



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON D.C. 20548

DO NOT MAKE AVAILABLE TO PUBLIC READING
FOR 30 DAYS

B-221498

March 27, 1986

The Honorable William H. Gray, III
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Chairman:

This responds to your request, dated January 31, 1986, that we reconsider our determination that the Department of the Treasury account "Internal Revenue Collections for Puerto Rico" is subject to sequestration under the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177). The account was omitted from the January 15, 1986, report of the Directors of the Office of Management and Budget and the Congressional Budget Office, and was added by our own report under the Act, dated January 21, 1986. We included the account because it is not covered by any exemption, exception, or special rule under Public Law 99-177.

The account in question constitutes a receipt account for excise taxes collected under the internal revenue laws of the United States on articles produced in Puerto Rico and transported to the United States or consumed in Puerto Rico. Expenditures from the account are made under a permanent indefinite appropriation. See 26 U.S.C. 7652(a)(3).

Permanent indefinite appropriations constitute budgetary resources subject to sequestration under section 251(a)(3)(F)(iv)(I) of Public Law 99-177. That section provides that outlay reductions required under the Act be achieved by uniform percentage reductions in a variety of budgetary resources for non-defense accounts, including "spending authority." The definition of spending authority was revised by section 211 of the Act to include authority "to make payments by the United States (including loans, grants, and payments from revolving funds) * * * the budget authority for which is not provided in advance by appropriation Acts." The legislative history of this provision indicates that it was intended to cover "all new spending authority not subject to the annual review of the appropriations process, such as certain permanent appropriations * * *." H.R. Rep. No. 433, 99th Cong., 1st Sess. 111 (1985) (emphasis added).

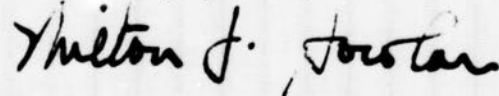
As is the case with other permanent appropriations, payments to Puerto Rico from this account are subject to sequestration under Public Law 99-177, unless they fall within any of the specific exemptions, exceptions, limitations, or special rules contained therein. We have found no such exemption or limitation in the Act to cover the account.

B-221498

In conducting our review of this account, we specifically considered the applicability of the "payments to trust funds" exemption of section 255(g)(1), which you cite in your letter as covering payments such as those at issue here. The clear language of the statute, however, exempts payments to, and not from, trust funds. Indeed, to read that provision as a generic exemption for all payments from trust funds would render redundant the many specific trust fund exemptions listed in the Act.

Based on the foregoing, we restate our conclusion that payments from this account are subject to sequestration under the Act.

Sincerely yours,



Acting Comptroller General
of the United States