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THOUGHT BETTER OF IT

Apparently Senate Majority Leader Harry Reid (D-NV) decided not to step in front of the snowball rolling down the mountain, known as the government contractor withholding repeal bill. He opted not to offer an amendment to continue the withholding from tax delinquent government contractors. (If you think it is fun to listen to a bunch of lawyers argue about something, just spent a few minutes with a bunch of tax lawyers arguing about the definition of delinquent. Oh wait a minute, I am a tax lawyer.) The Senate has passed H.R. 674 but did amend it with a tax credit to encourage employers to hire veterans (the aside here is that unfortunately, all of us reading this know that it is probably going to take more than a tax credit to hire anybody new yet). So the bill has to go back to the House and the belief is the House will quickly approve the revised version.

Assuming all goes according to plan, another tax gap idea should bite the dust this week. If they had only listened to us in 2005!

CONTINUING SAGA(S)

In case you have forgotten, Congress has not yet funded the federal government for fiscal year 2012, which started six weeks ago.

At the end of the week, the current temporary continuing resolution (CR) expires. The plan is to approve another temporary CR, funding the government until mid-December. I am betting they will pass the CR at the end of the week. Both chambers of Congress are planning to take the entire Thanksgiving week off☺

Meanwhile, the back and forth continues with the Committee of 12, assigned with the task of coming up with a deficit reduction plan. They will probably be in town Thanksgiving week. Their deadline is November 23rd, and they sure are not going to finish by the end of this week. Lots of talk now about whether there are ways to finesse their deadline. Or how to put off tax reform until next year but require it and meet their requirements for specific legislative language now. Also, folks are talking about whether the rest of Congress can undo something the Committee does or does not do? (The latter being, if sequestration starts, can the cuts be reversed?)

IF THEY CAN, SO CAN I

No Weekly next week. If for some reason, the Committee of 12 finds some loophole not to finish its work the week after, no Weekly on the 28th either.

BALANCED BUDGET AMENDMENT

I know many of you had sleepless nights this week wondering what version of the balanced budget amendment (BBA) would be brought up for consideration in the House of Representatives after last week's insightful analysis. Rest easy. The House will consider House Joint Resolution 2.

The Republican leadership has decided to go with "let's see how many votes we can get" as opposed to "let's make a statement."

You may recall the difference between H.J. Res 1 and H.J. Res 2 was this language in H.J. Res 1: "Limit total outlays for any fiscal year to 18% of the U.S. economic output, unless two-thirds of each House of Congress provides for a specific increase above this amount."

If balanced budget amendments can be said to have a tradition, H.J. Res 2 is a traditional BBA. It will be interesting to see what traction it gets. Apparently, the authors decided to fix up some of the technical elements since H.J. Res 2 was introduced. I do not see any substantive differences. You can look for yourself. The two versions follow on the next page.

H.J. Res 2 as introduced:

Prohibit outlays for a fiscal year (except those for repayment of debt principal) from exceeding total receipts for that fiscal year (except those derived from borrowing) unless Congress, by a three-fifths roll call vote of each chamber, authorizes a specific excess of outlays over receipts.

Require a three-fifths roll call vote of each chamber to increase the public debt limit.

Direct the President to submit a balanced budget to Congress annually.

Prohibit any bill to increase revenue from becoming law unless approved by a majority of each chamber by roll call vote.

Authorize waivers of these provisions when a declaration of war is in effect or under other specified circumstances involving military conflict.

H.J. Res 2 on its way to the Rules Committee

Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of Congress shall provide by law for a specific excess of outlays over receipts by a roll call vote.

The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a roll call vote.

Prior to each fiscal year, the President shall transmit to the Congress a proposed budget for the United States Government for that fiscal year in which total outlays do not exceed total receipts.

No bill to increase revenue shall become law unless approved by a majority of the whole number of each House by a roll call vote.

The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law. Any such waiver must identify and be limited to the specific excess or increase for that fiscal year made necessary by the identified military conflict.

The Congress shall enforce and implement this article by

appropriate legislation, which may rely on estimates of outlays and receipts.

Total receipts shall include all receipts of the United States Government except those derived from borrowing. Total outlays shall include all outlays of the United States Government except for those for repayment of debt principal.

This article shall take effect beginning with the fifth fiscal year beginning after its ratification