

Calendar No. 384

110TH CONGRESS }
1st Session }

SENATE

{ REPORT
110-184

INCREASING THE STATUTORY LIMIT ON THE PUBLIC DEBT

SEPTEMBER 24, 2007.—Ordered to be printed

Mr. BAUCUS, from the Committee on Finance,
submitted the following

R E P O R T

[To accompany H.J. Res. 43]

[Including cost estimate of the Congressional Budget Office]

The Committee on Finance, to which was referred the joint resolution (H.J. Res. 43) increasing the statutory limit on the public debt, reports favorably thereon and recommends that the joint resolution do pass.

I. BACKGROUND

The statutory limit on the public debt currently is \$8.965 trillion. It was set at this level in P.L. 109-182, enacted into law on March 20, 2006. It is projected that the current debt limit will be reached in early October 2007.

House Rule XXVIII provides that when the conference report on the Concurrent Resolution on the Budget is adopted, the House is deemed to have passed a joint resolution increasing the debt limit by a specified amount. For the conference report on the budget resolution passed this year, that amount is \$850 billion. This amount would increase the debt limit to \$9.815 trillion.

On July 30th of this year, Treasury Secretary Henry M. Paulson, Jr. informed the committee that the Treasury Department projected that the statutory debt limit would be reached in early October 2007. Secretary Paulson further wrote that the actions that are available to the Treasury Department to take in order to avoid breaching the statutory debt limit would create unnecessary uncertainty for the financial markets and result in costs to the govern-

ment. The Secretary stressed that these actions should be reserved only for extraordinary circumstances and should be avoided.

II. EXPLANATION OF PROVISION

The proposal would concur with the joint resolution and increase the statutory limit on the public debt by \$850 billion to \$9.815 trillion.

III. REGULATORY IMPACT STATEMENT AND RELATED MATTERS

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee states that the resolution will not significantly regulate any individuals or businesses, will not affect the personal privacy of individuals, and will result in no significant additional paperwork.

The following information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (UMRA) (Pub. L. No. 104-04). The committee has reviewed the provisions of H.J. Res. 43, as reported. In accordance with the requirement of Public Law 104-04, the committee has determined that the resolution contains no intergovernmental mandates, as defined in the UMRA, and would not affect the budgets of state, local, or tribal governments.

IV. BUDGET EFFECTS

In compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the budget effects of H.J. Res. 43, as reported.

The committee states that H.J. Res. 43 does not provide new budgetary authority or provide an increase or decrease in revenue or tax expenditures in the current fiscal year or in any of the five fiscal years to follow.

In accordance with section 402 of the Congressional Budget Act of 1974, the committee submits the following statement from the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 20, 2007.

Hon. MAX BAUCUS,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.J. Res. 43, a joint resolution increasing the statutory limit on the public debt.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Eric Schatten.

Sincerely,

ROBERT A. SUNSHINE
(For Peter R. Orszag, Director).

Enclosure.

H.J. Res. 43—A joint resolution increasing the statutory limit on the public debt

Summary: H.J. Res. 43 would increase the statutory limit on the public debt from \$8.965 trillion to \$9.815 trillion. CBO estimates that this measure, by itself, would result in no costs or savings to the federal government because it would not change any of the government's tax or spending policies.

H.J. Res. 43 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would have no direct impact on the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Eric Schatten. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.

V. VOTE OF THE COMMITTEE

On September 12, 2007, the joint resolution H.J. Res. 43 was ordered favorably reported by a voice vote with a quorum present. (Note: Senator Ensign asked for the record to reflect that he voted nay.)

No amendments were offered.

VI. CHANGES IN EXISTING LAW

Pursuant to the requirements of paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

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TITLE 31—MONEY AND FINANCE

Subtitle III—Financial Management

CHAPTER 31—PUBLIC DEBT

Subchapter I—Borrowing Authority

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SEC. 13101. PUBLIC DEBT LIMIT.

(a) In this section, the current redemption value of an obligation issued on a discount basis and redeemable before maturity at the option of its holder is deemed to be the face amount of the obligation.

(b) The face amount of obligations issued under this chapter 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) may not be more than **[\$8,965,000,000,000]** *\$9,815,000,000,000*, outstanding at one

time, subject to changes periodically made in that amount as provided by law through the congressional budget process described in rule XLIX of the Rules of the House of Representatives or otherwise.

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