

113TH CONGRESS
1ST SESSION

S. _____

To provide for fiscal gap and generational accounting analysis in the legislative process, the President’s budget, and annual long-term fiscal outlook reports.

IN THE SENATE OF THE UNITED STATES

Mr. THUNE (for himself, Mr. KAINE, and Mr. PORTMAN) introduced the following bill; which was read twice and referred to the Committee on

A BILL

To provide for fiscal gap and generational accounting analysis in the legislative process, the President’s budget, and annual long-term fiscal outlook reports.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Intergenerational Fi-
5 nancial Obligations Reform Act” or the “INFORM Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) **FISCAL GAP.**—The term “fiscal gap” means
9 an economic analysis that—

1 (A) calculates the difference between the
2 present value of all projected future Federal
3 spending, including interest and principal pay-
4 ments on the initial outstanding debt, and the
5 present value of all projected future Federal
6 revenues, over an infinite time horizon;

7 (B) calculates the permanent Federal rev-
8 enue increases and spending reductions and
9 identifies the combination of fiscal policy op-
10 tions starting in the budget year, and 5, 10, 15,
11 and 25 years after the budget year, needed to
12 eliminate the infinite horizon fiscal gap cal-
13 culated as of the budget year; and

14 (C) calculates the increases in the levels of
15 annual rates of economic growth factors, includ-
16 ing technological change, labor productivity,
17 and capital deepening, starting in the budget
18 year, and 5, 10, 15, and 25 years after the
19 budget year, needed to eliminate the infinite ho-
20 rizon fiscal gap calculated as of the budget
21 year.

22 (2) GENERATION.—The term “generation”
23 means a 1-year age cohort.

1 (3) GENERATIONAL ACCOUNTING.—The term
2 “generational accounting” means an economic anal-
3 ysis that calculates—

4 (A) the projected present value lifetime net
5 Federal tax burden facing each living adult gen-
6 eration over 18 years of age; and

7 (B) the present value lifetime net Federal
8 tax burdens facing each current generation of
9 children 18 years of age and under, as well as
10 each future generation, assuming—

11 (i) the sum of all present value life-
12 time net Federal tax burdens facing each
13 current generation of children 18 years of
14 age and under, as well as each future gen-
15 eration, covers the present value of future
16 discretionary spending, including interest
17 and principal payments on the initial out-
18 standing debt, less the sum of all present
19 value lifetime net Federal tax burdens fac-
20 ing living adult generations over 18 years
21 of age; and

22 (ii) the lifetime net Federal tax bur-
23 den of generations 18 years of age and
24 under, as well as future generations, in-

1 creases with year of birth at the projected
2 growth rate of labor productivity.

3 (4) NET FEDERAL TAX BURDEN.—The term
4 “net Federal tax burden” means the difference be-
5 tween Federal taxes paid and transfer payments re-
6 ceived.

7 **SEC. 3. THE CONGRESSIONAL BUDGET OFFICE REPORT.**

8 Section 202(e) of the Congressional Budget Act of
9 1974 is amended by inserting at the end the following:

10 “(4)(A) For any legislation or resolution consid-
11 ered in the Senate or the House of Representatives
12 that would impact revenues or mandatory spending
13 by greater than 0.5 percent of gross domestic prod-
14 uct over the following 10-fiscal year period and upon
15 request relating to such legislation or resolution by
16 the Chairmen or Ranking Members of the Commit-
17 tees on the Budget of the House of Representatives
18 or the Senate, the Congressional Budget Office shall
19 be required to provide, with respect to such legisla-
20 tion or resolution—

21 “(i) a fiscal gap and generational account-
22 ing analysis, including the change in the fiscal
23 gap and generational accounting analysis rel-
24 ative to the baseline; and

1 “(ii) the Federal deficit, at current spend-
2 ing levels, in the fiscal year that is 75 years and
3 the stock of the debt in the 75th year after the
4 fiscal year in which the legislation is being con-
5 sidered.

6 “(B) In this paragraph—

7 “(i) the term ‘fiscal gap’ means an eco-
8 nomic analysis that—

9 “(I) calculates the difference between
10 the present value of all projected future
11 Federal spending, including interest and
12 principal payments on the initial out-
13 standing debt, and the present value of all
14 projected future Federal revenues, over an
15 infinite time horizon;

16 “(II) calculates the permanent Fed-
17 eral revenue increases and spending reduc-
18 tions and identifies the combination of fis-
19 cal policy options starting in the budget
20 year, and 5, 10, 15, and 25 years after the
21 budget year, needed to eliminate the infi-
22 nite horizon fiscal gap calculated as of the
23 budget year; and

24 “(III) calculates the increases in the
25 levels of annual rates of economic growth

1 factors, including technological change,
2 labor productivity, and capital deepening,
3 starting in the budget year, and 5, 10, 15,
4 and 25 years after the budget year, needed
5 to eliminate the infinite horizon fiscal gap
6 calculated as of the budget year;

7 “(ii) the term ‘generation’ means a 1-year
8 age cohort;

9 “(iii) the term ‘generational accounting’
10 means an economic analysis that calculates—

11 “(I) the projected present value life-
12 time net Federal tax burden facing each
13 living adult generation over 18 years of
14 age; and

15 “(II) the present value lifetime net
16 Federal tax burdens facing each current
17 generation of children 18 years of age and
18 under, as well as each future generation,
19 assuming—

20 “(aa) the sum of all present
21 value lifetime net Federal tax burdens
22 facing each current generation of chil-
23 dren 18 years of age and under, as
24 well as each future generation, covers
25 the present value of future discre-

1 tionary spending, including interest
2 and principal payments on the initial
3 outstanding debt, less the sum of all
4 present value lifetime net Federal tax
5 burdens facing living adult genera-
6 tions over 18 years of age; and

7 “(bb) the lifetime net Federal tax
8 burden of generations 18 years of age
9 and under, as well as future genera-
10 tions, increases with year of birth at
11 the projected growth rate of labor pro-
12 ductivity; and

13 “(iv) the term ‘net Federal tax burden’
14 means the difference between Federal taxes
15 paid and transfer payments received.”.

16 **SEC. 4. CBO ANNUAL REPORT.**

17 (a) IN GENERAL.—The Congressional Budget Office
18 shall produce an annual fiscal gap and generational ac-
19 counting analysis within its annual “Long-Term Budget
20 Outlook”.

21 (b) PUBLIC REPORT.—The Director of the Congres-
22 sional Budget Office shall post the report described in sub-
23 section (a) on the Congressional Budget Office public
24 website.

1 **SEC. 5. GAO ANNUAL REPORT.**

2 (a) IN GENERAL.—The Comptroller General shall
3 produce an annual fiscal gap and generational accounting
4 analysis within its annual “Long-Term Fiscal Outlook”.

5 (b) PUBLIC REPORT.—The Comptroller General shall
6 post the report described in subsection (a) on the General
7 Accountability Office public website.

8 **SEC. 6. THE PRESIDENT’S BUDGET.**

9 Section 1105 of title 31, United States Code, is
10 amended—

11 (1) in subsection (a), by—

12 (A) redesignating paragraph (37) following
13 paragraph (38) as paragraph (39); and

14 (B) adding at the end the following:

15 “(40) an analysis including—

16 “(A) a fiscal gap and generational account-
17 ing analysis of the full budget proposal;

18 “(B) a fiscal gap and generational ac-
19 counting analysis of specific policy changes that
20 would impact revenues or mandatory spending
21 by greater than 0.5 percent of gross domestic
22 product over the following 10-fiscal year period;
23 and

24 “(C) the Federal deficit, at current spend-
25 ing levels, in the fiscal year that is 75 years and
26 the stock of the debt in the 75th year after the

1 fiscal year in which the policy is being consid-
2 ered.”; and

3 (2) by inserting at the end the following:

4 “(i) For purposes of subsection (a)(40)—

5 “(1) the term ‘fiscal gap’ means an economic
6 analysis that—

7 “(A) calculates the difference between the
8 present value of all projected future Federal
9 spending, including interest and principal pay-
10 ments on the initial outstanding debt, and the
11 present value of all projected future Federal
12 revenues, over an infinite time horizon;

13 “(B) calculates the permanent Federal rev-
14 enue increases and spending reductions and
15 identifies the combination of fiscal policy op-
16 tions starting in the budget year, and 5, 10, 15,
17 and 25 years after the budget year, needed to
18 eliminate the infinite horizon fiscal gap cal-
19 culated as of the budget year; and

20 “(C) the increases in the levels of annual
21 rates of economic growth factors, including
22 technological change, labor productivity, and
23 capital deepening, starting in the budget year,
24 and 5, 10, 15, and 25 years after the budget

1 year, needed to eliminate the infinite horizon
2 fiscal gap calculated as of the budget year;

3 “(2) the term ‘generation’ means a 1-year age
4 cohort;

5 “(3) the term ‘generational accounting’ means
6 an economic analysis that calculates—

7 “(A) the projected present value lifetime
8 net Federal tax burden facing each living adult
9 generation over 18 years of age; and

10 “(B) the present value lifetime net Federal
11 tax burdens facing each current generation of
12 children 18 years of age and under, as well as
13 each future generation, assuming—

14 “(i) the sum of all present value life-
15 time net Federal tax burdens facing each
16 current generation of children 18 years of
17 age and under, as well as each future gen-
18 eration, covers the present value of future
19 discretionary spending, including interest
20 and principal payments on the initial out-
21 standing debt, less the sum of all present
22 value lifetime net Federal tax burdens fac-
23 ing living adult generations over 18 years
24 of age; and

1 “(ii) the lifetime net Federal tax bur-
2 den of generations 18 years of age and
3 under, as well as future generations, in-
4 creases with year of birth at the projected
5 growth rate of labor productivity; and

6 “(4) the term ‘net Federal tax burden’ means
7 the difference between Federal taxes paid and trans-
8 fer payments received.”.