HOUSE BUDGET COMMITTEE

Budget Digest

Chairman Steve Womack

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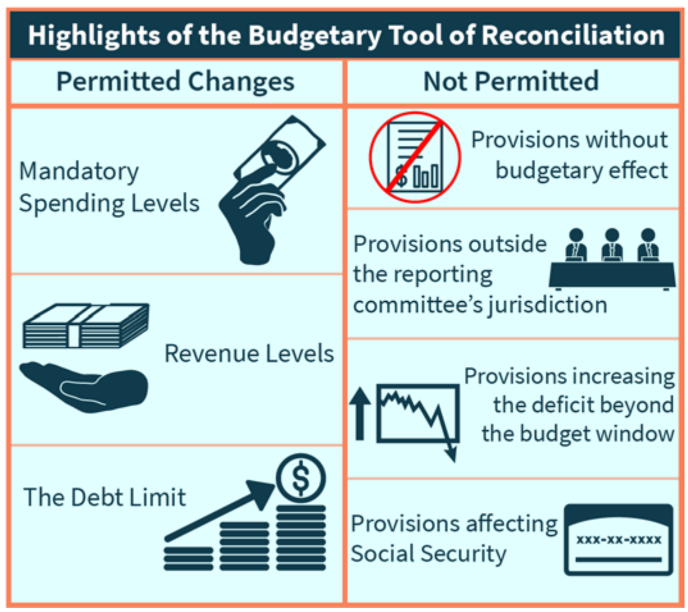
RECONCILIATION 101

While the budget resolution is a concurrent resolution and not signed into law by the President, it can lead to reconciliation legislation which *does* become law.

Triggered by the adoption of a concurrent budget resolution, reconciliation is a budgetary tool that may be used to change mandatory spending (i.e., spending not subject to annual appropriations), revenue levels, and/or the debt limit. The intent of reconciliation is to change substantive law so that revenue and mandatory spending levels are brought into line with the budget resolution's policies and targets.

The reconciliation process involves the following steps:

1. Both chambers adopt a concurrent budget resolution, which includes instructions to one or more authorizing committees to produce legislation that hits a budgetary target by a certain date.
2. The Budget Committee reports the reconciliation legislation without substantive revision.
3. In the House, the Rules Committee reports a rule governing House floor consideration of the reconciliation legislation.



Reconciliation is a privileged measure in the Senate and has expedited procedures. It is filibuster-proof, which means debate is limited to 20 hours and only requires a simple majority – or 51 votes – to pass. However, while reconciliation is a powerful tool, there are limits to its use under the Senate's "Byrd Rule." Reconciliation legislation cannot include "extraneous" matters or provisions. For example, reconciliation legislation cannot increase the federal deficit outside the 10-year window.

Reconciliation has been utilized many times in Congress, but it was most recently used to unlock tax reform for the American people. The concurrent budget resolution for fiscal year 2018 included reconciliation instructions that enabled the committees of jurisdiction in both chambers to write legislation to improve the nation's tax code. Both chambers ultimately agreed to the *Tax Cuts and Jobs Act*, which was signed into law by President Trump at the end of last year. Since then, tax reform has delivered positive results, including more money in the pockets of hardworking families and greater business investment in the economy.