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Revenue Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions

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Summary

During the more than 30 years that the congressional budget process has been in effect, the Senate Finance Committee has been subject to revenue reconciliation directives in a budget resolution on 18 occasions. Nine instances involved directives to reduce revenues, while the remaining nine instructed the committee to increase revenues. In all but three of the 18 instances, revenue reconciliation directives to the committee were accompanied by spending reconciliation directives.

The revenue reconciliation directives varied in their time frame, from single-year coverage (in the FY1976, FY1981, and FY1990 budget resolutions) to 11-year coverage (in the FY2002 and FY2004 budget resolutions). Further, the amount of required revenue changes ranged from less than $5 billion in a single year to $1.250 trillion over 11 years. The eight budget resolutions agreed to by the House and Senate over the 11-year period covering FY1996-FY2006 (no budget resolution was agreed to for FY1999, FY2003, or FY2005) all included reconciliation directives to reduce revenues.

This report will be updated as developments warrant. (For additional information, see CRS Report RS21993, *Spending Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions*, by Robert Keith and Bill Heniff Jr.)

The budget reconciliation process is an optional procedure under the Congressional Budget Act of 1974 (P.L. 93-344, as amended) that operates as an adjunct to the annual budget resolution process. The 1974 act first became effective for FY1976, and Congress has completed action on at least one budget resolution each year, except for FY1999, FY2003, and FY2005.

The chief purpose of the reconciliation process is to enhance Congress's ability to change current law in order to bring revenue, spending, and debt-limit levels into conformity with the policies of the budget resolution. Accordingly, reconciliation probably is the most potent budget enforcement tool available to Congress for a large portion of the budget.

Reconciliation is a two-stage process in which reconciliation directives are included in the budget resolution, directing the appropriate committees to develop legislation achieving the desired budgetary outcomes, and the resultant legislation (usually incorporated into an omnibus bill) is considered under expedited procedures in the House and Senate. No reconciliation legislation can be developed or considered unless a budget resolution containing reconciliation directives is adopted by both chambers.[1] Each directive to a committee is specified as discrete dollar amounts of spending (budget authority, outlays, or both), revenues, deficit reduction (any combination of spending and revenues), or the debt limit to be increased or reduced for a fiscal year or a range of fiscal years.

Reconciliation was first used by the House and Senate in calendar year 1980 for FY1981.[2] As an optional procedure, it has not been used every year. During the more than 30 years that the congressional budget process has been in effect, 16 reconciliation measures were enacted into law and three were vetoed.[3]

In recent years, there has been heightened interest in the Senate in several aspects of reconciliation procedure and precedents. In particular, there has been some public discussion regarding the appropriateness of including in a budget resolution reconciliation directives intended to reduce, rather than increase, revenues.[4] In order to provide some background relevant to this issue, **Table 1** sets forth information on revenue reconciliation directives to the Senate Finance Committee in the budget resolutions adopted by Congress.

Since the inception of the congressional budget process, the Senate Finance Committee has been subject to revenue reconciliation directives in a budget resolution on 18 occasions (see **Table 1**). Nine of the resolutions directed the Finance Committee to reduce revenues, while the remaining nine instructed the committee to increase revenues.

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[1] The House and Senate sometimes have put budget enforcement procedures into effect in the absence of a budget resolution by means of a "deeming resolution." Although a deeming resolution has not been used to trigger action on a reconciliation measure, presumably this course of action remains an option for the House and Senate. If a consensus did not exist to support a budget resolution, however, it might likely not exist to support reconciliation legislation either. For more information on deeming resolutions, see CRS Report RL31443, *The "Deeming Resolution": A Budget Enforcement Tool*, by Robert Keith.

[2] The Senate considered a revenue-reduction bill for FY1976 (H.R. 5559) under reconciliation procedures in December 1975. It was initiated under a second budget resolution for that fiscal year and was not considered to be a reconciliation bill in the House; the bill did not become law.

[3] For an identification of individual reconciliation measures, see CRS Report RL30458, *The Budget Reconciliation Process: Timing of Legislative Action*, by Robert Keith.

[4] See, for example: Bureau of National Affairs, *Daily Report for Executives*, "House Passes GOP Budget Resolution; Domenici to Unveil His Budget March 29," by Bud Newman, no. 61, Thursday, Mar. 29, 2001, p. GG-1; and National Journal, *CongressDaily*, "Daschle Seeks to Delay Budget Debate Beyond Recess," by Geoff Earle and Lisa Caruso, Thursday, Mar. 29, 2001, p. 1. In 1996, the Senate considered a parliamentary challenge to a budget resolution on the ground that it included reconciliation directives to reduce revenues such that the deficit would increase; the challenge was defeated (see the remarks of Senators Daschle, Domenici, and others in the *Congressional Record* of May 21, 1996, at pp. S5415-S5431).

There has been an ongoing controversy as to whether the directive for FY1976 to reduce revenues by $6.4 billion properly constituted a reconciliation directive, but *Riddick's Senate Procedure* indicates that the resultant legislation was considered under the reconciliation procedures set forth in the 1974 Congressional Budget Act, so the directive is listed in **Table 1**.[5]

The nine instances in which reconciliation directives applied to revenue increases occurred between FY1981 and FY1994, when deficit reduction was the overriding focus of federal budget policy. Deficit estimates during this period generally ranged from a little below $100 billion to nearly $300 billion per year. In each instance, the Finance Committee also was subject to reconciliation directives to reduce spending.

Aside from the FY1976 experience, the reconciliation directives that involved revenue decreases occurred during eight of the past 11 fiscal years, excluding FY1999, FY2003, and FY2005, when no budget resolution was agreed to by the House and Senate. During this period, the deficit first declined markedly (in FY1996 and FY1997) compared to levels in immediately preceding years, then the first surpluses in many years occurred (in FY1998-FY2001), and finally the budget returned to deficit.

For FY2000 and FY2001, unlike the practice for the preceding two decades, the Finance Committee was subject only to revenue reconciliation directives; no spending reconciliation directives were included for the Finance Committee or any other committee. For FY2002, the reconciliation directives included a $100 billion increase in outlays, as well as revenue reductions of $1.250 trillion, over the period covering FY2001-FY2011. For FY2004, the reconciliation directives included a $27.5 billion increase in outlays, as well as revenue reductions of $522.5 billion, over the period covering FY2003-FY2013. The reconciliation directives to increase outlays were intended to accommodate related tax policy changes.

The revenue reconciliation directives varied in their time frame, from single-year coverage (in the FY1976, FY1981, and FY1990 budget resolutions) to 11-year coverage (in the FY2002 and FY2004 budget resolutions). Further, the amount of required revenue changes ranged from less than $5 billion in a single year to $1.250 trillion over 11 years.

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[5] See *Riddick's Senate Procedure: Precedents and Practices* (revised edition), by Floyd M. Riddick and Alan S. Frumin, S.Doc.No. 101-28 (Washington: 1992), pp. 622-623.

Table 1. Revenue Reconciliation Directives to the Senate Finance Committee in Congressional Budget Resolutions: FY1976-FY2006

Fiscal Year	Congress/ Session	Budget Resolution [a]	Conference Report (H.Rept.)	Amount of Revenue Increase (+) or Decrease (-) [b]	Instructions to Change Spending?
1976	94/1	H.Con.Res. 466	94-698	-$6.4 billion (FY1976)	No
1977	[no reconciliation directives]				
1978	[no reconciliation directives]				
1979	[no reconciliation directives]				
1980	[no reconciliation directives]				
1981	96/2	H.Con.Res. 307	96-1051	+$4.2 billion (FY1981)	Yes
1982	97/1	H.Con.Res. 115	97-46	[no revenue reconciliation directives]	Yes
1983	97/2	S.Con.Res. 92	97-614	+$20.9 billion (FY1983) +$36.0 billion (FY1984) +$41.4 billion (FY1985)	Yes
1984	98/1	H.Con.Res. 91	98-248	+$12.0 billion (FY1984) +$15.0 billion (FY1985) +$46.0 billion (FY1986)	Yes
1985	[no reconciliation directives]				
1986	99/1	S.Con.Res. 32	99-249	+$1.8 billion (FY1986) +$3.0 billion (FY1987) +$3.6 billion (FY1988)	Yes
1987	99/2	S.Con.Res. 120	99-664	+$3.5 billion (FY1987) +$2.6 billion (FY1988) +$2.4 billion (FY1989)	Yes

Fiscal Year	Congress/ Session	Budget Resolution [a]	Conference Report (H.Rept.)	Amount of Revenue Increase (+) or Decrease (-) [b]	Instructions to Change Spending?
1988	100/1	H.Con.Res. 93	100-175	+$19.3 billion (FY1988) +$22.0 billion (FY1989) +$23.0 billion (FY1990)	Yes
1989	[no reconciliation directives]				
1990	101/1	H.Con.Res. 106	101-50	+$5.3 billion (FY1990)	Yes
1991	101/2	H.Con.Res. 310	101-820	+$13.225 billion (FY1991) +$118.800 billion (FY1991-FY1995)	Yes
1992	[no reconciliation directives]				
1993	[no reconciliation directives]				
1994	103/1	H.Con.Res. 64	103-48	+$27.293 (FY1994) +$272.105 (FY1994-FY1998)	Yes
1995	[no reconciliation directives]				
1996	104/1	H.Con.Res. 67	104-159	-$50.0 billion (FY2002) -$245.0 billion (FY1996-FY2002)	Yes
1997	104/2	H.Con.Res. 178	104-612	-$122.4 billion (FY1997-FY2002)	Yes
1998	105/1	H.Con.Res. 84	105-116	-$20.5 billion (FY2002) -$85.0 billion (FY1998-FY2002)	Yes
1999	[no budget resolution]				
2000	106/1	H.Con.Res. 68	106-91	-$0 (FY2000) -$142.315 billion (FY2000-FY2004) -$777.868 billion (FY2000-FY2009)	No
2001	106/2	H.Con.Res. 290	106-577	-$11.6 billion (FY2001) -$150.0 billion (FY2001-FY2005)	No
2002	107/1	H.Con.Res. 83	107-60	-$1,250.0 billion (FY2001-FY2011)	Yes

Fiscal Year	Congress/ Session	Budget Resolution [a]	Conference Report (H.Rept.)	Amount of Revenue Increase (+) or Decrease (-) [b]	Instructions to Change Spending?
2003	[no budget resolution]				
2004	108/1	H.Con.Res. 95	108-71	-$522.524 billion (FY2003-FY2013)	Yes
2005	[no budget resolution]				
2006	109/1	H.Con.Res. 95	109-62	-$11.0 billion (FY2006) -$70.0 billion (FY2006-2010)	Yes

Source: Conference reports on budget resolutions, FY1976-FY2006.

a. Each budget resolution listed was the first, or sole, budget resolution for the fiscal year, except for FY1976 (H.Con.Res. 466 was the second budget resolution for that year).