

Congress at Work

Lesson 2 *Taxing and Spending Bills*

I. Making Decisions About Taxes

- A. The national government gets most of its revenue from taxes, the money that people and businesses pay to support the government.
- B. According to the Constitution, all revenue bills begin in the House of Representatives, but the Senate has the authority to amend tax bills passed by the House.
- C. A closed rule forbids adding amendments to a bill, but an open rule permits floor debate and adding amendments, which can slow, weaken, or stop a bill. Opponents would want to be able to slow, weaken, or stop a bill.

II. Spending Money

- A. Congress has a two-step process for appropriating money, which begins with an authorization bill setting up a program followed by an appropriations bill that provides the money to pay for the program.
- B. Continuing resolutions keep the government open and operating under previous levels of funding. They are used when different parties control the House and Senate and the two cannot agree on appropriations bills.
- C. Both the House and the Senate have appropriations committees, which are very influential in budget decisions. Department heads and program directors must attend hearings of the appropriations subcommittees to answer questions about their budgets. In addition, they must request the money they need to operate in the coming year and explain why they need it.
- D. Earmarks specify that part of a funding bill will be used for a certain purpose. Congress members use earmarks to benefit their particular state or district or to please constituents.
- E. Entitlements and other uncontrollables amount to about 70 percent of federal spending each year. These are expenditures that cannot be changed by Congress or the president because they are based on earlier laws and continue from year to year. Entitlements include social programs such as veterans' pensions and Social Security payments.

Summary and Reflection

Most of the government's revenue comes from taxes paid by people and businesses. Revenue bills must begin in the House of Representatives, but they can be amended in the Senate. The House Ways and Means Committee handles most of the important work on tax laws. Spending bills consist of two parts. First, an authorization bill is passed to set up a federal program. This is followed by an appropriations bill, which actually provides the funding authorized in the first bill.