

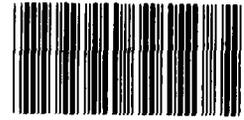


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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

OFFICE OF GENERAL COUNSEL

October 28, 1981

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To the President of the Senate and the
Speaker of the House of Representatives

This letter is to report on the status of budget authority that was proposed for rescission, but for which Congress failed to pass a rescission bill as defined in section 1011 of the Impoundment Control Act.

In the President's twelfth special message for fiscal year 1981, dated July 16, 1981, the President proposed the rescission of \$173 million in budget authority that had been made available to the Department of Energy, Energy Programs for fossil energy construction (rescission proposal R81-166). These funds had been earmarked for the SRC-II coal liquefaction project. The SRC-II project was a joint project between the Governments of Japan, the Federal Republic of Germany, and the United States. The project, in effect, has been terminated because the countries have agreed to discontinue international financial support and terminate the prime contract.

Section 1012(b) of the Impoundment Control Act requires that funds proposed for rescission be made available for obligation unless the Congress completes action on a rescission bill within the 45-day period of continuous congressional session following the day such proposal is received by the Congress. For rescission proposal R81-166, the 45-day period ended on October 4, 1981, without the Congress having passed such a bill.

We have confirmed that on October 5, 1981, the subject budget authority was apportioned by the Office of Management and Budget to the Department of Energy, Energy Programs for fossil energy construction. However, the SRC-II project has been terminated and there are no other projects now authorized in the fossil energy construction account which could use the funds previously earmarked for the SRC-II project at the present time. As a result, while the budget authority has been apportioned by OMB to the agency in order to comply with section 1012(b), an agency official told us that it will not obligate these funds

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unless and until a new project is developed by the agency and is authorized by the Congress. No efforts presently are being undertaken to develop a new project because the President has requested that the funds be transferred to the agency's Energy Supply, Research and Development account.

Harry R. Van Cleve
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Acting General Counsel