Q. What is reconciliation?

A. Congressional budget committees use the reconciliation process to ensure tax laws and mandatory spending programs are revised according to the budget resolution’s revenue and mandatory spending targets. Reconciliation is a way to fast-track revenue and spending legislation into becoming law.

Reconciliation legislation is passed through an expedited process. First, Congress passes a budget resolution containing “reconciliation instructions” telling congressional committees how much they need to change revenue and mandatory spending to conform to a new budget resolution. The committees’ responses are then bundled by the House and Senate budget committees into a single reconciliation bill for consideration in each chamber.

Reconciliation bills are subject to special rules in the Senate. Debate on reconciliation bills is limited to 20 hours. If the law is free of points of order, it can be passed in the Senate by a simple majority; the 60 votes necessary to shut off a filibuster are not required. Any member, however, can raise a point of order against a reconciliation bill if it violates the spending and revenue targets in the budget resolution or other budget rules and laws. Sixty votes are needed to overcome a point of order. The House can set procedural rules on any legislation, including reconciliation bills, by adopting a special “rule” determined by the House Rules Committee. Debate is limited in the House to whatever time the Rules Committee allows.

The George W. Bush tax cuts of 2001–03, a substantial portion of Barack Obama’s health reform, and Donald Trump’s more recent tax cut and reform bill of 2017 were passed using reconciliation procedures. The content of reconciliation laws is limited in the Senate by the Byrd rule, which generally disallows items that do not affect outlays or revenue. The Byrd rule also prohibits initiatives that would increase the deficit beyond the fiscal years covered by the budget resolution.

EXAMPLES

Congress has enacted 25 budget reconciliation bills since they first used the procedure in 1980. Presidents vetoed four of these bills and signed the other 21 into law. For example, the Senate could not muster the 60-vote supermajority necessary to pass the 2001 tax cuts. Instead, it passed the legislation as a reconciliation bill with 58 yea votes. However, to avoid abrogating the Byrd rule—which disallows bills that increase the deficit beyond the budget resolution’s window—the tax cuts were scheduled to expire after 10 years. Reconciliation was used again in 2010 to amend portions of the Patient Protection and Affordable Care Act shortly after it was enacted. Reconciliation was also used to pass the tax cut and reform bill of 2017. Many provisions of the bill were made temporary to avoid violating the Byrd rule.
Some Background

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Further Reading


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