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(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R. _____

To provide that, in the event that the Secretary of the Treasury estimates that the debt ceiling will be reached, the Secretary is required to issue GDP-linked bonds to pay the principal and interest on the public debt and the President is authorized to request the rescission of certain unobligated balances and sell certain mortgage-related assets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. SCHWEIKERT introduced the following bill; which was referred to the
Committee on _____

A BILL

To provide that, in the event that the Secretary of the Treasury estimates that the debt ceiling will be reached, the Secretary is required to issue GDP-linked bonds to pay the principal and interest on the public debt and the President is authorized to request the rescission of certain unobligated balances and sell certain mortgage-related assets, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Debt Ceiling Alter-
3 native Act”.

4 **SEC. 2. ESTIMATE THAT BORROWING WILL REACH THE**
5 **STATUTORY DEBT LIMIT.**

6 If the Secretary of the Treasury makes an estimate
7 of net marketable borrowing for a quarter that estimates
8 that the debt of the United States, as defined in section
9 3101 of title 31, United States Code, will reach the statu-
10 tory limit during such quarter, the Secretary shall imme-
11 diately notify Congress of such estimate, and the Sec-
12 retary of the Treasury shall issue bonds described under
13 section 3 and the President may take the actions described
14 under sections 4 and 5.

15 **SEC. 3. ISSUANCE OF GDP-LINKED BONDS TO PAY THE**
16 **PRINCIPAL AND INTEREST ON THE PUBLIC**
17 **DEBT.**

18 (a) IN GENERAL.—Upon the issuance of a notifica-
19 tion to Congress under section 2, the Secretary of the
20 Treasury shall issue bonds—

21 (1) with an interest rate linked to the nominal
22 gross domestic product of the United States; and

23 (2) the proceeds from which may only be used
24 to pay the principal and interest on obligations of
25 the United States held by the public or the Old-Age

1 and Survivors Insurance Trust Fund and Disability
2 Insurance Trust Fund.

3 (b) OBLIGATIONS EXEMPT FROM PUBLIC DEBT
4 LIMIT.—Obligations issued under subsection (a) shall not
5 be taken into account in applying the limitation in section
6 3101(b) of title 31, United States Code, to the extent that
7 such obligation would otherwise cause the limitation in
8 section 3101(b) of title 31, United States Code, to be ex-
9 ceeded.

10 (c) REPORT ON CERTAIN ACTIONS.—

11 (1) IN GENERAL.—If the Secretary of the
12 Treasury issues bonds under subsection (a), the Sec-
13 retary shall thereafter submit a report each week,
14 until all such bonds are redeemed, providing an ac-
15 counting relating to—

16 (A) the principal on mature obligations
17 and interest that is due or accrued of the
18 United States; and

19 (B) any bonds issued pursuant to sub-
20 section (a).

21 (2) SUBMISSION.—The report required by para-
22 graph (1) shall be submitted to the Committee on
23 Ways and Means of the House of Representatives
24 and the Committee on Finance of the Senate.

1 **SEC. 4. RESCISSION OF UNOBLIGATED BALANCES.**

2 (a) IDENTIFICATION OF UNOBLIGATED BALANCES.—

3 Upon the issuance of a notification under section 2, the
4 President may issue a message to Congress containing a
5 list of budget authority proposed to be rescinded. Such
6 list may only contain items related to unobligated balances
7 of funds made available before the beginning of the fiscal
8 year during which such notification is made.

9 (b) EXPEDITED CONSIDERATION OF RESCISSIONS.—

10 A message issued pursuant to subsection (a) shall be
11 deemed a special message for purposes of the expedited
12 procedures described under section 1017 of the Congres-
13 sional Budget and Impoundment Control Act of 1974 (2
14 U.S.C. 688).

15 **SEC. 5. SALE OF MORTGAGE-RELATED ASSETS.**

16 Upon the issuance of a notification to Congress under
17 section 2, the President may order the sale of the following
18 assets, with the proceeds from such sales deposited in the
19 Treasury:

20 (1) On-balance sheet non-performing mortgages
21 of the Federal National Mortgage Association.

22 (2) Other mortgages owned or held by the Fed-
23 eral National Mortgage Association.

24 (3) Real estate owned properties of the Federal
25 National Mortgage Association.

1 (4) On-balance sheet non-performing mortgages
2 of the Federal Home Loan Mortgage Corporation.

3 (5) Other mortgages owned or held by the Fed-
4 eral Home Loan Mortgage Corporation.

5 (6) Real estate owned properties of the Federal
6 Home Loan Mortgage Corporation.

7 (7) Mortgage-backed securities held by the
8 Board of Governors of the Federal Reserve System
9 or any Federal reserve bank.