legislation that immediately increases discretionary spending.

TITLE XII – DESIGNATION OF SMALL HOUSE ROTUNDA

This title designates the small House rotunda the Freedom Foyer, with busts of Winston Churchill, Lajos Kossuth, and Vaclav Havel. It has no budgetary effect.

CHANGES MADE TO EXISTING LAW

SUMMARY

This part of the Report sets out the changes in existing budget laws, specifically sections 251 and 251A of the Balanced Budget and Emergency Deficit Control Act of 1985. It also includes the freestanding provisions that effect that law, specifically the text from section 101(d) of the Act that effects changes in the discretionary spending limits under 251(b)(2)(A) for overseas contingency operations and the global war on terrorism (OCO/GWOT). It does not generally include changes to law made by titles II through XI of the Act, unless they amended budget law.

Though colloquially known as a "Ramseyer" and required under clause 3(e) of rule XIII of the House Rules, the following was prepared by the Counsels from the House Budget Committee and not the House Office of Legislative Counsel, where those are usually prepared.

Changes are shown as follows (law prior to enactment that was omitted is enclosed in black brackets, new enacted matter is printed in italic, and law in which no change was made is shown in roman):

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

* * * * * * *

SEC. 251. [2 U.S.C. 901] ENFORCING DISCRETIONARY SPENDING LIMITS.

(a) ENFORCEMENT.—

(1) SEQUESTRATION.—Within 15 calendar days after Congress adjourns to end a session there shall be a sequestration to eliminate a budget-year breach, if any, within any category.

(2) ELIMINATING A BREACH.—Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the enacted level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category.

(3) MILITARY PERSONNEL.—If the President uses the authority to exempt any personnel account from sequestration under section 255(f), each account within subfunctional category 051 (other than those military personnel

accounts for which the authority provided under section 255(f)[174] has been exercised) shall be further reduced by a dollar amount calculated by multiplying the enacted level of non-exempt budgetary resources in that account at that time by the uniform percentage necessary to offset the total dollar amount by which outlays are not reduced in military personnel accounts by reason of the use of such authority.

(4) PART-YEAR APPROPRIATIONS.—If, on the date specified in paragraph (1), there is in effect an Act making or continuing appropriations for part of a fiscal year for any budget account, then the dollar sequestration calculated for that account under paragraphs (2) and (3) shall be subtracted from—

(A) the annualized amount otherwise available by law in that account under that or a subsequent part-year appropriation; and

(B) when a full-year appropriation for that account is enacted, from the amount otherwise provided by the full year appropriation for that account.

(5) LOOK-BACK.—If, after June 30, an appropriation for the fiscal year in progress is enacted that causes a breach within a category for that year (after taking into account any sequestration of amounts within that category), the discretionary spending limits for that category for the next fiscal year shall be reduced by the amount or amounts of that breach.

(6) WITHIN-SESSION SEQUESTRATION.—If an appropriation for a fiscal year in progress is enacted (after Congress adjourns to end the session for that budget year and before July 1 of that fiscal year) that causes a breach within a category for that year (after taking into account any prior sequestration of amounts within that category), 15 days later there shall be a sequestration to eliminate that breach within that category following the procedures set forth in paragraphs (2) through (4).

(7) ESTIMATES.—

(A) CBO ESTIMATES.—As soon as practicable after Congress completes action on any discretionary appropriation, CBO, after consultation with the Committees on the Budget of the House of Representa-

[174] Section 255 of BBEDCA lists the accounts exempted from sequestration procedures, and includes the following: "(f) OPTION EXEMPTION OF MILITARY PERSONNEL". This subsection includes a requirement that if the President exercises the exemption authority he must notify Congress of the manner by which it is exercised.

tives and the Senate, shall provide OMB with an estimate of the amount of discretionary new budget authority and outlays for the current year, if any, and the budget year provided by that legislation.

(B) OMB ESTIMATES AND EXPLANATION OF DIFFERENCES.—Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any discretionary appropriation, OMB shall transmit a report to the House of Representatives and to the Senate containing the CBO estimate of that legislation, an OMB estimate of the amount of discretionary new budget authority and outlays for the current year, if any, and the budget year provided by that legislation, and an explanation of any difference between the 2 estimates. If during the preparation of the report OMB determines that there is a significant difference between OMB and CBO, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate regarding that difference and that consultation shall include, to the extent practicable, written communication to those committees that affords such committees the opportunity to comment before the issuance of the report.

(C) ASSUMPTIONS AND GUIDELINES.—OMB estimates under this paragraph shall be made using current economic and technical assumptions. OMB shall use the OMB estimates transmitted to the Congress under this paragraph. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the Committees on the Budget of the House of Representatives and the Senate, CBO, and OMB.

(D) ANNUAL APPROPRIATIONS.—For purposes of this paragraph, amounts provided by annual appropriations shall include any discretionary appropriations for the current year, if any, and the budget year in accounts for which funding is provided in that legislation that result from previously enacted legislation.

(b) ADJUSTMENTS TO DISCRETIONARY SPENDING LIMITS.—

(1) CONCEPTS AND DEFINITIONS.—When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall include adjustments to discretionary spending limits (and those limits as cumulatively adjusted) for the budget year and each outyear to reflect changes in concepts and

definitions. Such changes shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions, minus those levels using the concepts and definitions in effect before such changes. Such changes may only be made after consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate, and that consultation shall include written communication to such committees that affords such committees the opportunity to comment before official action is taken with respect to such changes.

(2) SEQUESTRATION REPORTS.—When OMB submits a sequestration report under section 254(e), (f), or (g) for a fiscal year, OMB shall calculate, and the sequestration report and subsequent budgets submitted by the President under section 1105(a) of title 31, United States Code, shall include adjustments to discretionary spending limits (and those limits as adjusted) for the fiscal year and each succeeding year, as follows:

(A) EMERGENCY APPROPRIATIONS; OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM.—If, for any fiscal year, appropriations for discretionary accounts are enacted that—

(i) the Congress designates as emergency requirements in statute on an account by account basis and the President subsequently so designates, or

(ii) the Congress designates for Overseas Contingency Operations/Global War on Terrorism in statute on an account by account basis and the President subsequently so designates,

the adjustment shall be the total of such appropriations in discretionary accounts designated as emergency requirements or for Overseas Contingency Operations/Global War on Terrorism, as applicable.

(B) CONTINUING DISABILITY REVIEWS AND REDETERMINATIONS.—(i) If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for continuing disability reviews under titles II and XVI of the Social Security Act[175] **[and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act]***, for the cost associated with conducting redeterminations of eligibility under ti-*

[175] 42 U.S.C. 401 et seq., 1381 et seq.

tle XVI of the Social Security Act, for the cost of cooperative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys, then the adjustments for that fiscal year shall be the additional new budget authority provided in that Act for such expenses for that fiscal year, but shall not exceed—

(I) for fiscal year 2012, $623,000,000 in additional new budget authority;

(II) for fiscal year 2013, $751,000,000 in additional new budget authority;

(III) for fiscal year 2014, $924,000,000 in additional new budget authority;

(IV) for fiscal year 2015, $1,123,000,000 in additional new budget authority;

(V) for fiscal year 2016, $1,166,000,000 in additional new budget authority;

(VI) for fiscal year 2017, **[$1,309,000,000]** "$1,546,000,000;in additional new budget authority;

(VII) for fiscal year 2018, **[$1,309,000,000]** in additional new budget authority;

(VIII) for fiscal year 2019, **[$1,309,000,000]** in additional new budget authority;

(IX) for fiscal year 2020, $1,309,000,000 in additional new budget authority; and

(X) for fiscal year 2021, **[$1,309,000,000]** in additional new budget authority.

(ii) As used in this subparagraph—

(I) the term "continuing disability reviews" means continuing disability reviews under sections 221(i) and 1614(a)(4) of the Social Security Act;[176]

(II) the term "redetermination" means redetermination of eligibility under sections 1611(c)(1) and 1614(a)(3)(H) of the Social Security Act; and

(III) the term "additional new budget authority" means the amount provided for a fiscal year, in excess of $273,000,000, in an appropriation Act and specified to pay for the costs of continuing disability reviews and redeterminations under the heading "Limitation on Administrative Expenses" for the Social Security Administration.

(C) HEALTH CARE FRAUD AND ABUSE CONTROL.—(i)

[176] 42 U.S.C. 421(i) and 1382c(a)(4)

If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for the health care fraud abuse control program at the Department of Health and Human Services (75–8393–0–7–571), then the adjustments for that fiscal year shall be the amount of additional new budget authority provided in that Act for such program for that fiscal year, but shall not exceed—

(I) for fiscal year 2012, $270,000,000 in additional new budget authority;

(II) for fiscal year 2013, $299,000,000 in additional new budget authority;

(III) for fiscal year 2014, $329,000,000 in additional new budget authority;

(IV) for fiscal year 2015, $361,000,000 in additional new budget authority;

(V) for fiscal year 2016, $395,000,000 in additional new budget authority;

(VI) for fiscal year 2017, $414,000,000 in additional new budget authority;

(VII) for fiscal year 2018, $434,000,000 in additional new budget authority;

(VIII) for fiscal year 2019, $454,000,000 in additional new budget authority;

(IX) for fiscal year 2020, $475,000,000 in additional new budget authority; and

(X) for fiscal year 2021, $496,000,000 in additional new budget authority.

(ii) As used in this subparagraph, the term "additional new budget authority" means the amount provided for a fiscal year, in excess of $311,000,000, in an appropriation Act and specified to pay for the costs of the health care fraud and abuse control program.

(D) DISASTER FUNDING.—

(i) If, for fiscal years 2012 through 2021, appropriations for discretionary accounts are enacted that Congress designates as being for disaster relief in statute, the adjustment for a fiscal year shall be the total of such appropriations for the fiscal year in discretionary accounts designated as being for disaster relief, but not to exceed the total of—

(I) the average funding provided for disaster relief over the previous 10 years, excluding the highest and lowest years; and

(II) the amount, for years when the enacted new discretionary budget authority designated as being for disaster relief for the preceding fiscal year was less than the average as calculated in subclause (I) for that fiscal year, that is the difference between the enacted amount and the allowable adjustment as calculated in such subclause for that fiscal year.

(ii) OMB shall report to the Committees on Appropriations and Budget in each House the average calculated pursuant to clause (i)(II), not later than 30 days after the date of the enactment of the Budget Control Act of 2011.

(iii) For the purposes of this subparagraph, the term "disaster relief" means activities carried out pursuant to a determination under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122(2)).[177]

(iv) Appropriations considered disaster relief under this subparagraph in a fiscal year shall not be eligible for adjustments under subparagraph (A) for the fiscal year.

(c) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term "discretionary spending limit"[178] means—

(1) for fiscal year 2014—

(A) for the revised security category, $520,464,000,000 in new budget authority; and

(B) for the revised nonsecurity category, $491,773,000,000 in new budget authority;

(2) for fiscal year 2015—

(A) for the revised security category, $521,272,000,000 in new budget authority; and

(B) for the revised nonsecurity category, $492,356,000,000 in new budget authority;

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[177] This designation for "disaster finding" was added by the Budget Control Act of 2011, as an annual amount capped at the previous ten-year average. It also defined a "disaster" as referred to in clause iii. Section 102(2) of the Robert T. Stafford Disaster Relief Act (42 U.S.C. 5122(2)):

"(2) MAJOR DISASTER.—'Major disaster' means any natural catastrophe (including any hurricane, tornado, storm, high water, winddriven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought), or, regardless of cause, any fire, flood, or explosion, in any part of the United States, which in the determination of the President causes damage of sufficient severity and magnitude to warrant major disaster assistance under this chapter to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby."

[178] OMB annually adjusts the limits. The Fiscal Year 2016 limit in the sequestration preview report. Fiscal years 2017-2021 are set in future reports.

[(3) for fiscal year 2016—]
[(A) for the revised security category, $577,000,000,000 in new budget authority; and]
[(B) for the revised nonsecurity category, $530,000,000,000 in new budget authority;]
[(4) for fiscal year 2017—]
[(A) for the revised security category, $590,000,000,000 in new budget authority; and]
[(B) for the revised nonsecurity category, $541,000,000,000 in new budget authority;]
"(3) for fiscal year 2016[179]*—*
"(A) for the revised security category, $548,091,000,000 in new budget authority; and
"(B) for the revised nonsecurity category $518,491,000,000 in new budget authority;
"(4) for fiscal year 2017[181]*—*
"(A) for the revised security category, $551,068,000,000 in new budget authority; and
"(B) for the revised nonsecurity category, $518,531,000,000 in new budget authority;"
(5) for fiscal year 2018—
(A) for the revised security category, $603,000,000,000 in new budget authority; and
(B) for the revised nonsecurity category, $553,000,000,000 in new budget authority;
(6) for fiscal year 2019—
(A) for the revised security category, $616,000,000,000 in new budget authority; and
(B) for the revised nonsecurity category, $566,000,000,000 in new budget authority;
(7) for fiscal year 2020—
(A) for the revised security category, $630,000,000,000 in new budget authority; and

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[179] Section 101(d) of the Bipartisan Budget Act of 2015 requires a minimum OCO/GWOT adjustment to these levels. These amounts are minimum even if the appropriated designated amount designated is less:

(d) OVERSEAS CONTINGENCY OPERATIONS AMOUNTS.—In fiscal years 2016 and 2017, the adjustments under section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(A)) for Overseas Contingency Operations/Global War on Terrorism appropriations will be as follows:
(1) For budget function 150—
(A) for fiscal year 2016, $14,895,000,000; and
(B) for fiscal year 2017, $14,895,000,000.
(2) For budget function 050—
(A) for fiscal year 2016, $58,798,000,000; and
(B) for fiscal year 2017, $58,798,000,000.
This subsection shall not affect the applicability of section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985.

(B) for the revised nonsecurity category, $578,000,000,000 in new budget authority; and

(8) for fiscal year 2021—

(A) for the revised security category, $644,000,000,000 in new budget authority; and

(B) for the revised nonsecurity category, $590,000,000,000 in new budget authority;

as adjusted in strict conformance with subsection (b).

SEC. 251A. [2 U.S.C. 901a] ENFORCEMENT OF BUDGET GOAL.

Discretionary appropriations[180] and direct spending accounts shall be reduced in accordance with this section as follows:

(1) CALCULATION OF TOTAL DEFICIT REDUCTION.—OMB shall calculate the amount of the deficit reduction required by this section for each of fiscal years 2013 through 2021 by—

(A) starting with $1,200,000,000,000;

(B) subtracting the amount of deficit reduction achieved by the enactment of a joint committee bill, as provided in section 401(b)(3)(B)(i)(II) of the Budget Control Act of 2011;[181]

(C) reducing the difference by 18 percent to account for debt service;[182]

(D) dividing the result by 9;[183] and

(E) for fiscal year 2013, reducing the amount calculated under subparagraphs (A) through (D) by $24,000,000,000.[184]

(2) ALLOCATION TO FUNCTIONS.—On March 1, 2013, for fiscal year 2013, and in its sequestration preview report for fiscal years 2014 through 2021 pursuant to section 254(c), OMB shall allocate half of the total reduction

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[180] Under section 254 of BBEDCA, a sequestration preview report is required to be submitted each year. In this report, OMB annually adjusts the discretionary spending limits. Fiscal years 2017 through 2021 are set in reports for those years when they are submitted. The "OMB Sequestration Preview Report to the President and Congress for Fiscal Year 2016", sets fiscal year 2016 limits. These adjustments before subsequent adjustments that take place under section 251(b) of BBEDCA. See *supra* at §202.

[181] The Joint Select Committee on Deficit Reduction did not report a bill, and hence nothing was enacted: This amount is zero.

[182] Because the amount of $1.2 trillion is not reduced under subparagraph (B), the 18 percent reduction is applied against the total amount: $216 billion for a net amount of $984 billion over the fiscal year 2013-2021 period.

[183] Dividing $984 billion by nine equals $109.3 billion per year. See the "OMB Report Pursuant to the Sequestration Transparency Act of 2012 (P. L. 112–155)", page 5, Table 1.

[184] American Taxpayer Relief Act of 2012 (P.L. 112–240) added subparagraph (E) reducing the FY2013 sequestration by $24 billion to $85 billion.

calculated pursuant to paragraph (1) for that year to discretionary appropriations and direct spending accounts within function 050 (defense function) and half to accounts in all other functions (nondefense functions).

(3) DEFENSE FUNCTION REDUCTION.—OMB shall calculate the reductions to discretionary appropriations and direct spending for each of fiscal years 2013 through 2021 for defense function spending as follows:

(A) DISCRETIONARY.—OMB shall calculate the reduction to discretionary appropriations by—

(i) taking the total reduction for the defense function allocated for that year under paragraph (2);

(ii) multiplying by the discretionary spending limit for the revised security category for that year; and

(iii) dividing by the sum of the discretionary spending limit for the security category and OMB's baseline estimate of nonexempt outlays for direct spending programs within the defense function for that year.

(B) DIRECT SPENDING.—OMB shall calculate the reduction to direct spending by taking the total reduction for the defense function required for that year under paragraph (2) and subtracting the discretionary reduction calculated pursuant to subparagraph (A).

(4) NONDEFENSE FUNCTION REDUCTION.—OMB shall calculate the reduction to discretionary appropriations and to direct spending for each of fiscal years 2013 through 2021 for programs in nondefense functions as follows:

(A) DISCRETIONARY.—OMB shall calculate the reduction to discretionary appropriations by—

(i) taking the total reduction for nondefense functions allocated for that year under paragraph (2);

(ii) multiplying by the discretionary spending limit for the revised nonsecurity category for that year; and

(iii) dividing by the sum of the discretionary spending limit for the revised nonsecurity category and OMB's baseline estimate of nonexempt outlays for direct spending programs in nondefense functions for that year.

(B) DIRECT SPENDING.—OMB shall calculate the reduction to direct spending programs by taking the total reduction for nondefense functions required for that year under paragraph (2) and subtracting the discre-

tionary reduction calculated pursuant to subparagraph (A).

(C) Notwithstanding the 2 percent limit specified in subparagraph (A) for payments for the Medicare programs specified in section 256(d), the sequestration order of the President under such subparagraph for fiscal year 2023 shall be applied to such payments so that—

(i) with respect to the first 6 months in which such order is effective for such fiscal year, the payment reduction shall be 2.90 percent; and

(ii) with respect to the second 6 months in which such order is so effective for such fiscal year, the payment reduction shall be 1.11 percent.

(5) IMPLEMENTING DISCRETIONARY REDUCTIONS.—

(A) FISCAL YEAR 2013.—On March 1, 2013, for fiscal year 2013, OMB shall calculate and the President shall order a sequestration, effective upon issuance and under the procedures set forth in section 253(f), to reduce each account within the security category or nonsecurity category by a dollar amount calculated by multiplying the baseline level of budgetary resources in that account at that time by a uniform percentage necessary to achieve—

(i) for the revised security category, an amount equal to the defense function discretionary reduction calculated pursuant to paragraph (3); and

(ii) for the revised nonsecurity category, an amount equal to the nondefense function discretionary reduction calculated pursuant to paragraph (4).

(B) FISCAL YEARS 2014-2021.—Except as provided by **[paragraph (10)]** *paragraphs 10 and 11*, on the date of the submission of its sequestration preview report for fiscal years 2014 through 2021 pursuant to section 254(c) for each of fiscal years 2014 through 2021, OMB shall reduce the discretionary spending limit—

(i) for the revised security category by the amount of the defense function discretionary reduction calculated pursuant to paragraph (3); and

(ii) for the revised nonsecurity category by the amount of the nondefense function discretionary reduction calculated pursuant to paragraph (4).

(6) IMPLEMENTING DIRECT SPENDING REDUCTIONS.—(A) On the date specified in paragraph (2) during each applicable year, OMB shall prepare and the President shall order a sequestration, effective upon issuance, of nonexempt direct spending to achieve the direct spending reduction cal-

culated pursuant to paragraphs (3) and (4). When implementing the sequestration of direct spending pursuant to this paragraph, OMB shall follow the procedures specified in section 6 of the Statutory Pay-As-You-Go Act of 2010,[185] the exemptions specified in section 255, and the special rules specified in section 256, except that the percentage reduction for the Medicare programs specified in section 256(d) shall not be more than 2 percent for a fiscal year.[186]

(B) On the dates OMB issues its sequestration preview reports for fiscal year 2022, for fiscal year 2023, **[and for fiscal year 2024]** *for fiscal year 2024, and for fiscal year 2025,* pursuant to section 254(c), the President shall order a sequestration, effective upon issuance such that—

(i) the percentage reduction for nonexempt direct spending for the defense function is the same percent as the percentage reduction for nonexempt direct spending for the defense function for fiscal year 2021 calculated under paragraph (3)(B); and

(ii) the percentage reduction for nonexempt direct spending for nondefense functions is the same percent as the percentage reduction for nonexempt direct spending for nondefense functions for fiscal year 2021 calculated under paragraph (4)(B).

[(C) Notwithstanding the 2 percent limit specified in sub-paragraph (A) for payments for the Medicare programs specified in section 256(d), the sequestration order of the President under such subparagraph for fiscal year 2023 shall be applied to such payments so that—

[(i) with respect to the first 6 months in which

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[185] Section 6 of the Statutory Pay-As-You-Go Act of 2010 may be found *infra* at §258.

[186] Section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 (see *infra* at §208) specifies that, when implementing a direct spending sequestration pursuant to a Final Sequestration Report order required under section 254 of that Act (see *infra* at §206), there is a 4 percent reduction in the Medicare program. The direct spending sequestration ordered pursuant to section 251A as devised by the Budget Control Act of 2011 is included in the Sequestration Preview Report of section 254. This is distinct from most other sequesters which depend on the "Sequestration Final Report" which is transmitted by the Office of Management and Budget within fifteen days after the date of the end of the session of Congress. The direct spending sequestration implementation is distinct from the discretionary spending sequestration in that the latter occurred through the reduction in the spending limits in section 251 while the former occurs on an annual basis and will continue through fiscal year 2024. The last spending limit on discretionary spending is set for fiscal year 2021. See *supra* at §202.

such order is effective for such fiscal year, the payment reduction shall be 2.90 percent; and

[(ii) with respect to the second 6 months in which such order is so effective for such fiscal year, the payment reduction shall be 1.11 percent.]

[(D)] *(C)* Notwithstanding the 2 percent limit specified in subparagraph (A) for payments for the Medicare programs specified in section 256(d), the sequestration order of the President under such subparagraph for [**fiscal year 2024]** *fiscal year 2025* shall be applied to such payments so that—

(i) with respect to the first 6 months in which such order is effective for such fiscal year, the payment reduction shall be 4.0 percent; and

(ii) with respect to the second 6 months in which such order is so effective for such fiscal year, the payment reduction shall be 0.0 percent.[187]

(7) ADJUSTMENT FOR MEDICARE.—If the percentage reduction for the Medicare programs would exceed 2 percent for a fiscal year in the absence of paragraph (6), OMB shall increase the reduction for all other discretionary appropriations and direct spending under paragraph (4) by a uniform percentage to a level sufficient to achieve the reduction required by paragraph (4) in the non-defense function.

(8) IMPLEMENTATION OF REDUCTIONS.—Any reductions imposed under this section shall be implemented in accordance with section 256(k).

(9) REPORT.—On the dates specified in paragraph (2), OMB shall submit a report to Congress containing information about the calculations required under this section, the adjusted discretionary spending limits, a listing of the reductions required for each nonexempt direct spending account, and any other data and explanations that enhance public under- standing of this title and actions taken under it.

(10) IMPLEMENTING DIRECT SPENDING REDUCTIONS FOR FISCAL YEARS 2014 AND 2015.—(A) OMB shall make the calculations necessary to implement the direct spending reductions calculated pursuant to paragraphs (3) and (4)

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[187] The Protecting Access to Medicare Act of 2014 (Pub. L. 113–93) added subpar. (D).This amendment changed how the automatic sequestration under this section is applied. In doing so, a greater amount of outlay reduction is generated in fiscal year 2024 instead of fiscal year 2025, as would occur without this language. This timing shift generated greater savings within the applicable budget window causing the appearance of compliance.

without regard to the amendment made to section 251(c) revising the discretionary spending limits for fiscal years 2014 and 2015 by the Bipartisan Budget Act of 2013.

(B) Paragraph (5)(B) shall not be implemented for fiscal years 2014 and 2015.[188]

(11) Implementing direct spending reductions for fiscal years 2016 and 2017.—(A) OMB shall make the calculations necessary to implement the direct spending reductions calculated pursuant to paragraphs (3) and (4) without regard to the amendment made to section 251(c) revising the discretionary spending limits for fiscal years 2016 and 2017 by the Bipartisan Budget Act of 2015.

(B) Paragraph (5)(B) shall not be implemented for fiscal years 2016 and 2017.

SECTION DEEMING IN FORCE A BUDGET FOR FISCAL YEAR 2017 IN THE UNITED STATES SENATE

SEC. 102. AUTHORITY FOR FISCAL YEAR 2017 BUDGET RESOLUTION IN THE SENATE.

(a) FISCAL YEAR 2017.—For the purpose of enforcing the Congressional Budget Act of 1974, after April 15, 2016, and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2017 with appropriate budgetary levels for fiscal years 2018 through 2026.

(b) COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.—After April 15, 2016, but not later than May 15, 2016, the Chairman of the Committee on the Budget of the Senate shall file—

(1) for the Committee on Appropriations, committee allocations for fiscal year 2017 consistent with discretionary spending limits set forth in section 251(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by this Act, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(2) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2017, 2017 through 2021, and 2017 through 2026 consistent with

[188] Fiscal years 2014 and 2015 were exempted from sequestration under this paragraph,. Included in the Bipartisan Budget Act of 2013 (P.L. 113-67), this paragraph preserved the calculation of the direct spending sequestration while providing the exemption for these two fiscal years.

the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(3) aggregate spending levels for fiscal year 2017 in accordance with the allocations established under paragraphs (1) and (2), for the purpose of enforcing section 311 of the Congressional Budget Act of 1974;

(4) aggregate revenue levels for fiscal years 2017, 2017 through 2021, and 2017 through 2026 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(5) levels of Social Security revenues and outlays for fiscal years 2017, 2017 through 2021, and 2017 through 2026 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

(c) ADDITIONAL MATTER.—The filing referred to in subsection (b) may also include for fiscal year 2017 the matter contained in subtitles A and B of title IV of S. Con. Res. 11 (114th Congress) updated by 1 fiscal year.

(d) EXPIRATION.—This section shall expire if a concurrent resolution on the budget for fiscal year 2017 is agreed to by the Senate and the House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

LETTER FROM THE CHIEF ACTUARY OF THE SOCIAL SECURITY ADMINISTRATION

SUMMARY

In determining the levels of revenue and spending associated with the Trust Funds of the Social Security program, estimates provided by the Chief Actuary of that program are an important enforcement tool, particularly in assessing compliance with budget rules. These rules are included in the Congressional Budget and Impoundment Control Act of 1974, the Budget Enforcement Act of 1990, House Rules, and other statutes and laws. The Chief Actuary, Stephen C. Goss, sent a letter to Speaker John Boehner on October 27, 2015, providing this information, in particular so that the rule included in S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016, could be adequately reviewed.

LETTER FROM STEPHEN C. GOSS
CHIEF ACTUARY OF THE SOCIAL SECURITY ADMINISTRATION

October 27, 2015

The Honorable John Boehner
Speaker of the House of Representatives
Washington, D.C. 20510

Dear Speaker Boehner:

Several provisions in Title VIII of H.R. 1314, the "Bipartisan Budget Act of 2015," introduced today, will have direct effects on the actuarial status of the Federal Old-Age and Survivors Insurance (OASI) and Federal Disability Insurance (DI) Trust Funds. Under the intermediate assumptions of the 2015 Trustees Report, enactment of these provisions is projected to reduce the long-range 75-year OASDI actuarial deficit by 0.04 percent of taxable payroll, from 2.68 percent of taxable payroll under current law to 2.65 percent of payroll under the proposal. The projected year of trust fund reserve depletion for the DI Trust Fund would be extended from 2016 to 2022. For the OASI Trust Fund and for the combined OASI and DI Trust Funds, the years of projected reserve depletion would remain unchanged at 2035 and 2034, respectively. Please note that these estimates are preliminary and are subject to change as we refine our methods and our understanding of the precise imple-

mentation of various provisions.

The Bill includes a temporary reallocation of a portion of the OASDI payroll tax rate from OASI to DI. The point of order that the House adopted at the beginning of the 114th Congress prohibits consideration of any legislation that reduces the actuarial balance of the OASI Trust Fund by at least 0.01 percent of the present value of future taxable payroll (about $42 billion in net present value) for the 75-year long-range period. However, the point of order may be waived if the legislation improves the actuarial balance of the combined OASI and DI Trust Funds for the 75- year period. This Bill does in fact provide a significant improvement in the overall financial status of the OASDI program.

Over the short-term period 2015 through 2025, we estimate that OASDI program cost will be reduced by between $5 billion and $9 billion, depending on the speed of implementation of the various provisions. We are assuming relatively rapid implementation consistent with the intent of the provisions. The attached Table 1 provides our estimates of the changes in annual OASDI cost and income expressed as a percentage of taxable payroll for the combined OASI and DI Trust Funds over the next 75 years.

The following provisions are projected to change the cost or income of the OASDI program by at least the equivalent of $10 million per year once fully implemented. Many other provisions would have smaller effects.

Provisions of the Bill with Significant Direct Effects on Social Security Actuarial Status

Section 811. Expansion of cooperative disability investigations (CDI) units. This section requires the establishment of CDI units to cover each of the 50 States, the District of Columbia, Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa by 2022. The additional units established under this provision would roughly double CDI capacity and will enhance the Social Security Administration's (SSA) efforts to reduce fraud and overpayments.

Section 824. Use of electronic payroll data to improve program administration. Access to more timely data on earnings from commercial databases will allow SSA to reduce improper payments.

Section 831. Closure of unintended loopholes. This provision would eliminate (1) the ability to receive only a worker benefit or a spouse benefit when eligible for both, and (2) the ability of a family member other than a divorced spouse to receive a benefit based on the earnings of a worker with a suspended benefit. This provision is expected to have essentially no net cost effect through 2025, with cost reductions increasing thereafter. This provision alone will reduce the long-range OASDI actuarial deficit by 0.02 percent of taxable payroll.

Section 832. Requirement for medical review. This section requires that the medical portion of the case review and any applicable residual functional capacity assessment for an initial disability determination be completed by an appropriate physician, psychiatrist, or psychologist. Based on program experience, this provision is projected to reduce DI program cost, and will reduce the long-range OASDI actuarial deficit by 0.02 percent of taxable payroll.

Section 833. Reallocation of payroll tax revenue. For earnings in calendar years 2016 through 2018, increase from 1.80 percent to 2.37 percent the portion of the total 12.40 percent OASDI payroll tax that is directed to the DI Trust Fund. This reallocation of the payroll tax rates is projected to change the date for DI reserve depletion from the fourth quarter of 2016 to approximately the third quarter of 2022.

Section 834. Access to financial information for waivers and adjustments of recovery. This provision would provide for access to information that would allow SSA to better determine an individual's ability to repay any past overpayment.

We hope these estimates will be helpful. Please let us know if we may provide further assistance.

Sincerely,

Stephen C. Goss Chief Actuary

Enclosure

Table 1 – OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio

Year	*Cost Rate*	*Income Rate*	*Annual Balance*	*Ratio 1-1-year*	*Cost Rate*	*Income Rate*	*Annual Balance*
2015	14.13	12.82	-1.31	308	0.00	0.00	0.00
2016	13.88	12.88	-1.00	298	0.00	0.00	0.00
2017	13.89	12.91	-0.98	280	0.00	0.00	0.00
2018	13.97	12.94	-1.03	264	0.00	0.00	0.00
2019	14.08	12.95	-1.13	249	-0.01	0.00	0.01
2020	14.22	12.96	-1.25	233	-0.01	0.00	0.01
2021	14.33	12.98	-1.35	219	-0.01	0.00	0.01
2022	14.51	13.01	-1.49	204	-0.01	0.00	0.01
2023	14.71	13.03	-1.68	189	-0.01	0.00	0.01
2024	14.94	13.06	-1.88	173	-0.01	0.00	0.01
2025	15.15	13.08	-2.06	158	-0.02	0.00	0.02
2026	15.34	13.10	-2.24	143	-0.02	0.00	0.02
2027	15.53	13.11	-2.42	127	-0.02	0.00	0.02
2028	15.72	13.13	-2.60	111	-0.03	0.00	0.03
2029	15.90	13.14	-2.76	95	-0.03	0.00	0.03
2030	16.07	13.15	-2.91	79	-0.03	0.00	0.03
2031	16.21	13.17	-3.05	61	-0.03	0.00	0.03
2032	16.34	13.18	-3.17	43	-0.03	0.00	0.03
2033	16.44	13.18	-3.26	25	-0.03	0.00	0.03
2034	16.52	13.19	-3.33	6	-0.04	0.00	0.03
2035	16.58	13.20	-3.39	----	-0.04	0.00	0.03
2036	16.64	13.20	-3.44	----	-0.04	0.00	0.04
2037	16.68	13.21	-3.47	----	-0.04	0.00	0.04
2038	16.69	13.21	-3.48	----	-0.04	0.00	0.04
2039	16.69	13.21	-3.48	----	-0.04	0.00	0.04
2040	16.67	13.21	-3.46	----	-0.04	0.00	0.04
2041	16.65	13.21	-3.43	----	-0.04	0.00	0.04
2042	16.62	13.21	-3.41	----	-0.04	0.00	0.04
2043	16.60	13.21	-3.38	----	-0.04	0.00	0.04
2044	16.57	13.21	-3.36	----	-0.04	0.00	0.04
2045	16.55	13.21	-3.34	----	-0.04	0.00	0.04
2046	16.53	13.21	-3.32	----	-0.04	0.00	0.04
2047	16.52	13.22	-3.30	----	-0.04	0.00	0.04
2048	16.50	13.22	-3.29	----	-0.04	0.00	0.04
2049	16.49	13.22	-3.28	----	-0.04	0.00	0.04
2050	16.50	13.22	-3.28	----	-0.04	0.00	0.04
2051	16.51	13.22	-3.29	----	-0.04	0.00	0.04
2052	16.53	13.22	-3.31	----	-0.05	0.00	0.04
2053	16.56	13.22	-3.33	----	-0.05	0.00	0.04
2054	16.60	13.23	-3.37	----	-0.05	0.00	0.04
2055	16.64	13.23	-3.41	----	-0.05	0.00	0.04
2056	16.69	13.23	-3.46	----	-0.05	0.00	0.04

Year	*Cost Rate*	*Income Rate*	*Annual Balance*	*Ratio 1-1-year*	*Cost Rate*	*Income Rate*	*Annual Balance*
2057	16.75	13.24	-3.51	----	-0.05	0.00	0.04
2058	16.80	13.24	-3.56	----	-0.05	0.00	0.04
2059	16.85	13.25	-3.61	----	-0.05	0.00	0.04
2060	16.91	13.25	-3.66	----	-0.05	0.00	0.04
2061	16.96	13.25	-3.70	----	-0.05	0.00	0.05
2062	17.01	13.26	-3.75	----	-0.05	0.00	0.05
2063	17.06	13.26	-3.80	----	-0.05	0.00	0.05
2064	17.11	13.26	-3.85	----	-0.05	0.00	0.05
2065	17.17	13.27	-3.90	----	-0.05	0.00	0.05
2066	17.22	13.27	-3.95	----	-0.05	0.00	0.05
2067	17.28	13.28	-4.01	----	-0.05	0.00	0.05
2068	17.34	13.28	-4.06	----	-0.05	0.00	0.05
2069	17.40	13.28	-4.11	----	-0.05	0.00	0.05
2070	17.45	13.29	-4.17	----	-0.05	0.00	0.05
2071	17.50	13.29	-4.21	----	-0.05	0.00	0.05
2072	17.55	13.29	-4.25	----	-0.05	0.00	0.05
2073	17.58	13.29	-4.29	----	-0.05	0.00	0.05
2074	17.61	13.30	-4.32	----	-0.05	0.00	0.05
2075	17.63	13.30	-4.34	----	-0.05	0.00	0.05
2076	17.65	13.30	-4.35	----	-0.05	0.00	0.05
2077	17.65	13.30	-4.35	----	-0.05	0.00	0.05
2078	17.66	13.30	-4.35	----	-0.05	0.00	0.05
2079	17.66	13.30	-4.36	----	-0.05	0.00	0.05
2080	17.66	13.30	-4.36	----	-0.05	0.00	0.05
2081	17.66	13.30	-4.36	----	-0.05	0.00	0.05
2082	17.68	13.30	-4.37	----	-0.05	0.00	0.05
2083	17.70	13.30	-4.39	----	-0.05	0.00	0.05
2084	17.72	13.30	-4.42	----	-0.05	0.00	0.05
2085	17.76	13.31	-4.45	----	-0.05	0.00	0.05
2086	17.79	13.31	-4.49	----	-0.05	0.00	0.05
2087	17.83	13.31	-4.52	----	-0.05	0.00	0.05
2088	17.88	13.31	-4.56	----	-0.05	0.00	0.05
2089	17.92	13.32	-4.60	----	-0.05	0.00	0.05
2090	17.96	13.32	-4.64	----	-0.05	0.00	0.05
2015-2089	Cost Rate: 16.51%	Income Rate: 13.86%	Actuarial Balance: -2.65%	Year of Reserve Depletion: 2034	Change in Cost Rate: -0.04%	Change in Income Rate: 0.00%	Change in Actuarial Balance: 0.04%

THE OCO/GWOT ADJUSTMENT TO THE DISCRETIONARY SPENDING LIMITS

SUMMARY

An essential aspect of the Bipartisan Budget Act of 2015 is the revision of the discretionary spending limits for fiscal years 2016 and 2017, adding $50 billion of budget authority in the former, and $30 billion to the latter. In addition to those amounts, increases in the spending limits for "overseas contingency operations and the global war on terrorism" (OCO/GWOT) were part of the deal and freestanding legislative text was included in section 101 of title I of the Act.

Most of the legislative text of the Act related to budget matters, such as the increases in the discretionary spending limits, the extension of sequestration to fiscal year 2025 from fiscal year 2024, and section 102 that sets a budget resolution in the Senate for fiscal year 2017[1] were based on provision included in the Bipartisan Budget Act of 2013. When comparing the text, the Act for 2015 largely maintains the structure found in the BBA of 2013, with changes made to update the years to which the Act applies.

Subsection (d), though, was entirely new and had no antecedent in the Bipartisan Budget Act of 2013, nor apparently any other budget law. This text was a case of first impression as to what it says, and what it is intended to do.

After reviewing the initial posting of the language, the Congressional Budget Office included footnotes in its table which estimated the budgetary effects of the Act. The authors of the agreement were not satisfied with how this effects of subsection (d) was displayed and therefore amended the subsection using a "self-executing rule" which had the effect of changing the Act just before it was considered on the floor of the House. The legislative text of the original subsection, the amended subsection and the pertinent notes of first CBO estimate is included here. The second has nothing to post, since the reference to subsection (d) in the first one was simply removed.

[1] Such language, whether in law or in simple Congressional Resolutions, are commonly referred to as "deemers" or "deeming resolutions" because they deem certain enforcement procedures and levels to be in force in lieu of a concurrent resolution on the budget.

AMENDING THE ADJUSTMENT TEXT FROM SECTION 101(d) OF THE BIPARTISAN BUDGET ACT OF 2013

The text in the BBA 2015 that is to provide for an adjustment to the discretionary spending limits in fiscal year 2016 and 2017 is set forth below:

From the Bipartisan Budget Act of 2015:

SEC. 101. AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

[...]

Version Originally Made Public By The House Speaker's Office

(d) OVERSEAS CONTINGENCY OPERATIONS AMOUNTS.—In fiscal years 2016 and 2017, the adjustments under section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(A)) for Overseas Contingency Operations/Global War on Terrorism appropriations will be as follows:

(1) For budget function 150—

(A) for fiscal year 2016, not less than $14,800,000,000; and

(B) for fiscal year 2017, not less than $14,800,000,000.

(2) For budget function 050—

(A) for fiscal year 2016, not less than $58,700,000,000; and

(B) for fiscal year 2017, not less than $58,700,000,000.

Subsection Enacted Into Law After Amendment Made By Self-Executing Rule

(d) OVERSEAS CONTINGENCY OPERATIONS AMOUNTS.—In fiscal years 2016 and 2017, the adjustments under section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(A)) for Overseas Contingency Operations/Global War on Terrorism appropriations will be as follows:

(1) For budget function 150—

(A) for fiscal year 2016, $14,895,000,000; and

(B) for fiscal year 2017, $14,895,000,000.

(2) For budget function 050—

(A) for fiscal year 2016, $58,798,000,000; and

(B) for fiscal year 2017, $58,798,000,000.

This subsection shall not affect the applicability of section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985.

RELEVANT COMPONENTS OF THE CBO ESTIMATE OF THE BILL AS ORIGINALLY POSTED BBA OF 2015[2]

CHANGES TO CAPS ON SPENDING SUBJECT TO APPROPRIATION

	FY2016	FY2017	FY2016-2020	FY2016-2025
Title I – Budget Enforcement, Section 101 (a)				
Estimated Authorization Level	50,000	30,000	80,000	80,000
Estimated Outlays	29,050	30,230	78,040	78,880
Title I – Budget Enforcement Section, 101(d)[2]				
Estimated Authorization Level	5,393	5,208	10,601	10,601
Estimated Outlays	2,842	4,384	10,240	10,381
Title VIII – Program Integrity				
Estimated Authorization Level	0	237	491	484
Estimated Outlays	0	209	484	484
Total Changes				
Estimated Authorization Level	55,393	35,445	91,092	91,085
Estimated Outlays	31,892	34,823	88,764	89,745

2. The estimate reflects increases in discretionary spending—relative to CBO's baseline—that might result from the establishment of minimum upward adjustments to the nondefense caps to allow for overseas contingency operations (OCO) in 2016 and 2017. The proposal also would create minimum upward adjustments for the defense caps to allow for OCO in 2016 and 2017; however, those minimums are below the amounts projected in CBO's baseline for such purposes. As a result, they would not increase spending relative to that baseline. The budgetary effects of those changes will depend on appropriation actions.

[2] The table only includes the relevant fiscal years in terms of budget authority and the totals. Fiscal years in columns for fiscal years 2018 through 2025 have been omitted. The full table is titled *"Estimate of Budgetary Effects of the Bipartisan Budget Act of 2015, as posted on the website of the House Committee on Rules on October 27, 2015, at 9:51 AM".*

H. RES. 495, THE SPECIAL ORDER OF BUSINESS PROVIDING FOR CONSIDERATION OF H.R. 1314

(Bipartisan Budget Act of 2015)

RESOLUTION TEXT

H. Res. 495

In the House of Representatives, U. S.,

October 28, 2015.

Resolved, That upon adoption of this resolution it shall be in order to take from the Speaker's table the bill (H.R. 1314) to amend the Internal Revenue Code of 1986 to provide for a right to an administrative appeal relating to adverse determinations of tax-exempt status of certain organizations, with the Senate amendment thereto, and to consider in the House, without intervention of any point of order, a motion offered by the Majority Leader or his designee that the House concur in the Senate amendment with the amendment printed in part A of the report of the Committee on Rules accompanying this resolution modified by the amendment printed in part B of that report. The Senate amendment and the motion shall be considered as read. The motion shall be debatable for one hour equally divided and controlled by the Majority Leader and the Minority Leader or their respective designees. The previous question shall be considered as ordered on the motion to its adoption without intervening motion or demand for division of the question.

Attest:

Clerk.

H. Rept. 114-315

OCTOBER 28 (legislative day, OCTOBER 27), 2015.—Referred to the House Calendar and ordered to be printed

Mr. COLE, from the Committee on Rules, submitted the following

R E P O R T

[To accompany H. Res. 495]

The Committee on Rules, having had under consideration House Resolution 495, by a nonrecord vote, report the same to the House with the recommendation that the resolution be adopted.

SUMMARY OF PROVISIONS OF THE RESOLUTION

The resolution provides for the consideration of the Senate amendment to H.R. 1314, the Ensuring Tax Exempt Organizations the Right to Appeal Act. The resolution makes in order a motion by the Majority Leader or his designee that the House concur in the Senate amendment with the amendment printed in part A of this report modified by the amendment printed in part B of this report The resolution waives all points of order against consideration of the motion and provides that the motion is not subject to a demand for division of the question. The resolution provides that the Senate amendment and the motion shall be considered as read. The resolution provides one hour of debate on the motion equally divided and controlled by the Majority Leader and the Minority Leader or their respective designees.

EXPLANATION OF WAIVERS

The waiver of all points of order against consideration of the motion includes a waiver of the following:

Section 302(f) of the Congressional Budget Act, which prohibits consideration of legislation providing new budget authority in excess of a 302(a) allocation of such authority;

Section 306 of the Congressional Budget Act, which prohibits consideration of legislation within the jurisdiction of the Committee on the Budget unless referred to or reported by the Budget Committee;

Section 311 of the Congressional Budget Act of 1974, which prohibits consideration of legislation that would cause the level of total new budget authority for the first fiscal year to be exceeded;

Clause 7 of rule XVI, which requires that no motion or proposition on a subject different from that under consideration shall be admitted under color of amendment;

Clause 4 of rule XXI, which prohibits reporting a bill or joint resolution carrying an appropriation from a committee not having jurisdiction to report an appropriation.

BIPARTISAN BUDGET ACT OF 2015

ONE HUNDRED FOURTEENTH CONGRESS

OF THE

UNITED STATES OF AMERICA

AT THE FIRST SESSION

Begun and held at the City of Washington on Tuesday, the sixth day of January, two thousand and fifteen

An Act

To amend the Internal Revenue Code of 1986 to provide for a right to an administrative appeal relating to adverse determinations of tax-exempt status of certain organizations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.–This Act may be cited as the "Bipartisan Budget Act of 2015".

(b) TABLE OF CONTENTS.–The table of contents of this Act is as follows:

TITLE I—BUDGET ENFORCEMENT

SEC. 101. AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

(a) Revised Discretionary Spending Limits.–Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(c)) is amended by striking paragraphs (3) and (4) and inserting the following:

"(3) for fiscal year 2016—

"(A) for the revised security category, $548,091,000,000 in new budget authority; and

"(B) for the revised nonsecurity category $518,491,000,000 in new budget authority;

"(4) for fiscal year 2017—

"(A) for the revised security category, $551,068,000,000 in new budget authority; and

"(B) for the revised nonsecurity category, $518,531,000,000 in new budget authority;".

(b) DIRECT SPENDING ADJUSTMENTS FOR FISCAL YEARS 2016 AND 2017.–Section 251A of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a), is amended—

(1) in paragraph (5)(B), by striking "paragraph (10)" and inserting "paragraphs (10) and (11)"; and

(2) by adding at the end the following:

"(11) IMPLEMENTING DIRECT SPENDING REDUCTIONS FOR FISCAL YEARS 2016 AND 2017.–(A) OMB shall make the calculations necessary to implement the direct spending reductions calculated pursuant to paragraphs (3) and (4) without regard to the amendment made to section 251(c) revising the discretionary spending limits for fiscal years 2016 and 2017 by the Bipartisan Budget Act of 2015.

"(B) Paragraph (5)(B) shall not be implemented for fiscal years 2016 and 2017.".

(c) EXTENSION OF DIRECT SPENDING REDUCTIONS FOR FISCAL YEAR 2025.–Section 251A(6) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a(6)) is amended—

(1) in subparagraph (B), in the matter preceding clause (i), by striking "and for fiscal year 2024" and by inserting "for fiscal year 2024, and for fiscal year 2025";

(2) by striking subparagraph (C) and redesignating subparagraph (D) as subparagraph (C); and

(3) in subparagraph (C) (as so redesignated), by striking "fiscal year 2024" and inserting "fiscal year 2025".

(d) OVERSEAS CONTINGENCY OPERATIONS AMOUNTS.–In fiscal years 2016 and 2017, the adjustments under section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(A)) for Overseas Contingency Operations/Global War on Terrorism appropriations will be as follows:

(1) For budget function 150—
  (A) for fiscal year 2016, $14,895,000,000; and
  (B) for fiscal year 2017, $14,895,000,000.

(2) For budget function 050—
  (A) for fiscal year 2016, $58,798,000,000; and
  (B) for fiscal year 2017, $58,798,000,000.

This subsection shall not affect the applicability of section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 102. AUTHORITY FOR FISCAL YEAR 2017 BUDGET RESOLUTION IN THE SENATE.

(a) FISCAL YEAR 2017.–For the purpose of enforcing the Congressional Budget Act of 1974, after April 15, 2016, and enforcing budgetary points of order in prior concurrent resolutions on the budget, the allocations, aggregates, and levels provided for in subsection (b) shall apply in the Senate in the same manner as for a concurrent resolution on the budget for fiscal year 2017 with appropriate budgetary levels for fiscal years 2018 through 2026.

(b) COMMITTEE ALLOCATIONS, AGGREGATES, AND LEVELS.–After April 15, 2016, but not later than May 15, 2016, the

Chairman of the Committee on the Budget of the Senate shall file—

(1) for the Committee on Appropriations, committee allocations for fiscal year 2017 consistent with discretionary spending limits set forth in section 251(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by this Act, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(2) for all committees other than the Committee on Appropriations, committee allocations for fiscal years 2017, 2017 through 2021, and 2017 through 2026 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 302 of the Congressional Budget Act of 1974;

(3) aggregate spending levels for fiscal year 2017 in accordance with the allocations established under paragraphs (1) and (2), for the purpose of enforcing section 311 of the Congressional Budget Act of 1974;

(4) aggregate revenue levels for fiscal years 2017, 2017 through 2021, and 2017 through 2026 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing section 311 of the Congressional Budget Act of 1974; and

(5) levels of Social Security revenues and outlays for fiscal years 2017, 2017 through 2021, and 2017 through 2026 consistent with the most recent baseline of the Congressional Budget Office, as adjusted for the budgetary effects of any provision of law enacted during the period beginning on the date such baseline is issued and ending on the date of submission of such statement, for the purpose of enforcing sections 302 and 311 of the Congressional Budget Act of 1974.

(c) ADDITIONAL MATTER.–The filing referred to in subsection (b) may also include for fiscal year 2017 the matter contained in subtitles A and B of title IV of S. Con. Res. 11 (114th Congress) updated by 1 fiscal year.

(d) EXPIRATION.–This section shall expire if a concurrent resolution on the budget for fiscal year 2017 is agreed to by the Senate and the House of Representatives pursuant to section 301 of the Congressional Budget Act of 1974.

TITLE II—AGRICULTURE

SEC. 201. STANDARD REINSURANCE AGREEMENT.

Section 508(k)(8) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(8)) is amended—

(1) in subparagraph (A), in the matter preceding clause (i), by striking "may renegotiate" and all that follows through the end of clause (ii) and inserting the following: "shall renegotiate the financial terms and conditions of each Standard Reinsurance Agreement—

"(i) not later than December 31, 2016; and

"(ii) not less than once during each period of 5 reinsurance years thereafter."; and

(2) by striking subparagraph (E) and inserting the following:

"(E) CAP ON OVERALL RATE OF RETURN.–Notwithstanding subparagraph (F), the Board shall ensure that the Standard Reinsurance Agreement renegotiated under subparagraph (A)(i) establishes a target rate of return for the approved insurance providers, taken as a whole, that does not exceed 8.9 percent of retained premium for each of the 2017 through 2026 reinsurance years.".

TITLE III—COMMERCE

SEC. 301. DEBT COLLECTION IMPROVEMENTS.

(a) IN GENERAL.—Section 227(b) of the Communications Act of 1934 (47 U.S.C. 227(b)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A)(iii), by inserting ", unless such call is made solely to collect a debt owed to or guaranteed by the United States" after "charged for the call"; and

(B) in subparagraph (B), by inserting ", is made solely pursuant to the collection of a debt owed to or guaranteed by the United States," after "purposes"; and

(2) in paragraph (2)—

(A) in subparagraph (F), by striking "and" at the end;

(B) in subparagraph (G), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(H) may restrict or limit the number and duration of calls made to a telephone number assigned to a cellular telephone service to collect a debt owed to or guaranteed by the United States.".

(b) DEADLINE FOR REGULATIONS.—Not later than 9 months after the date of enactment of this Act, the Federal Communi-

cations Commission, in consultation with the Department of the Treasury, shall prescribe regulations to implement the amendments made by this section.

TITLE IV—STRATEGIC PETROLEUM RESERVE

SEC. 401. STRATEGIC PETROLEUM RESERVE TEST DRAWDOWN AND SALE NOTIFICATION AND DEFINITION CHANGE.

(a) NOTICE TO CONGRESS.—Section 161(g) of the Energy Policy and Conservation Act (42 U.S.C. 6241(g)) is amended by striking paragraph (8) and inserting the following:

"(8) NOTICE TO CONGRESS.—

"(A) PRIOR NOTICE.—Not less than 14 days before the date on which a test is carried out under this subsection, the Secretary shall notify both Houses of Congress of the test.

"(B) EMERGENCY.—The prior notice requirement in subparagraph (A) shall not apply if the Secretary determines that an emergency exists which requires a test to be carried out, in which case the Secretary shall notify both Houses of Congress of the test as soon as possible.

"(C) DETAILED DESCRIPTION.—

"(i) IN GENERAL.—Not later than 180 days after the date on which a test is completed under this subsection, the Secretary shall submit to both Houses of Congress a detailed description of the test.

"(ii) REPORT.—A detailed description submitted under clause (i) may be included as part of a report made to the President and Congress under section 165.".

(b) DEFINITION CHANGE.—Section 3(8)(C)(iii) of the Energy Policy and Conservation Act (42 U.S.C. 6202(8)(C)(iii)) is amended by striking "sabotage or an act of God" and inserting "sabotage, an act of terrorism, or an act of God".

SEC. 402. STRATEGIC PETROLEUM RESERVE MISSION READINESS OPTIMIZATION.

Not later than 180 days after the date of enactment of this Act, the Secretary shall—

(1) complete a long-range strategic review of the Strategic Petroleum Reserve; and

(2) develop and submit to Congress a proposed action plan, including a proposed implementation schedule, that—

(A) specifies near- and long-term roles of the Strategic Petroleum Reserve relative to the energy and economic security goals and objectives of the United States;

(B) describes whether existing legal authorities that govern the policies, configuration, and capabilities of the

Strategic Petroleum Reserve are adequate to ensure that the Strategic Petroleum Reserve can meet the current and future energy and economic security goals and objectives of the United States;

(C) identifies the configuration and performance capabilities of the Strategic Petroleum Reserve and recommends an action plan to achieve the optimal—

(i) capacity, location, and composition of petroleum products in the Strategic Petroleum Reserve; and

(ii) storage and distributional capabilities; and

(D) estimates the resources required to attain and maintain the long-term sustainability and operational effectiveness of the Strategic Petroleum Reserve.

SEC. 403. STRATEGIC PETROLEUM RESERVE DRAWDOWN AND SALE.

(a) DRAWDOWN AND SALE.—Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241), except as provided in subsection (b), the Secretary of Energy shall draw down and sell—

(1) 5,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2018;

(2) 5,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2019;

(3) 5,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2020;

(4) 5,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2021;

(5) 8,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2022;

(6) 10,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2023;

(7) 10,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2024; and

(8) 10,000,000 barrels of crude oil from the Strategic Petroleum Reserve during fiscal year 2025.

(b) EMERGENCY PROTECTION.—The Secretary shall not draw down and sell crude oil under this section in amounts that would limit the authority to sell petroleum products under section 161(h) of the Energy Policy and Conservation Act (42 U.S.C. 6241(h)) in the full amount authorized by that subsection.

(c) PROCEEDS.—Proceeds from a sale under this section shall be deposited into the general fund of the Treasury during the fiscal year in which the sale occurs.

SEC. 404. ENERGY SECURITY AND INFRASTRUCTURE MODERNIZATION FUND.

(a) ESTABLISHMENT.—There is hereby established in the Treasury of the United States a fund to be known as the Energy Security and Infrastructure Modernization Fund (referred to in this section as the "Fund"), consisting of—

(1) collections deposited in the Fund under subsection (c); and

(2) amounts otherwise appropriated to the Fund.

(b) PURPOSE.—The purpose of the Fund is to provide for the construction, maintenance, repair, and replacement of Strategic Petroleum Reserve facilities.

(c) COLLECTION AND DEPOSIT OF SALE PROCEEDS IN FUND.—

(1) DRAWDOWN AND SALE.—Notwithstanding section 161 of the Energy Policy and Conservation Act (42 U.S.C. 6241), to the extent provided in advance in appropriation Acts, the Secretary of Energy shall draw down and sell crude oil from the Strategic Petroleum Reserve in amounts as authorized under subsection (e), except as provided in paragraph (2). Amounts received for a sale under this paragraph shall be deposited into the Fund during the fiscal year in which the sale occurs. Such amounts shall remain available in the Fund without fiscal year limitation.

(2) EMERGENCY PROTECTION.—The Secretary shall not draw down and sell crude oil under this subsection in amounts that would limit the authority to sell petroleum products under section 161(h) of the Energy Policy and Conservation Act (42 U.S.C. 6241(h)) in the full amount authorized by that subsection.

(d) AUTHORIZED USES OF FUND.—

(1) IN GENERAL.—Amounts in the Fund may be used for, or may be credited as offsetting collections for amounts used for, carrying out the program described in paragraph (2)(B), to the extent provided in advance in appropriation Acts.

(2) PROGRAM TO MODERNIZE THE STRATEGIC PETROLEUM RESERVE.—

(A) FINDINGS.—Congress finds the following:

(i) The Strategic Petroleum Reserve is one of the Nation's most valuable energy security assets.

(ii) The age and condition of the Strategic Petroleum Reserve have diminished its value as a Federal energy security asset.

(iii) Global oil markets and the location and amount of United States oil production and refining capacity have dramatically changed in the 40 years since the establishment of the Strategic Petroleum Reserve.

(iv) Maximizing the energy security value of the Strategic Petroleum Reserve requires a modernized infrastructure that meets the drawdown and distribution needs of changed domestic and international oil and refining market conditions.

(B) PROGRAM.—The Secretary of Energy shall establish a Strategic Petroleum Reserve modernization program to protect the United States economy from the impacts of emergency product supply disruptions. The program may include—

(i) operational improvements to extend the useful life of surface and subsurface infrastructure;

(ii) maintenance of cavern storage integrity; and

(iii) addition of infrastructure and facilities to optimize the drawdown and incremental distribution capacity of the Strategic Petroleum Reserve.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated (and drawdowns and sales under subsection (c) in an equal amount are authorized) for carrying out subsection (d)(2)(B), $2,000,000,000 for the period encompassing fiscal years 2017 through 2020.

(f) TRANSMISSION OF DEPARTMENT BUDGET REQUESTS.—The Secretary of Energy shall prepare and submit in the Department's annual budget request to Congress—

(1) an itemization of the amounts of funds necessary to carry out subsection (d); and

(2) a designation of any activities thereunder for which a multiyear budget authority would be appropriate.

(g) SUNSET.—The authority of the Secretary to draw down and sell crude oil from the Strategic Petroleum Reserve under this section shall expire at the end of fiscal year 2020.

TITLE V—PENSIONS

SEC. 501. SINGLE EMPLOYER PLAN ANNUAL PREMIUM RATES.

(a) FLAT-RATE PREMIUM.—

(1) IN GENERAL.—Section 4006(a)(3)(A)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)(i)) is amended by striking "and" at the end of subclause (IV), by striking the period at the end of subclause (V) and inserting a semicolon, and by inserting after subclause (V) the following:

"(VI) for plan years beginning after December 31, 2016, and before January 1, 2018, $69;

"(VII) for plan years beginning after December 31, 2017, and before January 1, 2019, $74; and

"(VIII) for plan years beginning after December 31, 2018, $80.".

(2) PREMIUM RATES AFTER 2019.—Section 4006(a)(3)(G) of such Act (29 U.S.C. 1306(a)(3)(G)) is amended—

(A) in the matter preceding clause (i), by striking "2016" and inserting "2019"; and

(B) in clause (i)(II) by striking "2014" and inserting "2017".

(b) VARIABLE-RATE PREMIUM INCREASES.—

(1) IN GENERAL.—Section 4006(a)(8)(C) of such Act (29 U.S.C. 1306(a)(8)(C)) is amended—

(A) in the subparagraph heading, by striking "increase in 2014 and 2015" and inserting "increases";

(B) in clause (ii), by striking "and" at the end;

(C) in clause (iii), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

"(iv) in the case of plan years beginning in calendar year 2017, by $3;

"(v) in the case of plan years beginning in calendar year 2018, by $4; and

"(vi) in the case of plan years beginning in calendar year 2019, by $4.".

(2) CONFORMING AMENDMENTS.—Section 4006(a)(8) of such Act (29 U.S.C. 1306(a)(8)) is amended—

(A) in subparagraph (A)—

(i) in clause (iii), by striking "and" at the end;

(ii) in clause (iv), by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following:

"(v) for plan years beginning after calendar year 2017, the amount in effect for plan years beginning in 2017 (determined after application of subparagraph (C));

"(vi) for plan years beginning after calendar year 2018, the amount in effect for plan years beginning in 2018 (determined after application of subparagraph (C)); and

"(vii) for plan years beginning after calendar year 2019, the amount in effect for plan years beginning in 2019 (determined after application of subparagraph (C)).."; and

(B) in subparagraph (D)—

(i) in clause (iii), by striking "and" at the end;

(ii) in clause (iv), by striking the period at the end and inserting a semicolon; and

(iii) by adding at the end the following:

"(v) 2015, in the case of plan years beginning after calendar year 2017;

"(vi) 2016, in the case of plan years beginning after calendar year 2018; and

"(vii) 2017, in the case of plan years beginning after calendar year 2019.".

(3) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2016.

SEC. 502. PENSION PAYMENT ACCELERATION.

Notwithstanding section 4007(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1307(a)) and section 4007.11 of title 29, Code of Federal Regulations, for plan years commencing after December 31, 2024, and before January 1, 2026, the premium due date for such plan years shall be the fifteenth day of the ninth calendar month that begins on or after the first day of the premium payment year.

SEC. 503. MORTALITY TABLES.

(a) CREDIBILITY.—For purposes of subclause (I) of section 430(h)(3)(C)(iii) of the Internal Revenue Code of 1986 and subclause (I) of section 303(h)(3)(C)(iii) of the Employee Retirement Income Security Act of 1974, the determination of whether plans have credible information shall be made in accordance with established actuarial credibility theory, which—

(1) is materially different from rules under such section of such Code, including Revenue Procedure 2007–37, that are in effect on the date of the enactment of this Act; and

(2) permits the use of tables that reflect adjustments to the tables described in subparagraphs (A) and (B) of section 430(h)(3) of such Code, and subparagraphs (A) and (B) of section 303(h)(3) of such Act, if such adjustments are based on the experience described in subclause (II) of section 430(h)(3)(C)(iii) of such Code and in subclause (II) of section 303(h)(3)(C)(iii) of such Act.

(b) EFFECTIVE DATE.—This section shall apply to plan years beginning after December 31, 2015.

SEC. 504. EXTENSION OF CURRENT FUNDING STABILIZATION PERCENTAGES TO 2018, 2019, AND 2020.

(a) FUNDING STABILIZATION UNDER THE INTERNAL REVENUE CODE OF 1986.—The table in subclause (II) of section 430(h)(2)(C)(iv) of the Internal Revenue Code of 1986 is amended to read as follows:

"If the calendar year is:	The applicable minimum percentage is:	The applicable maximum percentage is:
2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, or 2020	90%	110%
2021	85%	115%
2022	80%	120%
2023	75%	125%
After 2023	70%	130%".

(b) FUNDING STABILIZATION UNDER EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—The table in subclause (II) of section 303(h)(2)(C)(iv) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1083(h)(2)(C)(iv)) is amended to read as follows:

"If the calendar year is:	The applicable minimum percentage is:	The applicable maximum percentage is:
2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, or 2020	90%	110%
2021	85%	115%
2022	80%	120%
2023	75%	125%
After 2023	70%	130%".

(2) CONFORMING AMENDMENTS.—

(A) IN GENERAL.—Section 101(f)(2)(D) of such Act (29 U.S.C. 1021(f)(2)(D)) is amended—

(i) in clause (i) by striking "and the Highway and Transportation Funding Act of 2014" both places it appears and inserting ", the Highway and Transportation Funding Act of 2014, and the Bipartisan Budget Act of 2015"; and

(ii) in clause (ii) by striking "2020" and inserting "2023".

(B) STATEMENTS.—The Secretary of Labor shall modify the statements required under subclauses (I) and (II) of section 101(f)(2)(D)(i) of such Act to conform to the amendments made by this section.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after December 31, 2015.

TITLE VI—HEALTH CARE

SEC. 601. MAINTAINING 2016 MEDICARE PART B PREMIUM AND DEDUCTIBLE LEVELS CONSISTENT WITH ACTUARIALLY FAIR RATES.

(a) 2016 PREMIUM AND DEDUCTIBLE AND REPAYMENT THROUGH FUTURE PREMIUMS.—Section 1839(a) of the Social Security Act (42 U.S.C. 1395r(a)) is amended—

(1) in the second sentence of paragraph (1), by striking "Such" and inserting "Subject to paragraphs (5) and (6), such"; and

(2) by adding at the end the following:

"(5) (A) In applying this part (including subsection (i) and section 1833(b)), the monthly actuarial rate for enrollees age 65 and over for 2016 shall be determined as if subsection (f) did not apply.

"(B) Subsection (f) shall continue to be applied to paragraph (6)(A) (during a repayment month, as described in paragraph (6)(B)) and without regard to the application of subparagraph (A).

"(6) (A) With respect to a repayment month (as described in subparagraph (B)), the monthly premium otherwise established under paragraph (3) shall be increased by, subject to subparagraph (D), $3.

"(B) For purposes of this paragraph, a repayment month is a month during a year, beginning with 2016, for which a balance due amount is computed under subparagraph (C) as greater than zero.

"(C) For purposes of this paragraph, the balance due amount computed under this subparagraph, with respect to a month, is the amount estimated by the Chief Actuary of the Centers for Medicare & Medicaid Services to be equal to—

"(i) the amount transferred under section 1844(d)(1); plus

"(ii) the amount that is equal to the aggregate reduction, for all individuals enrolled under this part, in the income related monthly adjustment amount as a result of the application of paragraph (5); minus

"(iii) the amounts payable under this part as a result of the application of this paragraph for preceding months.

"(D) If the balance due amount computed under subparagraph (C), without regard to this subparagraph, for December of a year would be less than zero, the Chief Actuary of the Centers for Medicare & Medicaid Services shall estimate, and the Secretary shall apply, a reduction to the dol-

lar amount increase applied under subparagraph (A) for each month during such year in a manner such that the balance due amount for January of the subsequent year is equal to zero.".

(b) TRANSITIONAL GOVERNMENT CONTRIBUTION.—Section 1844 of the Social Security Act (42 U.S.C. 1395w) is amended—

(1) in subsection (a), by adding at the end the following:

"In applying paragraph (1), the amounts transferred under subsection (d)(1) with respect to enrollees described in subparagraphs (A) and (B) of such subsection shall be treated as premiums payable and deposited in the Trust Fund under subparagraphs (A) and (B), respectively, of paragraph (1)."; and

(2) by adding at the end the following:

"(d) (1) For 2016, there shall be transferred from the General Fund to the Trust Fund an amount, as estimated by the Chief Actuary of the Centers for Medicare & Medicaid Services, equal to the reduction in aggregate premiums payable under this part for a month in such year (excluding any changes in amounts collected under section 1839(i)) that is attributable to the application of section 1839(a)(5)(A) with respect to—

"(A) enrollees age 65 and over; and

"(B) enrollees under age 65.

Such amounts shall be transferred from time to time as appropriate.

"(2) Premium increases affected under section 1839(a)(6) shall not be taken into account in applying subsection (a).

"(3) There shall be transferred from the Trust Fund to the General Fund of the Treasury amounts equivalent to the additional premiums payable as a result of the application of section 1839(a)(6), excluding the aggregate payments attributable to the application of section 1839(i)(3)(A)(ii)(II).".

(c) CONFORMING APPLICATION OF HIGH INCOME ADJUSTMENTS TO INCREASED MONTHLY PREMIUM IN SAME MANNER AS FOR REGULAR MEDICARE PREMIUMS.—Section 1839(i)(3)(A)(ii) of the Social Security Act (42 U.S.C. 1395r(i)(3)(A)(ii)) is amended—

(1) by striking "AMOUNT.—200 percent" and inserting the following: "AMOUNT.—

"(I) 200 percent"; and

(2) by striking the period at the end and inserting "; plus"; and

(3) by adding at the end the following new subclause:

"(II) 4 times the amount of the increase in the monthly premium under subsection (a)(6) for a month in the year.".

(d) CONDITIONAL APPLICATION TO 2017 IF NO SOCIAL SECURITY COLA FOR 2017.—If there is no increase in the monthly insurance benefits payable under title II with respect to December 2016 pursuant to section 215(i), then the amendments made by this section shall be applied as if—

(1) the reference to "2016" in paragraph (5)(A) of section 1839(a) of the Social Security Act (42 U.S.C. 1395r(a)), as added by subsection (a)(2), was a reference to "2016 and 2017";

(2) the reference to "a month during a year, beginning with 2016" in paragraph (6)(B) of section 1839 of such Act (42 U.S.C. 1395r(a)), as added by subsection (a)(2), was a reference to "a month in a year, beginning with 2016 and beginning with 2017, respectively"; and

(3) the reference to "2016" in subsection (d)(1) of section 1844 of such Act (42 U.S.C. 1395w), as added by subsection (b)(2), was a reference to "each of 2016 and 2017".

Any increase in premiums effected under this subsection shall be in addition to the increase effected by the amendments made by subsection (a).

(e) CONSTRUCTION REGARDING NO AUTHORITY TO INITIATE APPLICATION TO YEARS AFTER 2017.—Nothing in subsection (d) or the amendments made by this section shall be construed as authorizing the Secretary of Health and Human Services to initiate application of such subsection or amendments for a year after 2017.

SEC. 602. APPLYING THE MEDICAID ADDITIONAL REBATE REQUIREMENT TO GENERIC DRUGS.

(a) IN GENERAL.—Section 1927(c)(3) of the Social Security Act (42 U.S.C. 1396r–8(c)(3)) is amended—

(1) in subparagraph (A), by striking "The amount" and inserting "Except as provided in subparagraph (C), the amount"; and

(2) by adding at the end the following new subparagraph:

"(C) ADDITIONAL REBATE.—

"(i) IN GENERAL.—The amount of the rebate specified in this paragraph for a rebate period, with respect to each dosage form and strength of a covered outpatient drug other than a single source drug or an innovator multiple source drug of a manufacturer, shall be increased in the manner that the rebate for a dosage form and strength of a single source drug or an innovator multiple source drug is increased under subparagraphs (A) and (D) of paragraph (2), except as provided in clause (ii).

"(ii) SPECIAL RULES FOR APPLICATION OF PROVISION.—In applying subparagraphs (A) and (D) of paragraph (2) under clause (i)—

"(I) the reference in subparagraph (A)(i) of such paragraph to '1990' shall be deemed a reference to '2014';

"(II) subject to clause (iii), the reference in subparagraph (A)(ii) of such paragraph to 'the calendar quarter beginning July 1, 1990' shall be deemed a reference to 'the calendar quarter beginning July 1, 2014'; and

"(III) subject to clause (iii), the reference in subparagraph (A)(ii) of such paragraph to 'September 1990' shall be deemed a reference to 'September 2014';

"(IV) the references in subparagraph (D) of such paragraph to 'paragraph (1)(A)(ii)', 'this paragraph', and 'December 31, 2009' shall be deemed references to 'subparagraph (A)', 'this subparagraph', and 'December 31, 2014', respectively; and

"(V) any reference in such paragraph to a 'single source drug or an innovator multiple source drug' shall be deemed to be a reference to a drug to which clause (i) applies.

"(iii) SPECIAL RULE FOR CERTAIN NONINNOVATOR MULTIPLE SOURCE DRUGS.—In applying paragraph (2)(A)(ii)(II) under clause (i) with respect to a covered outpatient drug that is first marketed as a drug other than a single source drug or an innovator multiple source drug after April 1, 2013, such paragraph shall be applied—

"(I) by substituting 'the applicable quarter' for 'the calendar quarter beginning July 1, 1990'; and

"(II) by substituting 'the last month in such applicable quarter' for 'September 1990'.

"(iv) APPLICABLE QUARTER DEFINED.—In this subsection, the term 'applicable quarter' means, with respect to a drug described in clause (iii), the fifth full calendar quarter after which the drug is marketed as a drug other than a single source drug or an innovator multiple source drug.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to rebate periods beginning after the date that is one year after the date of the enactment of this Act.

SEC. 603. TREATMENT OF OFF-CAMPUS OUTPATIENT DEPARTMENTS OF A PROVIDER.

Section 1833(t) of the Social Security Act (42 U.S.C. 1395l(t)) is amended—

(1) in paragraph (1)(B)—

(A) in clause (iii), by striking "but" at the end;

(B) in clause (iv), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following new clause:

"(v) does not include applicable items and services (as defined in subparagraph (A) of paragraph (21)) that are furnished on or after January 1, 2017, by an off-campus outpatient department of a provider (as defined in subparagraph (B) of such paragraph)."; and

(2) by adding at the end the following new paragraph:

"(21) SERVICES FURNISHED BY AN OFF-CAMPUS OUTPATIENT DEPARTMENT OF A PROVIDER.—

"(A) APPLICABLE ITEMS AND SERVICES.—For purposes of paragraph (1)(B)(v) and this paragraph, the term 'applicable items and services' means items and services other than items and services furnished by a dedicated emergency department (as defined in section 489.24(b) of title 42 of the Code of Federal Regulations).

"(B) OFF-CAMPUS OUTPATIENT DEPARTMENT OF A PROVIDER.—

"(i) IN GENERAL.—For purposes of paragraph (1)(B)(v) and this paragraph, subject to clause (ii), the term 'off-campus outpatient department of a provider' means a department of a provider (as defined in section 413.65(a)(2) of title 42 of the Code of Federal Regulations, as in effect as of the date of the enactment of this paragraph) that is not located—

"(I) on the campus (as defined in such section 413.65(a)(2)) of such provider; or

"(II) within the distance (described in such definition of campus) from a remote location of a hospital facility (as defined in such section 413.65(a)(2)).

"(ii) EXCEPTION.—For purposes of paragraph (1)(B)(v) and this paragraph, the term 'off-campus outpatient department of a provider' shall not include a department of a provider (as so defined) that was billing under this subsection with respect to covered OPD services furnished prior to the date of the enactment of this paragraph.

"(C) AVAILABILITY OF PAYMENT UNDER OTHER PAYMENT SYSTEMS.—Payments for applicable items and services furnished by an off-campus outpatient department of a provider that are described in paragraph (1)(B)(v) shall be made under the applicable payment system under this part (other than under this subsection) if the requirements for such payment are otherwise met.

"(D) INFORMATION NEEDED FOR IMPLEMENTATION.—Each hospital shall provide to the Secretary such information as the Secretary determines appropriate to implement this paragraph and paragraph (1)(B)(v) (which may include reporting of information on a hospital claim using a code or modifier and reporting information about off-campus outpatient departments of a provider on the enrollment form described in section 1866(j)).

"(E) LIMITATIONS.—There shall be no administrative or judicial review under section 1869, section 1878, or otherwise of the following:

"(i) The determination of the applicable items and services under subparagraph (A) and applicable payment systems under subparagraph (C).

"(ii) The determination of whether a department of a provider meets the term described in subparagraph (B).

"(iii) Any information that hospitals are required to report pursuant to subparagraph (D).".

SEC. 604. REPEAL OF AUTOMATIC ENROLLMENT REQUIREMENT.

The Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.) is amended by repealing section 18A (as added by section 1511 of the Patient Protection and Affordable Care Act (Public Law 111–148)).

TITLE VII—JUDICIARY

SEC. 701. CIVIL MONETARY PENALTY INFLATION ADJUSTMENTS.

(a) SHORT TITLE.—This section may be cited as the "Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015".

(b) AMENDMENTS.—The Federal Civil Penalties Inflation Adjustment Act of 1990 (28 U.S.C. 2461 note) is amended—

(1) in section 4—

(A) by striking the matter preceding paragraph (1) and inserting the following:

"(a) IN GENERAL.—Not later than July 1, 2016, and not later than January 15 of every year thereafter, and subject to subsections (c) and (d), the head of each agency shall—";

(B) in paragraph (1)—

(i) by striking "by regulation adjust" and inserting "in accordance with subsection (b), adjust"; and

(ii) by striking ", the Tariff Act of 1930, the Occupational Safety and Health Act of 1970, or the Social Security Act" and inserting " or the Tariff Act of 1930";

(C) in paragraph (2), by striking "such regulation" and inserting "such adjustment"; and

(D) by adding at the end the following:

"(b) PROCEDURES FOR ADJUSTMENTS.—

"(1) CATCH UP ADJUSTMENT.—For the first adjustment made under subsection (a) after the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015—

"(A) the head of an agency shall adjust civil monetary penalties through an interim final rulemaking; and

"(B) the adjustment shall take effect not later than August 1, 2016.

"(2) SUBSEQUENT ADJUSTMENTS.—For the second adjustment made under subsection (a) after the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, and each adjustment thereafter, the head of an agency shall adjust civil monetary penalties and shall make the adjustment notwithstanding section 553 of title 5, United States Code.

"(c) EXCEPTION.—For the first adjustment made under subsection (a) after the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, the head of an agency may adjust the amount of a civil monetary penalty by less than the otherwise required amount if—

"(1) the head of the agency, after publishing a notice of proposed rulemaking and providing an opportunity for comment, determines in a final rule that—

"(A) increasing the civil monetary penalty by the otherwise required amount will have a negative economic impact; or

"(B) the social costs of increasing the civil monetary penalty by the otherwise required amount outweigh the benefits; and

"(2) the Director of the Office of Management and Budget concurs with the determination of the head of the agency under paragraph (1).

"(d) OTHER ADJUSTMENTS MADE.—If a civil monetary penalty subject to a cost-of-living adjustment under this Act is, during the 12 months preceding a required cost-of-living adjustment, increased by an amount greater than the amount of

the adjustment required under subsection (a), the head of the agency is not required to make the cost-of-living adjustment for that civil monetary penalty in that year.";

(2) in section 5—

(A) in subsection (a), by striking "to the nearest—" and all that follows through the end of subsection (a) and inserting "to the nearest multiple of $1."; and

(B) by amending subsection (b) to read as follows:

"(b) DEFINITION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), for purposes of subsection (a), the term 'cost-of-living adjustment' means the percentage (if any) for each civil monetary penalty by which—

"(A) the Consumer Price Index for the month of October preceding the date of the adjustment, exceeds

"(B) the Consumer Price Index for the month of October 1 year before the month of October referred to in subparagraph (A).

"(2) INITIAL ADJUSTMENT.—

"(A) IN GENERAL.—Subject to subparagraph (C), for the first inflation adjustment under section 4 made by an agency after the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, the term 'cost-of-living adjustment' means the percentage (if any) for each civil monetary penalty by which the Consumer Price Index for the month of October, 2015 exceeds the Consumer Price Index for the month of October of the calendar year during which the amount of such civil monetary penalty was established or adjusted under a provision of law other than this Act.

"(B) APPLICATION OF ADJUSTMENT.—The cost-of-living adjustment described in subparagraph (A) shall be applied to the amount of the civil monetary penalty as it was most recently established or adjusted under a provision of law other than this Act.

"(C) MAXIMUM ADJUSTMENT.—The amount of the increase in a civil monetary penalty under subparagraph (A) shall not exceed 150 percent of the amount of that civil monetary penalty on the date of enactment of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.";

(3) in section 6, by striking "violations which occur" and inserting "civil monetary penalties, including those whose associated violation predated such increase, which are assessed"; and

(4) by adding at the end the following:

"SEC. 7. IMPLEMENTATION AND OVERSIGHT ENHANCEMENTS.

"(a) OMB GUIDANCE.—Not later than February 29, 2016, not later than December 15, 2016, and December 15 of every year thereafter, the Director of the Office of Management and Budget shall issue guidance to agencies on implementing the inflation adjustments required under this Act.

"(b) AGENCY FINANCIAL REPORTS.—The head of each agency shall include in the Agency Financial Report submitted under OMB Circular A–136, or any successor thereto, information about the civil monetary penalties within the jurisdiction of the agency, including the adjustment of the civil monetary penalties by the head of the agency under this Act.

"(c) GAO REVIEW.—The Comptroller General of the United States shall annually submit to Congress a report assessing the compliance of agencies with the inflation adjustments required under this Act, which may be included as part of another report submitted to Congress.".

(c) REPEAL.—Section 31001(s) of the Debt Collection Improvement Act of 1996 (28 U.S.C. 2461 note) is amended by striking paragraph (2).

SEC. 702. CRIME VICTIMS FUND.

There is hereby rescinded and permanently canceled $1,500,000,000 of the funds deposited or available in the Crime Victims Fund created by section 1402 of the Victims of Crime Act of 1984 (42 U.S.C. 10601).

SEC. 703. ASSETS FORFEITURE FUND.

Of the amounts deposited in the Department of Justice Assets Forfeiture Fund, $746,000,000 are hereby rescinded and permanently cancelled.

TITLE VIII—SOCIAL SECURITY

SEC. 801. SHORT TITLE.

This title may be cited as the "Social Security Benefit Protection and Opportunity Enhancement Act of 2015".

Subtitle A—Ensuring Correct Payments And Reducing Fraud

SEC. 811. EXPANSION OF COOPERATIVE DISABILITY INVESTIGATIONS UNITS.

(a) IN GENERAL.—Not later than October 1, 2022, the Commissioner of Social Security shall take any necessary actions, subject to the availability of appropriations, to ensure that cooperative disability investigations units have been established, in areas where there is cooperation with local law enforcement agencies, that would cover each of the 50 States, the District of Columbia, Puerto Rico, Guam, the Northern

Mariana Islands, the Virgin Islands, and American Samoa.

(b) REPORT.—Not later than 90 days after the date of the enactment of this Act and annually thereafter until the earlier of 2022 or the date on which nationwide coverage is achieved, the Commissioner of Social Security shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report describing a plan to implement the nationwide coverage described in subsection (a) and outlining areas where the Social Security Administration did not receive the cooperation of local law enforcement agencies.

SEC. 812. EXCLUSION OF CERTAIN MEDICAL SOURCES OF EVIDENCE.

(a) IN GENERAL.—Section 223(d)(5) of the Social Security Act (42 U.S.C. 423(d)(5)) is amended by adding at the end the following:

"(C) (i) In making any determination with respect to whether an individual is under a disability or continues to be under a disability, the Commissioner of Social Security may not consider (except for good cause as determined by the Commissioner) any evidence furnished by—

"(I) any individual or entity who has been convicted of a felony under section 208 or under section 1632;

"(II) any individual or entity who has been excluded from participation in any Federal health care program under section 1128; or

"(III) any person with respect to whom a civil money penalty or assessment has been imposed under section 1129 for the submission of false evidence.

"(ii) To the extent and at such times as is necessary for the effective implementation of clause (i) of this subparagraph—

"(I) the Inspector General of the Social Security Administration shall transmit to the Commissioner information relating to persons described in subclause (I) or (III) of clause (i);

"(II) the Secretary of Health and Human Services shall transmit to the Commissioner information relating to persons described in subclause (II) of clause (i); and".

(b) REGULATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall issue regulations to carry out the amendment made by subsection (a).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to determinations of disability made on or after the earlier of—

(1) the effective date of the regulations issued by the Commissioner under subsection (b); or

(2) one year after the date of the enactment of this Act.

SEC. 813. NEW AND STRONGER PENALTIES.

(a) CONSPIRACY TO COMMIT SOCIAL SECURITY FRAUD.—

(1) AMENDMENT TO TITLE II.—Section 208(a) of the Social Security Act (42 U.S.C. 408(a)) is amended—

(A) in paragraph (7)(C), by striking "or" at the end;

(B) in paragraph (8), by adding "or" at the end; and

(C) by inserting after paragraph (8) the following:

"(9) conspires to commit any offense described in any of paragraphs (1) through (4),".

(2) AMENDMENT TO TITLE VIII.—Section 811(a) of such Act (42 U.S.C. 1011(a)) is amended—

(A) in paragraph (3), by striking "or" at the end;

(B) in paragraph (4), by striking the comma and adding "; or" at the end; and

(C) by inserting after paragraph (4) the following:

"(5) conspires to commit any offense described in any of paragraphs (1) through (3),".

(3) AMENDMENT TO TITLE XVI.—Section 1632(a) of such Act (42 U.S.C. 1383a(a)) is amended—

(A) in paragraph (3), by striking "or" at the end;

(B) in paragraph (4), by adding "or" at the end; and

(C) by inserting after paragraph (4) the following:

"(5) conspires to commit any offense described in any of paragraphs (1) through (3),".

(b) INCREASED CRIMINAL PENALTIES FOR CERTAIN INDIVIDUALS VIOLATING POSITIONS OF TRUST.—

(1) AMENDMENT TO TITLE II.—Section 208(a) of the Social Security Act (42 U.S.C. 408(a)), as amended by subsection (a), is further amended by striking the period at the end and inserting ", except that in the case of a person who receives a fee or other income for services performed in connection with any determination with respect to benefits under this title (including a claimant representative, translator, or current or former employee of the Social Security Administration), or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with any such determination, such person shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than ten years, or both.".

(2) AMENDMENT TO TITLE VIII.—Section 811(a) of such Act (42 U.S.C. 1011(a)), as amended by subsection (a), is further amended by striking the period at the end and inserting ", except that in the case of a person who receives a fee or other income for services performed in connection with any determination with respect to benefits under this title (including a claimant representative, translator, or current or former employee of the Social Security Administration), or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with any such determination, such person shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than ten years, or both.".

(3) AMENDMENT TO TITLE XVI.—Section 1632(a) of such Act (42 U.S.C. 1383a(a)), as amended by subsection (a), is further amended by striking the period at the end and inserting ", except that in the case of a person who receives a fee or other income for services performed in connection with any determination with respect to benefits under this title (including a claimant representative, translator, or current or former employee of the Social Security Administration), or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with any such determination, such person shall be guilty of a felony and upon conviction thereof shall be fined under title 18, United States Code, or imprisoned for not more than ten years, or both.".

(c) INCREASED CIVIL MONETARY PENALTIES FOR CERTAIN INDIVIDUALS VIOLATING POSITIONS OF TRUST.—Section 1129(a)(1) of the Social Security Act (42 U.S.C. 1320a–8(a)(1)) is amended, in the matter following subparagraph (C), by inserting after "withholding disclosure of such fact" the following: ", except that in the case of such a person who receives a fee or other income for services performed in connection with any such determination (including a claimant representative, translator, or current or former employee of the Social Security Administration) or who is a physician or other health care provider who submits, or causes the submission of, medical or other evidence in connection with any such determination, the amount of such penalty shall be not more than $7,500".

(d) NO BENEFITS PAYABLE TO INDIVIDUALS FOR WHOM A CIVIL MONETARY PENALTY IS IMPOSED FOR FRAUDULENTLY CONCEALING WORK ACTIVITY.—Section 222(c)(5) of the Social Security Act (42 U.S.C. 422(c)(5)) is amended by inserting after "conviction by a Federal court" the following: ", or the imposition of a civil monetary penalty under section 1129,".

SEC. 814. REFERENCES TO SOCIAL SECURITY AND MEDICARE IN ELECTRONIC COMMUNICATIONS.

(a) IN GENERAL.—Section 1140(a)(1) of the Social Security Act (42 U.S.C. 1320b–10(a)(1)) is amended by inserting "(including any Internet or other electronic communication)" after "or other communication".

(b) EACH COMMUNICATION TREATED AS SEPARATE VIOLATION.—Section 1140(b) of such Act (42 U.S.C. 1320b–10(b)) is amended by inserting after the second sentence the following: "In the case of any items referred to in subsection (a)(1) consisting of Internet or other electronic communications, each dissemination, viewing, or accessing of such a communication which contains one or more words, letters, symbols, or emblems in violation of subsection (a) shall represent a separate violation".

SEC. 815. CHANGE TO CAP ADJUSTMENT AUTHORITY.

Section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(B)) is amended—

(1) in clause (i)—

(A) in the matter before subclause (I), by striking "and for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act" and inserting ", for the cost associated with conducting redeterminations of eligibility under title XVI of the Social Security Act, for the cost of co-operative disability investigation units, and for the cost associated with the prosecution of fraud in the programs and operations of the Social Security Administration by Special Assistant United States Attorneys";

(B) in subclause (VI), by striking "$1,309,000,000" and inserting "$1,546,000,000";

(C) in subclause (VII), by striking "$1,309,000,000" and inserting "$1,462,000,000";

(D) in subclause (VIII), by striking "$1,309,000,000" and inserting "$1,410,000,000"; and

(E) in subclause (X), by striking "$1,309,000,000" and inserting "$1,302,000,000";

(2) in clause (ii)(I), by inserting ", including work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity" before the semicolon; and

(3) in clause (ii)(III), by striking "and redeterminations" and inserting ", redeterminations, co-operative disability investigation units, and fraud prosecutions".

Subtitle B—Promoting Opportunity For Disability Beneficiaries

SEC. 821. TEMPORARY REAUTHORIZATION OF DISABILITY INSURANCE DEMONSTRATION PROJECT AUTHORITY.

(a) TERMINATION DATE.—Section 234(d)(2) of the Social Security Act (42 U.S.C. 434(d)(2)) is amended by striking "December 18, 2005" and inserting "December 31, 2021, and the authority to carry out such projects shall terminate on December 31, 2022".

(b) AUTHORITY TO WAIVE COMPLIANCE WITH BENEFITS REQUIREMENTS.—Section 234(c) of such Act is amended by striking "December 17, 2005" and inserting "December 30, 2021".

SEC. 822. MODIFICATION OF DEMONSTRATION PROJECT AUTHORITY.

(a) IN GENERAL.—Section 234(a)(1) of the Social Security Act (42 U.S.C. 434(a)(1)) is amended in the matter preceding subparagraph (A) by inserting "to promote attachment to the labor force and" after "designed".

(b) CONGRESSIONAL REVIEW PERIOD.—Section 234(c) of the Social Security Act (42 U.S.C. 434(c)), as amended by section 821(b) of this Act, is further amended by inserting "including the objectives of the experiment or demonstration project, the expected annual and total costs, and the dates on which the experiment or demonstration project is expected to start and finish," after "thereof,"

(c) ADDITIONAL REQUIREMENTS.—Section 234 of the Social Security Act (42 U.S.C. 434), as amended by subsection (b), is further amended by adding at the end the following:

"(e) ADDITIONAL REQUIREMENTS.—In developing and carrying out any experiment or demonstration project under this section, the Commissioner may not require any individual to participate in such experiment or demonstration project and shall ensure—

"(1) that the voluntary participation of individuals in such experiment or demonstration project is obtained through informed written consent which satisfies the requirements for informed consent established by the Commissioner for use in such experiment or demonstration project in which human subjects are at risk;

"(2) that any individual's voluntary agreement to participate in any such experiment or demonstration project may be revoked by such individual at any time; and

"(3) that such experiment or demonstration project is expected to yield statistically significant results.".

(d) ANNUAL REPORTING DEADLINE.—Section 234(d)(1) of such Act is amended by striking "June 9" and inserting "September 30".

SEC. 823. PROMOTING OPPORTUNITY DEMONSTRATION PROJECT.

Section 234 of the Social Security Act (42 U.S.C. 434), as amended by section 822 of this Act, is further amended by adding at the end the following:

"(f) PROMOTING OPPORTUNITY DEMONSTRATION PROJECT.—

"(1) IN GENERAL.—The Commissioner shall carry out a demonstration project under this subsection as described in paragraph (2) during a 5-year period beginning not later than January 1, 2017.

"(2) BENEFIT OFFSET.—Under the demonstration project described in this paragraph, with respect to any individual participating in the project who is otherwise entitled to a benefit under section 223(a)(1) for a month—

"(A) any such benefit otherwise payable to the individual for such month (other than a benefit payable for any month prior to the 1st month beginning after the date on which the individual's entitlement to such benefit is determined) shall be reduced by $1 for each $2 by which the individual's earnings derived from services paid during such month exceeds an amount equal to the individual's impairment-related work expenses for such month (as determined under paragraph (3)), except that such benefit may not be reduced below $0;

"(B) no benefit shall be payable under section 202 on the basis of the wages and self-employment income of the individual for any month for which the benefit of such individual under section 223(a)(1) is reduced to $0 pursuant to subparagraph (A);

"(C) entitlement to any benefit described in subparagraph (A) or (B) shall not terminate due to earnings derived from services except following the first month for which such benefit has been reduced to $0 pursuant to subparagraph (A) (and the trial work period (as defined in section 222(c)) and extended period of eligibility shall not apply to any such individual for any such month); and

"(D) in any case in which such an individual is entitled to hospital insurance benefits under part A of title XVIII by reason of section 226(b) and such individual's entitlement to a benefit described in subparagraph (A) or (B) or status as a qualified railroad retirement beneficiary is terminated pursuant to subparagraph (C), such individual shall be deemed to be entitled to such benefits or to occupy such status (notwithstanding the termination of such entitlement or status) for the period of consecutive months throughout all of which the phys-

ical or mental impairment, on which such entitlement or status was based, continues, and throughout all of which such individual would have been entitled to monthly insurance benefits under title II or as a qualified railroad retirement beneficiary had such termination of entitlement or status not occurred, but not in excess of 93 such months.

"(3) IMPAIRMENT-RELATED WORK EXPENSES.—

"(A) IN GENERAL.—For purposes of paragraph (2)(A) and except as provided in subparagraph (C), the amount of an individual's impairment-related work expenses for a month is deemed to be the minimum threshold amount.

"(B) MINIMUM THRESHOLD AMOUNT.—In this paragraph, the term 'minimum threshold amount' means an amount, to be determined by the Commissioner, which shall not exceed the amount sufficient to demonstrate that an individual has rendered services in a month, as determined by the Commissioner under section 222(c)(4)(A). The Commissioner may test multiple minimum threshold amounts.

"(C) EXCEPTION FOR ITEMIZED IMPAIRMENT-RELATED WORK EXPENSES.—

"(i) IN GENERAL.—Notwithstanding subparagraph (A), in any case in which the amount of such an individual's itemized impairment-related work expenses (as defined in clause (ii)) for a month is greater than the minimum threshold amount, the amount of the individual's impairment-related work expenses for the month shall be equal to the amount of the individual's itemized impairment-related work expenses (as so defined) for the month.

"(ii) DEFINITION.—In this subparagraph, the term 'itemized impairment-related work expenses' means the amount excluded under section 223(d)(4)(A) from an individual's earnings for a month in determining whether an individual is able to engage in substantial gainful activity by reason of such earnings in such month, except that such amount does not include the cost to the individual of any item or service for which the individual does not provide to the Commissioner a satisfactory itemized accounting.

"(D) LIMITATION.—Notwithstanding the other provisions of this paragraph, for purposes of paragraph (2)(A), the amount of an individual's impairment-related work expenses for a month shall not exceed the amount

of earnings derived from services, prescribed by the Commissioner under regulations issued pursuant to section 223(d)(4)(A), sufficient to demonstrate an individual's ability to engage in substantial gainful activity.".

SEC. 824. USE OF ELECTRONIC PAYROLL DATA TO IMPROVE PROGRAM ADMINISTRATION.

(a) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1183 the following:

"INFORMATION EXCHANGE WITH PAYROLL DATA PROVIDERS

"Sec. 1184. (a) IN GENERAL.—The Commissioner of Social Security may enter into an information exchange with a payroll data provider for purposes of—

"(1) efficiently administering—

"(A) monthly insurance benefits under subsections (d)(1)(B)(ii), (d)(6)(A)(ii), (d)(6)(B), (e)(1)(B)(ii), and (f)(1)(B)(ii) of section 202 and subsection (a)(1) of section 223; and

"(B) supplemental security income benefits under title XVI; and

"(2) preventing improper payments of such benefits without the need for verification by independent or collateral sources.

"(b) NOTIFICATION REQUIREMENTS.—Before entering into an information exchange pursuant to subsection (a), the Commissioner shall publish in the Federal Register a notice describing the information exchange and the extent to which the information received through such exchange is—

"(1) relevant and necessary to—

"(A) accurately determine entitlement to, and the amount of, benefits described under subparagraph (A) of subsection (a)(1);

"(B) accurately determine eligibility for, and the amount of, benefits described in subparagraph (B) of such subsection; and

"(C) prevent improper payment of such benefits; and

"(2) sufficiently accurate, up-to-date, and complete.

"(c) DEFINITIONS.—For purposes of this section:

"(1) PAYROLL DATA PROVIDER.—The term 'payroll data provider' means payroll providers, wage verification companies, and other commercial or non-commercial entities that collect and maintain data regarding employment and wages, without regard to whether the entity provides such data for a fee or without cost.

"(2) INFORMATION EXCHANGE.—The term 'information exchange' means the automated comparison of a system of

records maintained by the Commissioner of Social Security with records maintained by a payroll data provider.".

(b) AUTHORIZATION TO ACCESS INFORMATION HELD BY PAYROLL DATA PROVIDERS.—

(1) AMENDMENT TO TITLE II.—Section 225 of the Social Security Act (42 U.S.C. 425) is amended by adding at the end the following:

"(c) ACCESS TO INFORMATION HELD BY PAYROLL DATA PROVIDERS.—(1) The Commissioner of Social Security may require each individual who applies for or is entitled to monthly insurance benefits under subsections (d)(1)(B)(ii), (d)(6)(A)(ii), (d)(6)(B), (e)(1)(B)(ii), and (f)(1)(B)(ii) of section 202 and subsection (a)(1) of section 223 to provide authorization by the individual for the Commissioner to obtain from any payroll data provider (as defined in section 1184(c)(1)) any record held by the payroll data provider with respect to the individual whenever the Commissioner determines the record is needed in connection with a determination of initial or ongoing entitlement to such benefits.

"(2) An authorization provided by an individual under this subsection shall remain effective until the earliest of—

"(A) the rendering of a final adverse decision on the individual's application or entitlement to benefits under this title;

"(B) the termination of the individual's entitlement to benefits under this title; or

"(C) the express revocation by the individual of the authorization, in a written notification to the Commissioner.

"(3) The Commissioner of Social Security is not required to furnish any authorization obtained pursuant to this subsection to the payroll data provider.

"(4) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

"(5) If an individual who applies for or is entitled to benefits under this title refuses to provide, or revokes, any authorization under this subsection, subsection (d) shall not apply to such individual beginning with the first day of the first month in which he or she refuses or revokes such authorization.".

(2) TITLE XVI.—Section 1631(e)(1)(B) of the Social Security Act (42 U.S.C. 1383(e)(1)(B)) is amended by adding at the end the following:

"(iii) (I) The Commissioner of Social Security may require each applicant for, or recipient of, benefits under this title to provide authorization by the applicant, re-

cipient or legal guardian (or by any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient for such benefits) for the Commissioner to obtain from any payroll data provider (as defined in section 1184(c)(1)) any record held by the payroll data provider with respect to the applicant or recipient (or any such other person) whenever the Commissioner determines the record is needed in connection with a determination of initial or ongoing eligibility or the amount of such benefits.

"(II) An authorization provided by an applicant, recipient or legal guardian (or any other person whose income or resources are material to the determination of the eligibility of the applicant or recipient) under this clause shall remain effective until the earliest of—

"(aa) the rendering of a final adverse decision on the applicant's application for eligibility for benefits under this title;

"(bb) the cessation of the recipient's eligibility for benefits under this title;

"(cc) the express revocation by the applicant, or recipient (or such other person referred to in subclause (I)) of the authorization, in a written notification to the Commissioner; or

"(dd) the termination of the basis upon which the Commissioner considers another person's income and resources available to the applicant or recipient.

"(III) The Commissioner of Social Security is not required to furnish any authorization obtained pursuant to this clause to the payroll data provider.

"(IV) The Commissioner shall inform any person who provides authorization pursuant to this clause of the duration and scope of the authorization.

"(V) If an applicant for, or recipient of, benefits under this title (or any such other person referred to in subclause (I)) refuses to provide, or revokes, any authorization required by subclause (I), paragraph (2)(B) and paragraph (10) shall not apply to such applicant or recipient beginning with the first day of the first month in which he or she refuses or revokes such authorization.".

(c) REPORTING RESPONSIBILITIES FOR BENEFICIARIES SUBJECT TO INFORMATION EXCHANGE WITH PAYROLL DATA PROVIDER.—

(1) AMENDMENT TO TITLE II.—Section 225 of the Social Security (42 U.S.C. 425), as amended by subsection (b)(1), is further amended by adding at the end the following:

"(d) An individual who has authorized the Commissioner of

Social Security to obtain records from a payroll data provider under subsection (c) shall not be subject to a penalty under section 1129A for any omission or error with respect to such individual's wages as reported by the payroll data provider.".

(2) AMENDMENT TO TITLE XVI.—Section 1631(e) of the Social Security Act (42 U.S.C. 1383(e)) is amended—

(A) in paragraph (2)—

(i) by striking "In the case of the failure" and inserting "(A) In the case of the failure";

(ii) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively; and

(iii) by adding at the end the following:

"(B) For purposes of subparagraph (A), the Commissioner of Social Security shall find that good cause exists for the failure of, or delay by, an individual in submitting a report of an event or change in circumstances relevant to eligibility for or amount of benefits under this title in any case where—

"(i) the individual (or another person referred to in paragraph (1)(B)(iii)(I)) has provided authorization to the Commissioner to access payroll data records related to the individual; and

"(ii) the event or change in circumstance is a change in the individual's employer."; and

(B) by adding at the end the following:

"(10) An individual who has authorized the Commissioner of Social Security to obtain records from a payroll data provider under paragraph (1)(B)(iii) (or on whose behalf another person described in subclause (I) of such paragraph has provided such authorization) shall not be subject to a penalty under section 1129A for any omission or error with respect to such individual's wages as reported by the payroll data provider.".

(d) REGULATIONS.—Not later than 1 year after the date of the enactment of this Act, the Commissioner of Social Security shall prescribe by regulation procedures for implementing the Commissioner's access to and use of information held by payroll providers, including—

(1) guidelines for establishing and maintaining information exchanges with payroll providers, pursuant to section 1184 of the Social Security Act;

(2) beneficiary authorizations;

(3) reduced wage reporting responsibilities for individuals who authorize the Commissioner to access information held by payroll data providers through an information exchange; and

(4) procedures for notifying individuals in writing when

they become subject to such reduced wage reporting requirements and when such reduced wage reporting requirements no longer apply to them.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date that is 1 year after the date of the enactment of this Act.

SEC. 825. TREATMENT OF EARNINGS DERIVED FROM SERVICES.

(a) IN GENERAL.—Section 223(d)(4) of the Social Security Act (42 U.S.C. 423(d)(4)) is amended by adding at the end the following:

"(C) (i) Subject to clause (ii), in determining when earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity, such earnings shall be presumed to have been earned—

"(I) in making a determination of initial entitlement on the basis of disability, in the month in which the services were performed from which such earnings were derived; and

"(II) in any other case, in the month in which such earnings were paid.

"(ii) A presumption made under clause (i) shall not apply to a determination described in such clause if—

"(I) the Commissioner can reasonably establish, based on evidence readily available at the time of such determination, that the earnings were earned in a different month than when paid; or

"(II) in any case in which there is a determination that no benefit is payable due to earnings, after the individual is notified of the presumption made and provided with an opportunity to submit additional information along with an explanation of what additional information is needed, the individual shows to the satisfaction of the Commissioner that such earnings were earned in another month.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect upon the date of the enactment of this Act, or as soon as practicable thereafter.

SEC. 826. ELECTRONIC REPORTING OF EARNINGS.

(a) IN GENERAL.—Not later than September 30, 2017, the Commissioner of Social Security shall establish and implement a system that—

(1) allows an individual entitled to a monthly insurance benefit based on disability under title II of the Social Security Act (or a representative of the individual) to report to the Commissioner the individual's earnings derived from services through electronic means, including by telephone and Internet; and

(2) automatically issues a receipt to the individual (or representative) after receiving each such report.

(b) SUPPLEMENTAL SECURITY INCOME REPORTING SYSTEM AS MODEL.—The Commissioner shall model the system established under subsection (a) on the electronic wage reporting systems for recipients of supplemental security income under title XVI of such Act.

Subtitle C—Protecting Social Security Benefits

SEC. 831. CLOSURE OF UNINTENDED LOOPHOLES.

(a) PRESUMED FILING OF APPLICATION BY INDIVIDUALS ELIGIBLE FOR OLD-AGE INSURANCE BENEFITS AND FOR WIFE'S OR HUSBAND'S INSURANCE BENEFITS.—

(1) IN GENERAL.—Section 202(r) of the Social Security Act (42 U.S.C. 402(r)) is amended by striking paragraphs (1) and (2) and inserting the following:

"(1) If an individual is eligible for a wife's or husband's insurance benefit (except in the case of eligibility pursuant to clause (ii) of subsection (b)(1)(B) or subsection (c)(1)(B), as appropriate), in any month for which the individual is entitled to an old-age insurance benefit, such individual shall be deemed to have filed an application for wife's or husband's insurance benefits for such month.

"(2) If an individual is eligible (but for section 202(k)(4)) for an old-age insurance benefit in any month for which the individual is entitled to a wife's or husband's insurance benefit (except in the case of entitlement pursuant to clause (ii) of subsection (b)(1)(B) or subsection (c)(1)(B), as appropriate), such individual shall be deemed to have filed an application for old-age insurance benefits—

"(A) for such month, or

"(B) if such individual is also entitled to a disability insurance benefit for such month, in the first subsequent month for which such individual is not entitled to a disability insurance benefit.".

(2) CONFORMING AMENDMENT.—Section 202 of the Social Security Act (42 U.S.C. 402) is amended—

(A) in subsection (b)(1), by striking subparagraph (B) and inserting the following:

"(B) (i) has attained age 62, or

"(ii) in the case of a wife, has in her care (individually or jointly with such individual) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of such individual,"; and

(B) in subsection (c)(1), by striking subparagraph (B) and inserting the following:

"(B) (i) has attained age 62, or

"(ii) in the case of a husband, has in his care (individually or jointly with such individual) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of such individual,".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to individuals who attain age 62 in any calendar year after 2015.

(b) VOLUNTARY SUSPENSION OF BENEFITS.—

(1) IN GENERAL.—Section 202 of the Social Security Act (42 U.S.C. 402) is amended by adding at the end the following:

"(z) VOLUNTARY SUSPENSION.—(1) (A) Except as otherwise provided in this subsection, any individual who has attained retirement age (as defined in section 216(l)) and is entitled to old-age insurance benefits may request that payment of such benefits be suspended—

"(i) beginning with the month following the month in which such request is received by the Commissioner, and

"(ii) ending with the earlier of the month following the month in which a request by the individual for a resumption of such benefits is so received or the month following the month in which the individual attains the age of 70.

"(2) An individual may not suspend such benefits under this subsection, and any suspension of such benefits under this subsection shall end, effective with respect to any month in which the individual becomes subject to—

"(A) mandatory suspension of such benefits under section 202(x);

"(B) termination of such benefits under section 202(n);

"(C) a penalty under section 1129A imposing nonpayment of such benefits; or

"(D) any other withholding, in whole or in part, of such benefits under any other provision of law that authorizes recovery of a debt by withholding such benefits.

"(3) In the case of an individual who requests that such benefits be suspended under this subsection, for any month during the period in which the suspension is in effect—

"(A) no retroactive benefits (as defined in subsection (j)(4)(B)(iii)) shall be payable to such individual;

"(B) no monthly benefit shall be payable to any other individual on the basis of such individual's wages and self-employment income; and

"(C) no monthly benefit shall be payable to such individual on the basis of another individual's wages and self-employment income.".

(2) CONFORMING AMENDMENT.—Section 202(w)(2)(B)(ii) of the Social Security Act (42 U.S.C. 402(w)(2)(B)(ii)) is amended by inserting "under section 202(z)" after "request".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to requests for benefit suspension submitted beginning at least 180 days after the date of the enactment of this Act.

SEC. 832. REQUIREMENT FOR MEDICAL REVIEW.

(a) IN GENERAL.—Section 221(h) of the Social Security Act (42 U.S.C. 421(h)) is amended to read as follows:

"(h) An initial determination under subsection (a), (c), (g), or (i) shall not be made until the Commissioner of Social Security has made every reasonable effort to ensure—

"(1) in any case where there is evidence which indicates the existence of a mental impairment, that a qualified psychiatrist or psychologist has completed the medical portion of the case review and any applicable residual functional capacity assessment; and

"(2) in any case where there is evidence which indicates the existence of a physical impairment, that a qualified physician has completed the medical portion of the case review and any applicable residual functional capacity assessment.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to determinations of disability made on or after the date that is 1 year after the date of the enactment of this Act.

SEC. 833. REALLOCATION OF PAYROLL TAX REVENUE.

(1) WAGES.—Section 201(b)(1) of the Social Security Act (42 U.S.C. 401(b)(1)) is amended by striking "and (R) 1.80 per centum of the wages (as so defined) paid after December 31, 1999, and so reported" and inserting "(R) 1.80 per centum of the wages (as so defined) paid after December 31, 1999, and before January 1, 2016, and so reported, (S) 2.37 per centum of the wages (as so defined) paid after December 31, 2015, and before January 1, 2019, and so reported, and (T) 1.80 per centum of the wages (as so defined) paid after December 31, 2018, and so reported,".

(2) SELF-EMPLOYMENT INCOME.—Section 201(b)(2) of such Act (42 U.S.C. 401(b)(2)) is amended by striking "and (R) 1.80 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1999" and inserting "(R) 1.80 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 1999, and before January 1, 2016, (S) 2.37 per centum of the amount of self-employment income (as so defined) so reported for any taxable

year beginning after December 31, 2015, and before January 1, 2019, and (T) 1.80 per centum of the amount of self-employment income (as so defined) so reported for any taxable year beginning after December 31, 2018".

(3) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to wages paid after December 31, 2015, and self-employment income for taxable years beginning after such date.

SEC. 834. ACCESS TO FINANCIAL INFORMATION FOR WAIVERS AND ADJUSTMENTS OF RECOVERY.

(a) ACCESS TO FINANCIAL INFORMATION FOR OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE WAIVERS.—Section 204(b) of the Social Security Act (42 U.S.C. 404(b)) is amended to read as follows:

"(b) (1) In any case in which more than the correct amount of payment has been made, there shall be no adjustment of payments to, or recovery by the United States from, any person who is without fault if such adjustment or recovery would defeat the purpose of this title or would be against equity and good conscience.

"(2) In making for purposes of this subsection any determination of whether any individual is without fault, the Commissioner of Social Security shall specifically take into account any physical, mental, educational, or linguistic limitation such individual may have (including any lack of facility with the English language).

"(3) (A) In making for purposes of this subsection any determination of whether such adjustment or recovery would defeat the purpose of this title, the Commissioner of Social Security shall require an individual to provide authorization for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to such individual whenever the Commissioner determines the record is needed in connection with a determination with respect to such adjustment or recovery.

"(B) Notwithstanding section 1104(a)(1) of the Right to Financial Privacy Act, an authorization provided by an individual pursuant this paragraph shall remain effective until the earlier of—

"(i) the rendering of a final decision on whether adjustment or recovery would defeat the purpose of this title; or

"(ii) the express revocation by the individual of the authorization, in a written notification to the Commissioner.

"(C) (i) An authorization obtained by the Commissioner of

Social Security pursuant this paragraph shall be considered to meet the requirements of the Right to Financial Privacy Act for purposes of section 1103(a) of such Act, and need not be furnished to the financial institution, notwithstanding section 1104(a) of such Act.

"(ii) The certification requirements of section 1103(b) of the Right to Financial Privacy Act shall not apply to requests by the Commissioner of Social Security pursuant to an authorization provided under this paragraph.

"(iii) A request by the Commissioner pursuant to an authorization provided under this paragraph is deemed to meet the requirements of section 1104(a)(3) of the Right to Financial Privacy Act and the flush language of section 1102 of such Act.

"(D) The Commissioner shall inform any person who provides authorization pursuant to this paragraph of the duration and scope of the authorization.

"(E) If an individual refuses to provide, or revokes, any authorization for the Commissioner of Social Security to obtain from any financial institution any financial record, the Commissioner may, on that basis, determine that adjustment or recovery would not defeat the purpose of this title.".

(b) ACCESS TO FINANCIAL INFORMATION FOR SUPPLEMENTAL SECURITY INCOME WAIVERS.—

(1) IN GENERAL.—Section 1631(b)(1)(B) of the Social Security Act (42 U.S.C. 1383(b)(1)(B)) is amended by adding at the end the following: "In making for purposes of this subparagraph a determination of whether an adjustment or recovery would defeat the purpose of this title, the Commissioner of Social Security shall require an individual to provide authorization for the Commissioner to obtain (subject to the cost reimbursement requirements of section 1115(a) of the Right to Financial Privacy Act) from any financial institution (within the meaning of section 1101(1) of such Act) any financial record (within the meaning of section 1101(2) of such Act) held by the institution with respect to such individual whenever the Commissioner determines that the record is needed in connection with a determination with respect to such adjustment or recovery, under the terms and conditions established under subsection (e)(1)(B).".

(2) CONFORMING AMENDMENT.—Section 1631(e)(1)(B)(ii)(V) of such Act (42 U.S.C. 1383(e)(1)(B)(ii)(V)) is amended by inserting ", determine that adjustment or recovery on account of an overpayment with respect to the applicant or recipient would not defeat the purpose of this title, or both" before the period at the end.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to determinations made on or after the date that is 3 months after the date of the enactment of this section.

Subtitle D—Relieving Administrative Burdens And Miscellaneous Provisions

SEC. 841. INTERAGENCY COORDINATION TO IMPROVE PROGRAM ADMINISTRATION.

(a) IN GENERAL.—Title XI of the Social Security Act (42 U.S.C. 1301 et seq.) is amended by inserting after section 1127 the following:

"INTERAGENCY COORDINATION TO IMPROVE PROGRAM ADMINISTRATION

"Sec. 1127A. (a) COORDINATION AGREEMENT.—Notwithstanding any other provision of law, including section 207 of this Act, the Commissioner of Social Security (referred to in this section as 'the Commissioner') and the Director of the Office of Personnel Management (referred to in this section as 'the Director') shall enter into an agreement under which a system is established to carry out the following procedure:

"(1) The Director shall notify the Commissioner when any individual is determined to be entitled to a monthly disability annuity payment pursuant to subchapter V of chapter 84 of subpart G of part III of title 5, United States Code, and shall certify that such individual has provided the authorization described in subsection (f).

"(2) If the Commissioner determines that an individual described in paragraph (1) is also entitled to past-due benefits under section 223, the Commissioner shall notify the Director of such fact.

"(3) Not later than 30 days after receiving a notification described in paragraph (2) with respect to an individual, the Director shall provide the Commissioner with the total amount of any disability annuity overpayments made to such individual, as well as any other information (in such form and manner as the Commissioner shall require) that the Commissioner determines is necessary to carry out this section.

"(4) If the Director provides the Commissioner with the information described in paragraph (3) in a timely manner, the Commissioner may withhold past-due benefits under section 223 to which such individual is entitled and may pay the amount described in paragraph (3) to the Office of Personnel Management for any disability annuity overpayments made to such individual.

"(5) The Director shall credit any amount received under paragraph (4) with respect to an individual toward any disability annuity overpayment owed by such individual.

"(b) LIMITATIONS.—

"(1) PRIORITY OF OTHER REDUCTIONS.—Benefits shall only be withheld under this section after any other reduction applicable under this Act, including sections 206(a)(4), 224, and 1127(a).

"(2) TIMELY NOTIFICATION REQUIRED.—The Commissioner may not withhold benefits under this section if the Director does not provide the notice described in subsection (a)(3) within the time period described in such subsection.

"(c) DELAYED PAYMENT OF PAST-DUE BENEFITS.—If the Commissioner is required to make a notification described in subsection (a)(2) with respect to an individual, the Commissioner shall not make any payment of past-due benefits under section 223 to such individual until after the period described in subsection (a)(3).

"(d) REVIEW.—Notwithstanding section 205 or any other provision of law, any determination regarding the withholding of past-due benefits under this section shall only be subject to adjudication and review by the Director under section 8461 of title 5, United States Code.

"(e) DISABILITY ANNUITY OVERPAYMENT DEFINED.—For purposes of this section, the term 'disability annuity overpayment' means the amount of the reduction under section 8452(a)(2) of title 5, United States Code, applicable to a monthly annuity payment made to an individual pursuant to subchapter V of chapter 84 of subpart G of part III of such title due to the individual's concurrent entitlement to a disability insurance benefit under section 223 during such month.

"(f) AUTHORIZATION TO WITHHOLD BENEFITS.—The authorization described in this subsection, with respect to an individual, is written authorization provided by the individual to the Director which authorizes the Commissioner to withhold past-due benefits under section 223 to which such individual is entitled in order to pay the amount withheld to the Office of Personnel Management for any disability overpayments made to such individual.

"(g) EXPENSES.—The Director shall pay to the Social Security Administration an amount equal to the amount estimated by the Commissioner as the total cost incurred by the Social Security Administration in carrying out this section for each calendar quarter.".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to past-due disability insurance benefits payable on or after the date that is 1 year after the date of the en-

actment of this section.

SEC. 842. ELIMINATION OF QUINQUENNIAL DETERMINATIONS RELATING TO WAGE CREDITS FOR MILITARY SERVICE PRIOR TO 1957.

Section 217(g)(2) of the Social Security Act (42 U.S.C. 417(g)(2)) is amended—

(1) by inserting "through 2010" after "each fifth year thereafter"; and

(2) by inserting after the first sentence the following: "The Secretary of Health and Human Services shall revise the amount determined under paragraph (1) with respect to the Federal Hospital Insurance Trust Fund under title XVIII in 2015 and each fifth year thereafter through such date, and using such data, as the Secretary determines appropriate on the basis of the amount of benefits and administrative expenses actually paid from such Trust Fund under title XVIII and the relevant actuarial assumptions set forth in the report of the Board of Trustees of such Trust Fund for such year under section 1817(b).".

SEC. 843. CERTIFICATION OF BENEFITS PAYABLE TO A DIVORCED SPOUSE OF A RAILROAD WORKER TO THE RAILROAD RETIREMENT BOARD.

Section 205(i) of the Social Security Act (42 U.S.C. 405(i)) is amended by inserting "or divorced wife or divorced husband" after "the wife or husband".

SEC. 844. TECHNICAL AMENDMENTS TO ELIMINATE OBSOLETE PROVISIONS.

(a) ELIMINATION OF REFERENCE IN SECTION 226 TO A REPEALED PROVISION.—Section 226 of the Social Security Act (42 U.S.C. 426) is amended—

(1) by striking subsection (i); and

(2) by redesignating subsection (j) as subsection (i).

(b) ELIMINATION OF REFERENCE IN SECTION 226A TO A REPEALED PROVISION.—Section 226A of such Act (42 U.S.C. 426–1) is amended by striking the second subsection (c).

SEC. 845. REPORTING REQUIREMENTS TO CONGRESS.

(a) REPORT ON FRAUD AND IMPROPER PAYMENT PREVENTION ACTIVITIES.—Section 704(b) of the Social Security Act (42 U.S.C. 904(b)) is amended by adding at the end the following:

"(3) For each fiscal year beginning with 2016 and ending with 2021, the Commissioner shall include in the annual budget prepared pursuant to subparagraph (A) a report describing the purposes for which amounts made available for purposes described in section 251(b)(2)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 for the fiscal year were expended by the Social Security Administration and the purposes for which the Commissioner

plans for the Administration to expend such funds in the succeeding fiscal year, including—

"(A) the total such amount expended;

"(B) the amount expended on co-operative disability investigation units;

"(C) the number of cases of fraud prevented by co-operative disability investigation units and the amount expended on such cases (as reported to the Commissioner by the Inspector General of the Social Security Administration);

"(D) the number of felony cases prosecuted under section 208 (as reported to the Commissioner by the Inspector General) and the amount expended by the Social Security Administration in supporting the prosecution of such cases;

"(E) the amount of such felony cases successfully prosecuted (as reported to the Commissioner by the Inspector General) and the amount expended by the Social Security Administration in supporting the prosecution of such cases;

"(F) the amount expended on and the number of completed—

"(i) continuing disability reviews conducted by mail;

"(ii) redeterminations conducted by mail;

"(iii) medical continuing disability reviews conducted pursuant to section 221(i);

"(iv) medical continuing disability reviews conducted pursuant to 1614(a)(3)(H);

"(v) redeterminations conducted pursuant to section 1611(c); and

"(vi) work-related continuing disability reviews to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity;

"(G) the number of cases of fraud identified for which benefits were terminated as a result of medical continuing disability reviews (as reported to the Commissioner by the Inspector General), work-related continuing disability reviews, and redeterminations, and the amount of resulting savings for each such type of review or redetermination; and

"(H) the number of work-related continuing disability reviews in which a beneficiary improperly reported earnings derived from services for more than 3 consecutive months, and the amount of resulting savings.".

(b) REPORT ON WORK-RELATED CONTINUING DISABILITY

REVIEWS.—The Commissioner of Social Security shall annually submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the number of work-related continuing disability reviews conducted each year to determine whether earnings derived from services demonstrate an individual's ability to engage in substantial gainful activity. Such report shall include—

(1) the number of individuals receiving benefits based on disability under title II of such Act for whom reports of earnings were received from any source by the Commissioner in the previous calendar year, reported as a total number and separately by the source of the report;

(2) the number of individuals for whom such reports resulted in a determination to conduct a work-related continuing disability review, and the basis on which such determinations were made;

(3) in the case of a beneficiary selected for a work-related continuing disability review on the basis of a report of earnings from any source—

(A) the average number of days—

(i) between the receipt of the report and the initiation of the review;

(ii) between the initiation and the completion of the review; and

(iii) the average amount of overpayment, if any;

(B) the number of such reviews completed during such calendar year, and the number of such reviews that resulted in a suspension or termination of benefits;

(C) the number of such reviews initiated in the current year that had not been completed as of the end of such calendar year;

(D) the number of such reviews initiated in a prior year that had not been completed as of the end of such calendar year;

(4) the total savings to the Trust Funds and the Treasury generated from benefits suspended or terminated as a result of such reviews; and

(5) with respect to individuals for whom a work-related continuing disability review was completed during such calendar year—

(A) the number who participated in the Ticket to Work program under section 1148 during such calendar year;

(B) the number who used any program work incentives during such calendar year; and

(C) the number who received vocational rehabilitation services during such calendar year with respect to

which the Commissioner of Social Security reimbursed a State agency under section 222(d).

(c) REPORT ON OVERPAYMENT WAIVERS.—Not later than January 1 of each calendar year, the Commissioner of Social Security shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on—

(1) the number and total value of overpayments recovered or scheduled to be recovered by the Social Security Administration during the previous fiscal year of benefits under title II and title XVI, respectively, including the terms and conditions of repayment of such overpayments; and

(2) the number and total value of overpayments waived by the Social Security Administration during the previous fiscal year of benefits under title II and title XVI, respectively.

SEC. 846. EXPEDITED EXAMINATION OF ADMINISTRATIVE LAW JUDGES.

(a) IN GENERAL.—Notwithstanding any other provision of law, the Office of Personnel Management shall, upon request of the Commissioner of Social Security, expeditiously administer a sufficient number of competitive examinations, as determined by the Commissioner, for the purpose of identifying an adequate number of candidates to be appointed as Administrative Law Judges under section 3105 of title 5, United States Code. The first such examination shall take place not later than April 1, 2016 and other examinations shall take place at such time or times requested by the Commissioner, but not later than December 31, 2022. Such examinations shall proceed even if one or more individuals who took a prior examination have appealed an adverse determination and one or more of such appeals have not concluded, provided that—

(1) the Commissioner of Social Security has made a determination that delaying the examination poses a significant risk that an adequate number of Administrative Law Judges will not be available to meet the need of the Social Security Administration to reduce or prevent a backlog of cases awaiting a hearing;

(2) an individual whose appeal is pending is provided an option to continue their appeal or elects to take the new examination, in which case the appeal is considered vacated; and

(3) an individual who decides to continue his or her appeal and who ultimately prevails in the appeal shall receive expeditious consideration for hire by the Office Personnel Management and the Commissioner of Social Security.

(b) PAYMENT OF COSTS.—Notwithstanding any other provision of law, the Commissioner of Social Security shall pay the full cost associated with each examination conducted pursuant to subsection (a).

TITLE IX—TEMPORARY EXTENSION OF PUBLIC DEBT LIMIT

SEC. 901. TEMPORARY EXTENSION OF PUBLIC DEBT LIMIT.

(a) IN GENERAL.—Section 3101(b) of title 31, United States Code, shall not apply for the period beginning on the date of the enactment of this Act and ending on March 15, 2017.

(b) SPECIAL RULE RELATING TO OBLIGATIONS ISSUED DURING EXTENSION PERIOD.—Effective March 16, 2017, the limitation in effect under section 3101(b) of title 31, United States Code, shall be increased to the extent that—

(1) the face amount of obligations issued under chapter 31 of such title and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury) outstanding on March 16, 2017, exceeds

(2) the face amount of such obligations outstanding on the date of the enactment of this Act.

SEC. 902. RESTORING CONGRESSIONAL AUTHORITY OVER THE NATIONAL DEBT.

(a) EXTENSION LIMITED TO NECESSARY OBLIGATIONS.—An obligation shall not be taken into account under section 901(b)(1) unless the issuance of such obligation was necessary to fund a commitment incurred pursuant to law by the Federal Government that required payment before March 16, 2017.

(b) PROHIBITION ON CREATION OF CASH RESERVE DURING EXTENSION PERIOD.—The Secretary of the Treasury shall not issue obligations during the period specified in section 901(a) for the purpose of increasing the cash balance above normal operating balances in anticipation of the expiration of such period.

TITLE X—SPECTRUM PIPELINE

SEC. 1001. SHORT TITLE.

This title may be cited as the "Spectrum Pipeline Act of 2015".

SEC. 1002. DEFINITIONS.

In this title:

(1) ASSISTANT SECRETARY.—The term "Assistant Secretary" means the Assistant Secretary of Commerce for Communications and Information.

(2) COMMISSION.—The term "Commission" means the

Federal Communications Commission.

(3) FEDERAL ENTITY.—The term "Federal entity" has the meaning given such term in section 113(l) of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923(l)).

(4) SECRETARY.—The term "Secretary" means the Secretary of Commerce.

SEC. 1003. RULE OF CONSTRUCTION.

Each range of frequencies described in this title shall be construed to be inclusive of the upper and lower frequencies in the range.

SEC. 1004. IDENTIFICATION, REALLOCATION, AND AUCTION OF FEDERAL SPECTRUM.

(a) IDENTIFICATION OF SPECTRUM.—Not later than January 1, 2022, the Secretary shall submit to the President and to the Commission a report identifying 30 megahertz of electromagnetic spectrum (in bands of not less than 10 megahertz of contiguous frequencies) below the frequency of 3 gigahertz (except for the spectrum between the frequencies of 1675 megahertz and 1695 megahertz) for reallocation from Federal use to non-Federal use or shared Federal and non-Federal use, or a combination thereof.

(b) CLEARING OF SPECTRUM.—The President shall—

(1) not later than January 1, 2022, begin the process of withdrawing or modifying the assignment to a Federal Government station of the electromagnetic spectrum identified under subsection (a); and

(2) not later than 30 days after completing the withdrawal or modification, notify the Commission that the withdrawal or modification is complete.

(c) REALLOCATION AND AUCTION.—

(1) IN GENERAL.—The Commission shall—

(A) reallocate the electromagnetic spectrum identified under subsection (a) for non-Federal use or shared Federal and non-Federal use, or a combination thereof; and

(B) notwithstanding paragraph (15)(A) of section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)), not later than July 1, 2024, begin a system of competitive bidding under such section to grant new initial licenses for the use of such spectrum, subject to flexible-use service rules.

(2) PROCEEDS TO COVER 110 PERCENT OF FEDERAL RELOCATION OR SHARING COSTS.—Nothing in paragraph (1) shall be construed to relieve the Commission from the requirements of section 309(j)(16)(B) of the Communications Act of 1934 (47 U.S.C. 309(j)(16)(B)).

SEC. 1005. ADDITIONAL USES OF SPECTRUM RELOCATION FUND.

(a) IN GENERAL.—Section 118 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 928) is amended—

(1) by redesignating subsection (g) as subsection (i); and

(2) by inserting after subsection (f) the following:

"(g) ADDITIONAL PAYMENTS FOR RESEARCH AND DEVELOPMENT AND PLANNING ACTIVITIES.—

"(1) AMOUNTS AVAILABLE.—Notwithstanding subsections (c) through (e)—

"(A) there are appropriated from the Fund on the date of the enactment of the Spectrum Pipeline Act of 2015, and available to the Director of OMB for use in accordance with paragraph (2), not more than $500,000,000 from amounts in the Fund on such date of enactment; and

"(B) there are appropriated from the Fund after such date of enactment, and available to the Director of OMB for use in accordance with such paragraph, not more than 10 percent of the amounts deposited in the Fund after such date of enactment.

"(2) USE OF AMOUNTS.—

"(A) IN GENERAL.—The Director of OMB may use amounts made available under paragraph (1) to make payments requested by Federal entities for research and development, engineering studies, economic analyses, activities with respect to systems, or other planning activities intended to improve the efficiency and effectiveness of the spectrum use of Federal entities in order to make available frequencies described in subparagraph (C) for reallocation for non-Federal use or shared Federal and non-Federal use, or a combination thereof, and for auction in accordance with such reallocation.

"(B) SYSTEMS THAT IMPROVE EFFICIENCY AND EFFECTIVENESS OF FEDERAL SPECTRUM USE.—For purposes of a payment under subparagraph (A) for activities with respect to systems that improve the efficiency and effectiveness of the spectrum use of Federal entities, such systems include the following:

"(i) Systems that have increased functionality or that increase the ability of a Federal entity to accommodate spectrum sharing with non-Federal entities.

"(ii) Systems that consolidate functions or services that have been provided using separate systems.

"(iii) Non-spectrum technology or systems.

"(C) FREQUENCIES DESCRIBED.—The frequencies described in this subparagraph are, with respect to a payment under subparagraph (A), frequencies that—

"(i) are assigned to a Federal entity; and

"(ii) at the time of the activities conducted with such payment, are not identified for auction.

"(D) CONDITIONS.—The Director of OMB may not make a payment to a Federal entity under subparagraph (A)—

"(i) unless—

"(I) the Federal entity has submitted to the Technical Panel established under section 113(h)(3) a plan describing the activities that the Federal entity will conduct with such payment;

"(II) the Technical Panel has approved such plan under subparagraph (E); and

"(III) the Director of OMB has submitted the plan approved under subparagraph (E) to the congressional committees described in subsection (d)(2)(C); and

"(ii) until 60 days have elapsed after submission of the plan under clause (i)(III).

"(E) REVIEW BY TECHNICAL PANEL.—

"(i) IN GENERAL.—Not later than 120 days after a Federal entity submits a plan under subparagraph (D)(i)(I) to the Technical Panel established under section 113(h)(3), the Technical Panel shall approve or disapprove such plan.

"(ii) CRITERIA FOR REVIEW.—In considering whether to approve or disapprove a plan under this subparagraph, the Technical Panel shall consider whether—

"(I) the activities that the Federal entity will conduct with the payment will—

"(aa) increase the probability of relocation from or sharing of Federal spectrum;

"(bb) facilitate an auction intended to occur not later than 8 years after the payment; and

"(cc) increase the net expected auction proceeds in an amount not less than the time value of the amount of the payment; and

"(II) the transfer will leave sufficient amounts in the Fund for the other purposes of the Fund.

"(h) PRIORITIZATION OF PAYMENTS.—In determining whether to make payments under subsections (f) and (g), the

Director of OMB shall, to the extent practicable, prioritize payments under subsection (g).".

(b) ADMINISTRATIVE SUPPORT FOR TECHNICAL PANEL.—Section 113(h)(3)(C) of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923(h)(3)(C)) is amended by striking "this subsection and subsection (i)" and inserting "this subsection, subsection (i), and section 118(g)(2)(E)".

(c) ELIGIBLE FEDERAL ENTITIES.—Section 113 of the National Telecommunications and Information Administration Organization Act (47 U.S.C. 923) is amended—

(1) in subsection (g)—

(A) in paragraph (1)—

(i) by striking "authorized to use a band of eligible frequencies described in paragraph (2) and";

(ii) by inserting "eligible" after "auction of";

(iii) by inserting "eligible" after "reallocation of"; and

(B) in paragraph (3)(A), by striking "previously assigned to such entity or the sharing of spectrum frequencies assigned to such entity" and inserting "or the sharing of spectrum frequencies"; and

(2) in subsection (h)(1), by striking "authorized to use any such frequency".

SEC. 1006. PLANS FOR AUCTION OF CERTAIN SPECTRUM.

(a) REPORTS TO CONGRESS.—In accordance with each paragraph of subsection (c), the Commission, in coordination with the Assistant Secretary, shall submit to the Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a report containing a proposed plan for the assignment of new licenses for non-Federal use of the spectrum identified under such paragraph, including—

(1) an assessment of the operations of Federal entities that operate Federal Government stations authorized to use such spectrum;

(2) an estimated timeline for the competitive bidding process; and

(3) a proposed plan for balance between unlicensed and licensed use.

(b) INFORMATION FOR ASSESSMENT OF FEDERAL ENTITY OPERATIONS.—The Assistant Secretary, in coordination with the affected Federal entities, shall provide to the Commission the necessary information to carry out subsection (a)(1).

(c) REPORT DEADLINES; IDENTIFICATION OF SPECTRUM.—The Commission shall submit reports under subsection (a) as follows:

(1) Not later than January 1, 2022, for at least 50 megahertz of spectrum (in bands of not less than 10 megahertz of contiguous frequencies) below 6 gigahertz, to be identified by the Commission, in coordination with the Assistant Secretary, from spectrum other than the spectrum identified under section 1004(a).

(2) Not later than January 1, 2024, for at least 50 megahertz of spectrum (in bands of not less than 10 megahertz of contiguous frequencies) below 6 gigahertz, to be identified by the Commission, in coordination with the Assistant Secretary, from spectrum other than the spectrum identified under paragraph (1) or section 1004(a).

SEC. 1007. FCC AUCTION AUTHORITY.

Section 309(j)(11) of the Communications Act of 1934 (47 U.S.C. 309(j)(11)) is amended by inserting before the period at the end the following: ", except that, with respect to the electromagnetic spectrum identified under section 1004(a) of the Spectrum Pipeline Act of 2015, such authority shall expire on September 30, 2025".

SEC. 1008. REPORTS TO CONGRESS.

Not later than 3 years after the date of the enactment of this Act, the Commission shall submit to Congress—

(1) a report containing an analysis of the results of the rules changes relating to the frequencies between 3550 megahertz and 3650 megahertz; and

(2) a report containing an analysis of proposals to promote and identify additional spectrum bands that can be shared between incumbent uses and new licensed, and unlicensed services under such rules and identification of at least 1 gigahertz between 6 gigahertz and 57 GHz for such use.

TITLE XI—REVENUE PROVISIONS RELATED TO TAX COMPLIANCE

SEC. 1101. PARTNERSHIP AUDITS AND ADJUSTMENTS.

(a) REPEAL OF TEFRA PARTNERSHIP AUDIT RULES.—Chapter 63 of the Internal Revenue Code of 1986 is amended by striking subchapter C (and by striking the item relating to such subchapter in the table of subchapters for such chapter).

(b) REPEAL OF ELECTING LARGE PARTNERSHIP RULES.—

(1) IN GENERAL.—Subchapter K of chapter 1 of such Code is amended by striking part IV (and by striking the item relating to such part in the table of parts for such subchapter).

(2) ASSESSMENT RULES RELATING TO ELECTING LARGE PARTNERSHIPS.—Chapter 63 of such Code is amended by striking subchapter D (and by striking the item relating to

such subchapter in the table of subchapters for such chapter).

(c) PARTNERSHIP AUDIT REFORM.—

(1) IN GENERAL.—Chapter 63 of such Code, as amended by the preceding provisions of this section, is amended by inserting after subchapter B the following new subchapter:

"Subchapter C—Treatment Of Partnerships

"PART I—IN GENERAL

"SEC. 6221. DETERMINATION AT PARTNERSHIP LEVEL.

"(a) IN GENERAL.—Any adjustment to items of income, gain, loss, deduction, or credit of a partnership for a partnership taxable year (and any partner's distributive share thereof) shall be determined, any tax attributable thereto shall be assessed and collected, and the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to any such item or share shall be determined, at the partnership level pursuant to this subchapter.

"(b) ELECTION OUT FOR CERTAIN PARTNERSHIPS WITH 100 OR FEWER PARTNERS, ETC.—

"(1) IN GENERAL.—This subchapter shall not apply with respect to any partnership for any taxable year if—

"(A) the partnership elects the application of this subsection for such taxable year,

"(B) for such taxable year the partnership is required to furnish 100 or fewer statements under section 6031(b) with respect to its partners,

"(C) each of the partners of such partnership is an individual, a C corporation, any foreign entity that would be treated as a C corporation were it domestic, an S corporation, or an estate of a deceased partner,

"(D) the election—

"(i) is made with a timely filed return for such taxable year, and

"(ii) includes (in the manner prescribed by the Secretary) a disclosure of the name and taxpayer identification number of each partner of such partnership, and

"(E) the partnership notifies each such partner of such election in the manner prescribed by the Secretary.

"(2) SPECIAL RULES RELATING TO CERTAIN PARTNERS.—

"(A) S CORPORATION PARTNERS.—In the case of a partner that is an S corporation—

"(i) the partnership shall only be treated as meeting the requirements of paragraph (1)(C) with respect to such partner if such partnership includes (in the manner prescribed by the Secretary) a disclosure of the name and taxpayer identification number of each person with respect to whom such S corporation is required to furnish a statement under section 6037(b) for the taxable year of the S corporation ending with or within the partnership taxable year for which the application of this subsection is elected, and

"(ii) the statements such S corporation is required to so furnish shall be treated as statements furnished by the partnership for purposes of paragraph (1)(B).

"(B) FOREIGN PARTNERS.—For purposes of paragraph (1)(D)(ii), the Secretary may provide for alternative identification of any foreign partners.

"(C) OTHER PARTNERS.—The Secretary may by regulation or other guidance prescribe rules similar to the rules of subparagraph (A) with respect to any partners not described in such subparagraph or paragraph (1)(C).

"SEC. 6222. PARTNER'S RETURN MUST BE CONSISTENT WITH PARTNERSHIP RETURN.

"(a) IN GENERAL.—A partner shall, on the partner's return, treat each item of income, gain, loss, deduction, or credit attributable to a partnership in a manner which is consistent with the treatment of such income, gain, loss, deduction, or credit on the partnership return.

"(b) UNDERPAYMENT DUE TO INCONSISTENT TREATMENT ASSESSED AS MATH ERROR.—Any underpayment of tax by a partner by reason of failing to comply with the requirements of subsection (a) shall be assessed and collected in the same manner as if such underpayment were on account of a mathematical or clerical error appearing on the partner's return. Paragraph (2) of section 6213(b) shall not apply to any assessment of an underpayment referred to in the preceding sentence.

"(c) EXCEPTION FOR NOTIFICATION OF INCONSISTENT TREATMENT.—

"(1) IN GENERAL.—In the case of any item referred to in subsection (a), if—

"(A) (i) the partnership has filed a return but the partner's treatment on the partner's return is (or may be) inconsistent with the treatment of the item on the

partnership return, or

"(ii) the partnership has not filed a return, and

"(B) the partner files with the Secretary a statement identifying the inconsistency, subsections (a) and (b) shall not apply to such item.

"(2) PARTNER RECEIVING INCORRECT INFORMATION.—A partner shall be treated as having complied with subparagraph (B) of paragraph (1) with respect to an item if the partner—

"(A) demonstrates to the satisfaction of the Secretary that the treatment of the item on the partner's return is consistent with the treatment of the item on the statement furnished to the partner by the partnership, and

"(B) elects to have this paragraph apply with respect to that item.

"(d) FINAL DECISION ON CERTAIN POSITIONS NOT BINDING ON PARTNERSHIP.—Any final decision with respect to an inconsistent position identified under subsection (c) in a proceeding to which the partnership is not a party shall not be binding on the partnership.

"(e) ADDITION TO TAX FOR FAILURE TO COMPLY WITH SECTION.—For addition to tax in the case of a partner's disregard of the requirements of this section, see part II of subchapter A of chapter 68.

"SEC. 6223. PARTNERS BOUND BY ACTIONS OF PARTNERSHIP.

"(a) DESIGNATION OF PARTNERSHIP REPRESENTATIVE.—Each partnership shall designate (in the manner prescribed by the Secretary) a partner (or other person) with a substantial presence in the United States as the partnership representative who shall have the sole authority to act on behalf of the partnership under this subchapter. In any case in which such a designation is not in effect, the Secretary may select any person as the partnership representative.

"(b) BINDING EFFECT.—A partnership and all partners of such partnership shall be bound—

"(1) by actions taken under this subchapter by the partnership, and

"(2) by any final decision in a proceeding brought under this subchapter with respect to the partnership.

"PART II—PARTNERSHIP ADJUSTMENTS

"SEC. 6225. PARTNERSHIP ADJUSTMENT BY SECRETARY.

"(a) IN GENERAL.—In the case of any adjustment by the

Secretary in the amount of any item of income, gain, loss, deduction, or credit of a partnership, or any partner's distributive share thereof—

"(1) the partnership shall pay any imputed underpayment with respect to such adjustment in the adjustment year as provided in section 6232, and

"(2) any adjustment that does not result in an imputed underpayment shall be taken into account by the partnership in the adjustment year—

"(A) except as provided in subparagraph (B), as a reduction in non-separately stated income or an increase in non-separately stated loss (whichever is appropriate) under section 702(a)(8), or

"(B) in the case of an item of credit, as a separately stated item.

"(b) DETERMINATION OF IMPUTED UNDERPAYMENTS.—For purposes of this subchapter—

"(1) IN GENERAL.—Except as provided in subsection (c), any imputed underpayment with respect to any partnership adjustment for any reviewed year shall be determined—

"(A) by netting all adjustments of items of income, gain, loss, or deduction and multiplying such net amount by the highest rate of tax in effect for the reviewed year under section 1 or 11,

"(B) by treating any net increase or decrease in loss under subparagraph (A) as a decrease or increase, respectively, in income, and

"(C) by taking into account any adjustments to items of credit as an increase or decrease, as the case may be, in the amount determined under subparagraph (A).

"(2) ADJUSTMENTS TO DISTRIBUTIVE SHARES OF PARTNERS NOT NETTED.—In the case of any adjustment which reallocates the distributive share of any item from one partner to another, such adjustment shall be taken into account under paragraph (1) by disregarding—

"(A) any decrease in any item of income or gain, and

"(B) any increase in any item of deduction, loss, or credit.

"(c) MODIFICATION OF IMPUTED UNDERPAYMENTS.—

"(1) IN GENERAL.—The Secretary shall establish procedures under which the imputed underpayment amount may be modified consistent with the requirements of this subsection.

"(2) AMENDED RETURNS OF PARTNERS.—

"(A) IN GENERAL.—Such procedures shall provide that if—

"(i) one or more partners file returns (notwith-

standing section 6511) for the taxable year of the partners which includes the end of the reviewed year of the partnership,

"(ii) such returns take into account all adjustments under subsection (a) properly allocable to such partners (and for any other taxable year with respect to which any tax attribute is affected by reason of such adjustments), and

"(iii) payment of any tax due is included with such return, then the imputed underpayment amount shall be determined without regard to the portion of the adjustments so taken into account.

"(B) REALLOCATION OF DISTRIBUTIVE SHARE.—In the case of any adjustment which reallocates the distributive share of any item from one partner to another, paragraph (2) shall apply only if returns are filed by all partners affected by such adjustment.

"(3) TAX-EXEMPT PARTNERS.—Such procedures shall provide for determining the imputed underpayment without regard to the portion thereof that the partnership demonstrates is allocable to a partner that would not owe tax by reason of its status as a tax-exempt entity (as defined in section 168(h)(2)).

"(4) MODIFICATION OF APPLICABLE HIGHEST TAX RATES.—

"(A) IN GENERAL.—Such procedures shall provide for taking into account a rate of tax lower than the rate of tax described in subsection (b)(1)(A) with respect to any portion of the imputed underpayment that the partnership demonstrates is allocable to a partner which—

"(i) in the case of ordinary income, is a C corporation, or

"(ii) in the case of a capital gain or qualified dividend, is an individual.

In no event shall the lower rate determined under the preceding sentence be less than the highest rate in effect with respect to the income and taxpayer described in clause (i) or clause (ii), as the case may be. For purposes of clause (ii), an S corporation shall be treated as an individual.

"(B) PORTION OF IMPUTED UNDERPAYMENT TO WHICH LOWER RATE APPLIES.—

"(i) IN GENERAL.—Except as provided in clause (ii), the portion of the imputed underpayment to which the lower rate applies with respect to a partner under subparagraph (A) shall be determined by reference to the partners' distributive share of items to which the imputed underpayment relates.

"(ii) RULE IN CASE OF VARIED TREATMENT OF

ITEMS AMONG PARTNERS.—If the imputed underpayment is attributable to the adjustment of more than 1 item, and any partner's distributive share of such items is not the same with respect to all such items, then the portion of the imputed underpayment to which the lower rate applies with respect to a partner under subparagraph (A) shall be determined by reference to the amount which would have been the partner's distributive share of net gain or loss if the partnership had sold all of its assets at their fair market value as of the close of the reviewed year of the partnership.

"(5) OTHER PROCEDURES FOR MODIFICATION OF IMPUTED UNDERPAYMENT.—The Secretary may by regulations or guidance provide for additional procedures to modify imputed underpayment amounts on the basis of such other factors as the Secretary determines are necessary or appropriate to carry out the purposes of this subsection.

"(6) YEAR AND DAY FOR SUBMISSION TO SECRETARY.—Anything required to be submitted pursuant to paragraph (1) shall be submitted to the Secretary not later than the close of the 270-day period beginning on the date on which the notice of a proposed partnership adjustment is mailed under section 6231 unless such period is extended with the consent of the Secretary.

"(7) DECISION OF SECRETARY.—Any modification of the imputed underpayment amount under this subsection shall be made only upon approval of such modification by the Secretary.

"(d) DEFINITIONS.—For purposes of this subchapter—

"(1) REVIEWED YEAR.—The term 'reviewed year' means the partnership taxable year to which the item being adjusted relates.

"(2) ADJUSTMENT YEAR.—The term 'adjustment year' means the partnership taxable year in which—

"(A) in the case of an adjustment pursuant to the decision of a court in a proceeding brought under section 6234, such decision becomes final,

"(B) in the case of an administrative adjustment request under section 6227, such administrative adjustment request is made, or

"(C) in any other case, notice of the final partnership adjustment is mailed under section 6231.

"SEC. 6226. ALTERNATIVE TO PAYMENT OF IMPUTED UNDERPAYMENT BY PARTNERSHIP.

"(a) IN GENERAL.—If the partnership—

"(1) not later than 45 days after the date of the notice of

final partnership adjustment, elects the application of this section with respect to an imputed underpayment, and

"(2) at such time and in such manner as the Secretary may provide, furnishes to each partner of the partnership for the reviewed year and to the Secretary a statement of the partner's share of any adjustment to income, gain, loss, deduction, or credit (as determined in the notice of final partnership adjustment), section 6225 shall not apply with respect to such underpayment and each such partner shall take such adjustment into account as provided in subsection (b). The election under paragraph (1) shall be made in such manner as the Secretary may provide and, once made, shall be revocable only with the consent of the Secretary.

"(b) ADJUSTMENTS TAKEN INTO ACCOUNT BY PARTNER.—

"(1) TAX IMPOSED IN YEAR OF STATEMENT.—Each partner's tax imposed by chapter 1 for the taxable year which includes the date the statement was furnished under subsection (a) shall be increased by the aggregate of the adjustment amounts determined under paragraph (2) for the taxable years referred to therein.

"(2) ADJUSTMENT AMOUNTS.—The adjustment amounts determined under this paragraph are—

"(A) in the case of the taxable year of the partner which includes the end of the reviewed year, the amount by which the tax imposed under chapter 1 would increase if the partner's share of the adjustments described in subsection (a) were taken into account for such taxable year, plus

"(B) in the case of any taxable year after the taxable year referred to in subparagraph (A) and before the taxable year referred to in paragraph (1), the amount by which the tax imposed under chapter 1 would increase by reason of the adjustment to tax attributes under paragraph (3).

"(3) ADJUSTMENT OF TAX ATTRIBUTES.—Any tax attribute which would have been affected if the adjustments described in subsection (a) were taken into account for the taxable year referred to in paragraph (2)(A) shall—

"(A) in the case of any taxable year referred to in paragraph (2)(B), be appropriately adjusted for purposes of applying such paragraph, and

"(B) in the case of any subsequent taxable year, be appropriately adjusted.

"(c) PENALTIES AND INTEREST.—

"(1) PENALTIES.—Notwithstanding subsections (a) and (b), any penalties, additions to tax, or additional amount shall be determined as provided under section 6221 and the

partners of the partnership for the reviewed year shall be liable for any such penalty, addition to tax, or additional amount.

"(2) INTEREST.—In the case of an imputed underpayment with respect to which the application of this section is elected, interest shall be determined—

"(A) at the partner level,

"(B) from the due date of the return for the taxable year to which the increase is attributable (determined by taking into account any increases attributable to a change in tax attributes for a taxable year under subsection (b)(2)), and

"(C) at the underpayment rate under section 6621(a)(2), determined by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

"SEC. 6227. ADMINISTRATIVE ADJUSTMENT REQUEST BY PARTNERSHIP.

"(a) IN GENERAL.—A partnership may file a request for an administrative adjustment in the amount of one or more items of income, gain, loss, deduction, or credit of the partnership for any partnership taxable year.

"(b) ADJUSTMENT.—Any such adjustment under subsection (a) shall be determined and taken into account for the partnership taxable year in which the administrative adjustment request is made—

"(1) by the partnership under rules similar to the rules of section 6225 (other than paragraphs (2), (6) and (7) of subsection (c) thereof) for the partnership taxable year in which the administrative adjustment request is made, or

"(2) by the partnership and partners under rules similar to the rules of section 6226 (determined without regard to the substitution described in subsection (c)(2)(C) thereof).

In the case of an adjustment that would not result in an imputed underpayment, paragraph (1) shall not apply and paragraph (2) shall apply with appropriate adjustments.

"(c) PERIOD OF LIMITATIONS.—A partnership may not file such a request more than 3 years after the later of—

"(1) the date on which the partnership return for such year is filed, or

"(2) the last day for filing the partnership return for such year (determined without regard to extensions).

In no event may a partnership file such a request after a notice of an administrative proceeding with respect to the taxable year is mailed under section 6231.

"PART 1—PROCEDURE

"SEC. 6231. NOTICE OF PROCEEDINGS AND ADJUSTMENT.

"(a) IN GENERAL.—The Secretary shall mail to the partnership and the partnership representative—

"(1) notice of any administrative proceeding initiated at the partnership level with respect to an adjustment of any item of income, gain, loss, deduction, or credit of a partnership for a partnership taxable year, or any partner's distributive share thereof,

"(2) notice of any proposed partnership adjustment resulting from such proceeding, and

"(3) notice of any final partnership adjustment resulting from such proceeding.

Any notice of a final partnership adjustment shall not be mailed earlier than 270 days after the date on which the notice of the proposed partnership adjustment is mailed. Such notices shall be sufficient if mailed to the last known address of the partnership representative or the partnership (even if the partnership has terminated its existence). The first sentence shall apply to any proceeding with respect to an administrative adjustment request filed by a partnership under section 6227.

"(b) FURTHER NOTICES RESTRICTED.—If the Secretary mails a notice of a final partnership adjustment to any partnership for any partnership taxable year and the partnership files a petition under section 6234 with respect to such notice, in the absence of a showing of fraud, malfeasance, or misrepresentation of a material fact, the Secretary shall not mail another such notice to such partnership with respect to such taxable year.

"(c) AUTHORITY TO RESCIND NOTICE WITH PARTNERSHIP CONSENT.—The Secretary may, with the consent of the partnership, rescind any notice of a partnership adjustment mailed to such partnership. Any notice so rescinded shall not be treated as a notice of a partnership adjustment for purposes of this subchapter, and the taxpayer shall have no right to bring a proceeding under section 6234 with respect to such notice.

"SEC. 6232. ASSESSMENT, COLLECTION, AND PAYMENT.

"(a) IN GENERAL.—Any imputed underpayment shall be assessed and collected in the same manner as if it were a tax imposed for the adjustment year by subtitle A, except that in the case of an administrative adjustment request to which section 6227(b)(1) applies, the underpayment shall be paid when the request is filed.

"(b) LIMITATION ON ASSESSMENT.—Except as otherwise

provided in this chapter, no assessment of a deficiency may be made (and no levy or proceeding in any court for the collection of any amount resulting from such adjustment may be made, begun or prosecuted) before—

"(1) the close of the 90th day after the day on which a notice of a final partnership adjustment was mailed, and

"(2) if a petition is filed under section 6234 with respect to such notice, the decision of the court has become final.

"(c) PREMATURE ACTION MAY BE ENJOINED.—Notwithstanding section 7421(a), any action which violates subsection (b) may be enjoined in the proper court, including the Tax Court. The Tax Court shall have no jurisdiction to enjoin any action under this subsection unless a timely petition has been filed under section 6234 and then only in respect of the adjustments that are the subject of such petition.

"(d) EXCEPTIONS TO RESTRICTIONS ON ADJUSTMENTS.—

"(1) ADJUSTMENTS ARISING OUT OF MATH OR CLERICAL ERRORS.—

"(A) IN GENERAL.— If the partnership is notified that, on account of a mathematical or clerical error appearing on the partnership return, an adjustment to a item is required, rules similar to the rules of paragraphs (1) and (2) of section 6213(b) shall apply to such adjustment.

"(B) SPECIAL RULE.—If a partnership is a partner in another partnership, any adjustment on account of such partnership's failure to comply with the requirements of section 6222(a) with respect to its interest in such other partnership shall be treated as an adjustment referred to in subparagraph (A), except that paragraph (2) of section 6213(b) shall not apply to such adjustment.

"(2) PARTNERSHIP MAY WAIVE RESTRICTIONS.—The partnership may at any time (whether or not any notice of partnership adjustment has been issued), by a signed notice in writing filed with the Secretary, waive the restrictions provided in subsection (b) on the making of any partnership adjustment.

"(e) LIMIT WHERE NO PROCEEDING BEGUN.—If no proceeding under section 6234 is begun with respect to any notice of a final partnership adjustment during the 90-day period described in subsection (b) thereof, the amount for which the partnership is liable under section 6225 shall not exceed the amount determined in accordance with such notice.

"SEC. 6233. INTEREST AND PENALTIES.

"(a) INTEREST AND PENALTIES DETERMINED FROM REVIEWED YEAR.—

"(1) IN GENERAL.—Except to the extent provided in sec-

tion 6226(c), in the case of a partnership adjustment for a reviewed year—

"(A) interest shall be computed under paragraph (2), and

"(B) the partnership shall be liable for any penalty, addition to tax, or additional amount as provided in paragraph (3).

"(2) DETERMINATION OF AMOUNT OF INTEREST.—The interest computed under this paragraph with respect to any partnership adjustment is the interest which would be determined under chapter 67 for the period beginning on the day after the return due date for the reviewed year and ending on the return due date for the adjustment year (or, if earlier, the date payment of the imputed underpayment is made). Proper adjustments in the amount determined under the preceding sentence shall be made for adjustments required for partnership taxable years after the reviewed year and before the adjustment year by reason of such partnership adjustment.

"(3) PENALTIES.—Any penalty, addition to tax, or additional amount shall be determined at the partnership level as if such partnership had been an individual subject to tax under chapter 1 for the reviewed year and the imputed underpayment were an actual underpayment (or understatement) for such year.

"(b) INTEREST AND PENALTIES WITH RESPECT TO ADJUSTMENT YEAR RETURN.—

"(1) IN GENERAL.—In the case of any failure to pay an imputed underpayment on the date prescribed therefor, the partnership shall be liable—

"(A) for interest as determined under paragraph (2), and

"(B) for any penalty, addition to tax, or additional amount as determined under paragraph (3).

"(2) INTEREST.—Interest determined under this paragraph is the interest that would be determined by treating the imputed underpayment as an underpayment of tax imposed in the adjustment year.

"(3) PENALTIES.—Penalties, additions to tax, or additional amounts determined under this paragraph are the penalties, additions to tax, or additional amounts that would be determined—

"(A) by applying section 6651(a)(2) to such failure to pay, and

"(B) by treating the imputed underpayment as an underpayment of tax for purposes of part II of subchapter A of chapter 68.

"SEC. 6234. JUDICIAL REVIEW OF PARTNERSHIP ADJUSTMENT.

"(a) IN GENERAL.—Within 90 days after the date on which a notice of a final partnership adjustment is mailed under section 6231 with respect to any partnership taxable year, the partnership may file a petition for a readjustment for such taxable year with—

"(1) the Tax Court,

"(2) the district court of the United States for the district in which the partnership's principal place of business is located, or

"(3) the Claims Court.

"(b) JURISDICTIONAL REQUIREMENT FOR BRINGING ACTION IN DISTRICT COURT OR CLAIMS COURT.—

"(1) IN GENERAL.—A readjustment petition under this section may be filed in a district court of the United States or the Claims Court only if the partnership filing the petition deposits with the Secretary, on or before the date the petition is filed, the amount of the imputed underpayment (as of the date of the filing of the petition) if the partnership adjustment was made as provided by the notice of final partnership adjustment. The court may by order provide that the jurisdictional requirements of this paragraph are satisfied where there has been a good faith attempt to satisfy such requirement and any shortfall of the amount required to be deposited is timely corrected.

"(2) INTEREST PAYABLE.—Any amount deposited under paragraph (1), while deposited, shall not be treated as a payment of tax for purposes of this title (other than chapter 67).

"(c) SCOPE OF JUDICIAL REVIEW.—A court with which a petition is filed in accordance with this section shall have jurisdiction to determine all items of income, gain, loss, deduction, or credit of the partnership for the partnership taxable year to which the notice of final partnership adjustment relates, the proper allocation of such items among the partners, and the applicability of any penalty, addition to tax, or additional amount for which the partnership may be liable under this subchapter.

"(d) DETERMINATION OF COURT REVIEWABLE.—Any determination by a court under this section shall have the force and effect of a decision of the Tax Court or a final judgment or decree of the district court or the Claims Court, as the case may be, and shall be reviewable as such. The date of any such determination shall be treated as being the date of the court's order entering the decision.

"(e) EFFECT OF DECISION DISMISSING ACTION.—If an action brought under this section is dismissed other than by reason of

a rescission under section 6231(c), the decision of the court dismissing the action shall be considered as its decision that the notice of final partnership adjustment is correct, and an appropriate order shall be entered in the records of the court.

"SEC. 6235. PERIOD OF LIMITATIONS ON MAKING ADJUSTMENTS.

"(a) IN GENERAL.—Except as otherwise provided in this section, no adjustment under this subpart for any partnership taxable year may be made after the later of—

"(1) the date which is 3 years after the latest of—

"(A) the date on which the partnership return for such taxable year was filed,

"(B) the return due date for the taxable year, or

"(C) the date on which the partnership filed an administrative adjustment request with respect to such year under section 6227, or

"(2) in the case of any modification of an imputed underpayment under section 6225(c), the date that is 270 days (plus the number of days of any extension consented to by the Secretary under paragraph (4) thereof) after the date on which everything required to be submitted to the Secretary pursuant to such section is so submitted, or

"(3) in the case of any notice of a proposed partnership adjustment under section 6231(a)(2), the date that is 270 days after the date of such notice.

"(b) EXTENSION BY AGREEMENT.—The period described in subsection (a) (including an extension period under this subsection) may be extended by an agreement entered into by the Secretary and the partnership before the expiration of such period.

"(c) SPECIAL RULE IN CASE OF FRAUD, ETC.—

"(1) FALSE RETURN.—In the case of a false or fraudulent partnership return with intent to evade tax, the adjustment may be made at any time.

"(2) SUBSTANTIAL OMISSION OF INCOME.—If any partnership omits from gross income an amount properly includible therein and such amount is described in section 6501(e)(1)(A), subsection (a) shall be applied by substituting '6 years' for '3 years'.

"(3) NO RETURN.—In the case of a failure by a partnership to file a return for any taxable year, the adjustment may be made at any time.

"(4) RETURN FILED BY SECRETARY.—For purposes of this section, a return executed by the Secretary under subsection (b) of section 6020 on behalf of the partnership shall not be treated as a return of the partnership.

"(d) SUSPENSION WHEN SECRETARY MAILS NOTICE OF AD-

JUSTMENT.—If notice of a final partnership adjustment with respect to any taxable year is mailed under section 6231, the running of the period specified in subsection (a) (as modified by the other provisions of this section) shall be suspended—

"(1) for the period during which an action may be brought under section 6234 (and, if a petition is filed under such section with respect to such notice, until the decision of the court becomes final), and

"(2) for 1 year thereafter.

"PART 2—DEFINITIONS AND SPECIAL RULES

"Sec. 6241. Definitions and special rules.

"SEC. 6241. DEFINITIONS AND SPECIAL RULES.

"For purposes of this subchapter—

"(1) PARTNERSHIP.—The term 'partnership' means any partnership required to file a return under section 6031(a).

"(2) PARTNERSHIP ADJUSTMENT.—The term 'partnership adjustment' means any adjustment in the amount of any item of income, gain, loss, deduction, or credit of a partnership, or any partner's distributive share thereof.

"(3) RETURN DUE DATE.—The term 'return due date' means, with respect to the taxable year, the date prescribed for filing the partnership return for such taxable year (determined without regard to extensions).

"(4) PAYMENTS NONDEDUCTIBLE.—No deduction shall be allowed under subtitle A for any payment required to be made by a partnership under this subchapter.

"(5) PARTNERSHIPS HAVING PRINCIPAL PLACE OF BUSINESS OUTSIDE UNITED STATES.—For purposes of sections 6234, a principal place of business located outside the United States shall be treated as located in the District of Columbia.

"(6) PARTNERSHIPS IN CASES UNDER TITLE 11 OF UNITED STATES CODE.—

"(A) SUSPENSION OF PERIOD OF LIMITATIONS ON MAKING ADJUSTMENT, ASSESSMENT, OR COLLECTION.—The running of any period of limitations provided in this subchapter on making a partnership adjustment (or provided by section 6501 or 6502 on the assessment or collection of any imputed underpayment determined under this subchapter) shall, in a case under title 11 of the United States Code, be suspended during the period during which the Secretary is prohibited by reason of such case from making the adjustment (or assessment or collection) and—

"(i) for adjustment or assessment, 60 days thereafter, and

"(ii) for collection, 6 months thereafter.

A rule similar to the rule of section 6213(f)(2) shall apply for purposes of section 6232(b).

"(B) SUSPENSION OF PERIOD OF LIMITATION FOR FILING FOR JUDICIAL REVIEW.—The running of the period specified in section 6234 shall, in a case under title 11 of the United States Code, be suspended during the period during which the partnership is prohibited by reason of such case from filing a petition under section 6234 and for 60 days thereafter.

"(7) TREATMENT WHERE PARTNERSHIP CEASES TO EXIST.—If a partnership ceases to exist before a partnership adjustment under this subchapter takes effect, such adjustment shall be taken into account by the former partners of such partnership under regulations prescribed by the Secretary.

"(8) EXTENSION TO ENTITIES FILING PARTNERSHIP RETURN.—If a partnership return is filed by an entity for a taxable year but it is determined that the entity is not a partnership (or that there is no entity) for such year, then, to the extent provided in regulations, the provisions of this subchapter are hereby extended in respect of such year to such entity and its items and to persons holding an interest in such entity.".

(2) CLERICAL AMENDMENT.—The table of subchapters for chapter 63 of the Internal Revenue Code of 1986, as amended by the preceding provisions of this section, is amended by inserting after the item relating to subchapter B the following new item:

"SUBCHAPTER C. TREATMENT OF PARTNERSHIPS.".

(d) BINDING NATURE OF PARTNERSHIP ADJUSTMENT PROCEEDINGS.—Section 6330(c)(4) of such Code is amended by striking "or" at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting "; or", and by inserting after subparagraph (B) the following new subparagraph:

"(C) a final determination has been made with respect to such issue in a proceeding brought under subchapter C of chapter 63.".

(e) RESTRICTION ON AUTHORITY TO AMEND PARTNER INFORMATION STATEMENTS.—Section 6031(b) of such Code is amended by adding at the end the following: "Except as provided in the procedures under section 6225(c), with respect to statements under section 6226, or as otherwise provided by the Secretary, information required to be furnished by the partnership under this subsection may not be amended after the due date of

the return under subsection (a) to which such information relates.".

(f) CONFORMING AMENDMENTS.—

(1) Section 6031(b) of such Code is amended by striking the last sentence.

(2) Section 6422 of such Code is amended by striking paragraph (12).

(3) Section 6501(n) of such Code is amended by striking paragraphs (2) and (3) and by striking "Cross References" and all that follows through "For period of limitations" and inserting "Cross Reference.—For period of limitations".

(4) Section 6503(a)(1) of such Code is amended by striking "(or section 6229" and all that follows through "of section 6230(a))".

(5) Section 6504 of such Code is amended by striking paragraph (11).

(6) Section 6511 of such Code is amended by striking subsection (g).

(7) Section 6512(b)(3) of such Code is amended by striking the second sentence.

(8) Section 6515 of such Code is amended by striking paragraph (6).

(9) Section 6601(c) of such Code is amended by striking the last sentence.

(10) Section 7421(a) of such Code is amended by striking "6225(b), 6246(b)" and inserting "6232(c)".

(11) Section 7422 of such Code is amended by striking subsection (h).

(12) Section 7459(c) of such Code is amended by striking "section 6226" and all that follows through "or 6252" and inserting "section 6234".

(13) Section 7482(b)(1) of such Code is amended—

(A) in subparagraph (E), by striking "section 6226, 6228, 6247, or 6252" and inserting "section 6234",

(B) by striking subparagraph (F), by striking "or" at the end of subparagraph (E) and inserting a period, and by inserting "or" at the end of subparagraph (D), and

(C) in the last sentence, by striking "section 6226, 6228(a), or 6234(c)" and inserting "section 6234".

(14) Section 7485(b) of such Code is amended by striking "section 6226, 6228(a), 6247, or 6252" and inserting "section 6234".

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to returns filed for partnership taxable years beginning after December 31, 2017.

(2) ADMINISTRATIVE ADJUSTMENT REQUESTS.—In the case of administrative adjustment request under section 6227 of such Code, the amendments made by this section shall apply to requests with respect to returns filed for partnership taxable years beginning after December 31, 2017.

(3) ADJUSTED PARTNERS STATEMENTS.—In the case of a partnership electing the application of section 6226 of such Code, the amendments made by this section shall apply to elections with respect to returns filed for partnership taxable years beginning after December 31, 2017.

(4) ELECTION.—A partnership may elect (at such time and in such form and manner as the Secretary of the Treasury may prescribe) for the amendments made by this section (other than the election under section 6221(b) of such Code (as added by this Act)) to apply to any return of the partnership filed for partnership taxable years beginning after the date of the enactment of this Act and before January 1, 2018.

SEC. 1102. PARTNERSHIP INTERESTS CREATED BY GIFT.

(a) IN GENERAL.—Section 761(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following: "In the case of a capital interest in a partnership in which capital is a material income-producing factor, whether a person is a partner with respect to such interest shall be determined without regard to whether such interest was derived by gift from any other person.".

(b) CONFORMING AMENDMENTS.—Section 704(e) of such Code is amended—

(1) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively,

(2) by striking "this section" in paragraph (2) (as so redesignated) and inserting "this subsection", and

(3) by striking "Family Partnerships" in the heading and inserting "Partnership Interests Created By Gift".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership taxable years beginning after December 31, 2015.

TITLE XII—DESIGNATION OF SMALL HOUSE ROTUNDA

SEC. 1201. DESIGNATING SMALL HOUSE ROTUNDA AS "FREEDOM FOYER".

The first floor of the area of the House of Representatives wing of the United States Capitol known as the small House rotunda is designated the "Freedom Foyer".