
PAYGO VIOLATIONS
110th Congress

Listed below are major bills that violated PAYGO, and the ways in which they did so. The list is organized by bill number.

- **H.R. 1424, Financial Industry Bailout Bill** (passed by the House 3 October 2008, enacted the same day). Fails to offset \$110.4 billion in spending and tax provisions.
- **H.R. 2419, Food, Conservation, and Energy Act of 2008** (passed by the House 14 May 2008, enacted 22 May 2008).¹ Violates and games PAYGO in the following ways:
 - Violates PAYGO by using the 2007 baseline instead of the 2008 baseline, hiding billions in spending. According to the Congressional Budget Office [CBO], the bill increases the deficit by \$2.9 billion under the 2008 baseline.
 - Artificially shifts commodity and crop insurance payments outside the budget window to produce \$4.5 billion in illusory savings.
 - Creates a “permanent” disaster relief program that mysteriously disappears after 5 years, understating the true cost by \$4.0 billion.
 - Shifts timing of payment of estimated \$4.5 billion in corporate taxes from 2013 to 2012 to artificially cure what would otherwise be an increase in the deficit over 5 years.
- **H.R. 3221, Housing and Economic Recovery Act of 2008** (passed by House 23 July 2008, enacted 30 July 2008). Fails to offset \$24.9 billion in mandatory spending.
- **H.R. 3963, Children’s Health Insurance Program [SCHIP] Reauthorization Act of 2007** (passed the House 25 October 2007).² Violates and games PAYGO in the following ways:
 - Masks \$42 billion in spending in the overall 10-year cost of the bill by artificially reducing spending in 2012 – causing millions of children to be transferred into the Medicaid program.
 - Shifts timing of payment of estimated corporate taxes from 2013 to 2012 to artificially cure what would otherwise be an increase in the deficit over 5 years.
 - Despite the budget trickery, violates PAYGO and increases the deficit by \$3.1 billion, according to CBO’s final estimate.

¹ One of several versions of Farm Bill legislation passed by the House.

² One of several versions of SCHIP legislation passed by the House.

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- **H.R. 3996, Tax Increase Prevention Act of 2007** (passed by the House 19 December 2007, enacted 26 December 2007).³ Although in this case it was the right decision – preventing a tax increase should not require a “pay-for” – violates the Majority’s own PAYGO rule by \$50.6 billion.
 - **H.R. 5140, Economic Stimulus Act of 2008** (passed by the House 29 January 2008, enacted 13 February 2008). Fails to offset \$124.4 billion in tax relief.
 - **H.R. 5749, Emergency Extended Unemployment Compensation Act of 2008** (passed by the House 12 June 2008). Fails to offset \$10 billion in mandatory spending increases.
 - **H.R. 6867, Unemployment Compensation Extension Act of 2008** (passed by the House 3 October 2008, enacted 21 November 2008). Fails to offset \$5.7 billion in mandatory spending increases.
 - **H.R. 7005, Alternative Minimum Tax [AMT] Relief Act of 2008** (passed by the House 24 September 2008).⁴ Fails to offset \$64.6 billion in tax relief.
 - **H.R. 7006, Disaster Tax Relief Act of 2008** (passed by the House 24 September 2008). Fails to offset \$8.1 billion in tax relief.
 - **H.R. 7110, Job Creation and Unemployment Relief Act of 2008** (passed by the House 26 September 2008). Fails to offset \$23.9 billion in mandatory spending increases.
 - **H.R. 7321, The Auto Industry Financing and Restructuring Act** (passed by the House 10 December 2008). Fails to offset \$3.9 billion in mandatory spending increases.
 - **S. 2967, A Bill to Provide for Certain Employee Benefits to be Continued for Certain Employees of the Senate Restaurants After Operations of the Senate Restaurants are Contracted to be Performed by a Private Business Concern, and for Other Purposes** (passed by the House 10 July 2008, enacted 17 July 2008). Fails to offset \$3 million in mandatory spending increases.

MAJOR PAYGO GIMMICKS AND LOOPHOLES 110th Congress

The provisions described below were employed to give the illusion of meeting PAYGO requirements without truly offsetting deficit increases. If the Majority had not claimed credit for these gimmicks, or had not exploited loopholes in their PAYGO rule, these bills would have contained PAYGO violations in the amounts indicated. The list is organized by bill number.

- **H.R. 5, College Student Relief Act** (passed by the House 17 January 2007). Includes a “cliff” that masks the true costs of direct spending increases by up to \$40 billion, by reverting the temporarily lowered interest rates to current law after the 5th year.

³ One of several versions of AMT legislation passed by the House in 2007.

⁴ One of several versions of AMT legislation passed by the House in 2008.