

Short-term stopgap spending bill becomes law

The House and Senate this week approved and President Biden signed into law a “clean” continuing resolution that funds the federal government at current levels through December 20.

The Continuing Appropriations and Extensions Act, 2025 (H.R. 9747), is largely free of extraneous tax and nontax provisions, although it does include \$231 million in additional funding for the US Secret Service. It cleared the House on September 25 by a vote of 341-82 under an expedited procedure known as “suspension of the rules,” which allows for limited debate, no amendments, and passage upon an affirmative two-thirds vote. In all, 209 Democrats joined 132 Republicans to support the stopgap. All of the 82 “no” votes came from the GOP.

URL: https://docs.house.gov/billsthisweek/20240923/CR1FY25_xml%20-%20FINAL%20FOR%20INTRODUCTION.pdf

It was fast-tracked through the Senate later that day and was approved by a vote of 78-18, with 46 Democrats, 4 Independents who receive their committee assignments from the Democrats, and 28 Republicans aligned in favor of the bill and 18 Republicans opposed. (The time agreement allowing for quick Senate consideration required a 60-vote supermajority for passage.)

President Biden signed the bill a day later, thus averting the possibility of a partial shutdown of government operations when fiscal year 2025 begins on October 1.

Full-year funding package pushed to lame duck session

Passage of the continuing resolution comes as Congress struggles to complete work on the 12 appropriations bills required to fund the government for the coming fiscal year. To date, the House has approved only five of these measures and the Senate has yet to approve any.

Moreover, House Republicans and Senate Democrats continue to differ sharply on topline spending numbers for federal department and agencies. Spending bills that have cleared the Senate Appropriations Committee (but have not yet reached the Senate floor) adhere to the spending caps that President Biden and then-House Speaker Kevin McCarthy, R-Calif., agreed to in the Fiscal Responsibility Act of 2023 (P.L. 118-5), which was signed into law in June of last year and affirmed this past January in a handshake deal on government funding between current Speaker Mike Johnson, R-La., and Senate Majority Leader Charles Schumer, D-N.Y. That measure suspended the federal debt limit through January 1, 2025, and also made certain fiscal policy changes—including provisions to keep nondefense discretionary spending flat for fiscal year 2024 and to limit annual growth to 1 percent for fiscal years 2025 through 2029. Spending measures moving through the House, however, generally reflect the demands by a contingent of conservative Republicans to hold nondefense discretionary spending closer to the levels in effect for fiscal year 2022. (These members contend that the caps included in the Fiscal Responsibility Act set a ceiling for spending, but not a floor.)

URL: <https://www.congress.gov/118/plaws/publ5/PLAW-118publ5.pdf>

With both chambers now adjourned for a several weeks of campaigning ahead of this November’s congressional and presidential elections, further work on a durable funding agreement for fiscal year 2025 is on hold until lawmakers return for a post-election lame duck session that is scheduled to begin on November 12.

White House warns against IRS budget cuts

In a statement of administration policy announcing the president’s support of this week’s stopgap spending measure, the White House specifically cautioned Congress that he will not accept cuts to the Internal Revenue Service’s budget as part of a final fiscal year 2025 appropriations agreement.

URL: <https://www.whitehouse.gov/wp-content/uploads/2024/09/H.R.-9747-Continuing-Appropriations-and-Extensions-Act-2025-Final-Updated.pdf>

“[W]hile the . . . IRS has the resources it needs between now and December to continue its successful efforts to ensure that households making more than \$400,000 pay the taxes they owe, the administration will oppose any cuts or restrictions on the IRS in final appropriations legislation which would limit the IRS’s ability to crack down on wealthy tax cheats, and increase the deficit,” the statement said. (The Biden administration and congressional Democrats have argued that fully funding the IRS will help the agency’s ongoing efforts to enhance compliance efforts targeting large corporations, complex partnerships, and wealthy individuals to reduce the federal “tax gap”—the difference between the amount of tax legally owed to the government and the amount that is timely paid and collected.)

The Senate Appropriations Committee on August 1 approved a Financial Services and General Government funding measure that would provide the IRS a discretionary budget of \$12.3 billion for fiscal year 2025—an amount that’s unchanged from the current funding level, equal to the Biden administration’s request for the agency in the tax-and-spending blueprint it sent to Congress in March, and consistent with the parameters of the Fiscal Responsibility Act. House appropriators, however, approved a proposal in June that would reduce the agency’s discretionary funding to \$10.1 billion.

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