

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 187
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Default Prevention
3 Act”.

4 SEC. 2. PAYMENT OF OBLIGATIONS.

5 (a) IN GENERAL.—At any time that the debt of the
6 United States Government subject to limitation under sec-
7 tion 3101 of title 31, United States Code, has reached the
8 limitation imposed under such section, the Secretary of
9 the Treasury (hereafter in this section referred to as “the
10 Secretary”) shall—

11 (1) pay Tier I obligations as such obligations
12 become due,

13 (2) issue such obligations under chapter 31 of
14 title 31, United States Code, as—

15 (A) are necessary to make the payments
16 described in paragraph (1), or

17 (B) are to be held exclusively by a trust
18 fund referred to in subsection (b)(1)(A),

1 (3) pay Tier III obligations only to the extent
2 that the Secretary can still pay all Tier II obliga-
3 tions as such obligations become due,

4 (4) pay Tier IV obligations only to the extent
5 that the Secretary can still pay all Tier II and Tier
6 III obligations as such obligations become due,

7 (5) pay Tier V obligations only to the extent
8 that the Secretary can still pay all Tier II, Tier III,
9 and Tier IV obligations as such obligations become
10 due, and

11 (6) submit to the Committee on Ways and
12 Means of the House of Representatives and the
13 Committee on Finance of the Senate a weekly writ-
14 ten report containing the information described in
15 subsection (d).

16 (b) DEFINITIONS.—For purposes of this section—

17 (1) TIER I OBLIGATIONS.—The term “Tier I
18 obligations” means payments necessary to provide
19 any of the following:

20 (A) Payment with legal tender pursuant to
21 the authority provided under section 3123 of
22 title 31, United States Code, of principal and
23 interest on debt held by—

24 (i) the public,

1 (ii) the Federal Old-Age and Sur-
2 vivors Insurance Trust Fund or the Fed-
3 eral Disability Insurance Trust Fund, or

4 (iii) the Federal Hospital Insurance
5 Trust Fund or the Federal Supplementary
6 Medical Insurance Trust Fund.

7 (B) Payments under the Medicare program
8 under title XVIII of the Social Security Act (42
9 U.S.C. 1395 et seq.).

10 (2) TIER II OBLIGATIONS.—The term “Tier II
11 obligations” means payments necessary to provide
12 any of the following:

13 (A) Any obligation of the Department of
14 Defense.

15 (B) Benefits under laws administered by
16 the Secretary of Veterans Affairs.

17 (3) TIER III OBLIGATIONS.—The term “Tier III
18 obligations” means any obligation of the United
19 States which is not a Tier I, Tier II, Tier IV, or
20 Tier V obligation.

21 (4) TIER IV OBLIGATIONS.—The term “Tier IV
22 obligations” means any payment which constitutes
23 any of the following:

1 (A) Compensation for any Federal em-
2 ployee for official time under section 7131 of
3 such title 5, United States Code.

4 (B) Any payment for travel expenses for
5 any officer or employee of the Executive branch
6 of Government, including the President and
7 Vice President, unless such payment is a Tier
8 I or Tier II obligation.

9 (C) Compensation of any officer or em-
10 ployee of the Executive branch of Government
11 (other than an individual in the competitive
12 service, as defined in section 2102 of title 5,
13 United States Code), including the President
14 and Vice President, unless such compensation is
15 a Tier I or Tier II obligation.

16 (5) TIER V OBLIGATIONS.—The term “Tier V
17 obligations” means compensation of any Member of
18 Congress (as that term is defined in section 2106 of
19 title 5, United States Code).

20 (c) COORDINATION WITH PUBLIC DEBT LIMIT.—Ob-
21 ligations issued under subsection (a)(2) shall not be taken
22 into account as subject to the limitation imposed under
23 section 3101(b) of title 31, United States Code. The pre-
24 ceding sentence shall not apply with respect to any obliga-
25 tion after the first date (after the issuance of such obliga-

1 tion) on which any modification or suspension of such lim-
2 itation takes effect.

3 (d) WEEKLY REPORTS.—The written report referred
4 to in subsection (a)(6) shall include, with respect to the
5 period covered by such report—

6 (1) the amount of Tier I obligations paid under
7 subsection (a)(1) during such period,

8 (2) the amount of obligations issued under sub-
9 section (a)(2) during such period, and

10 (3) the amount of Tier II obligations, Tier III
11 obligations, Tier IV obligations, and Tier V obliga-
12 tions which were paid during such period (stated
13 separately for each tier) and the aggregate amount
14 of such obligations which were due and unpaid as of
15 the close of such period (stated separately for each
16 tier).

17 (e) NO INFERENCE WITH RESPECT TO EXISTING
18 AUTHORITY TO PRIORITIZE PAYMENTS.—During any pe-
19 riod with respect to which this section does not apply,
20 nothing in this section shall be interpreted to restrict the
21 authority of the Secretary to prioritize the payment of cer-
22 tain obligations over other obligations.

