(B) REPORT.—Not later than 7 months after the date of the enactment of this Act, the United States International Trade Commission shall submit to the appropriate congressional committees and the Comptroller General a report on the results of the review carried out under subparagraph (A).

(2) GAO REPORT.—Not later than 90 days after the submission of the report under paragraph (1)(B), the Comptroller General shall submit to the appropriate congressional committees a report that, based on the results of the report submitted under paragraph (1)(B) and other available information, contains recommendations for changes to United States trade preference programs, including the African Growth and Opportunity Act (19 U.S.C. 3701 et seq.) and the amendments made by that Act, to provide incentives to increase investment and other measures necessary to improve the competitiveness of beneficiary sub-Saharan African countries in the production of yarns, fabrics, and other textile and apparel inputs identified in the report submitted under paragraph (1)(B), including changes to requirements relating to rules of origin under such programs.

(3) DEFINITIONS.—In this subsection—

(A) the term ''appropriate congressional committees'' means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate; and

(B) the term ''beneficiary sub-Saharan African countries'' has the meaning given the term in section 506A(c) of the Trade Act of 1974 (19 U.S.C. 2466a(c)).

(d) CLERICAL AMENDMENT.—Section 6002(a)(2)(B) of Public Law 109–432 is amended by striking ''(B) by striking'' and inserting ''(B) in paragraph (3), by striking''.

SEC. 4. GENERALIZED SYSTEM OF PREFERENCES.

Section 505 of the Trade Act of 1974 (19 U.S.C. 2465) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 5. CUSTOMS USER FEES.

(a) IN GENERAL.—Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended—

(1) in subparagraph (A), by striking ''November 14, 2017'' and inserting ''February 14, 2018''; and

(2) in subparagraph (B)(i), by striking ''October 7, 2017'' and inserting ''January 31, 2018''.

(b) REPEAL.—Section 15201 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246) is amended by striking subsections (c) and (d).

SEC. 6. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 2 percentage points.

SEC. 7. TECHNICAL CORRECTIONS.

Section 15402 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246) is amended—

(1) in subsections (a) and (b), by striking ''Carribean'' each place it appears and inserting ''Caribbean''; and

(2) in subsection (d), by striking ''231A(b)'' and inserting ''213A(b)''.

Mr. LEVIN (during the reading). Madam Speaker, I ask unanimous consent that the reading be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. Is there objection to the original request of the gentleman from Michigan?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LEVIN. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks and include extraneous material on the bill just passed by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

Mr. FRANK of Massachusetts. Madam Speaker, pursuant to House Resolution 1525, I call up from the Speaker's table the bill (H.R. 1424) to amend section 712 of the Employee Retirement Income Security Act of 1974, section 2705 of the Public Health Service Act, and section 9812 of the Internal Revenue Code of 1986 to require equity in the provision of mental health and substance-related disorder benefits under group health plans, and offer the motion at the desk.

The SPEAKER pro tempore. The Clerk will report the title of the bill, designate the Senate amendments, and designate the motion.

The Clerk read the title of the bill.

The text of the Senate amendments is as follows:

Strike all after the enacting clause and insert the following:

DIVISION A—EMERGENCY ECONOMIC STABILIZATION

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Emergency Economic Stabilization Act of 2008''.

(b) TABLE OF CONTENTS.—The table of contents for this division is as follows:

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to immediately provide authority and facilities that the Secretary of the Treasury can use to restore liquidity and stability to the financial system of the United States; and

(2) to ensure that such authority and such facilities are used in a manner that—

(A) protects home values, college funds, retirement accounts, and life savings;

(B) preserves homeownership and promotes jobs and economic growth;

(C) maximizes overall returns to the taxpayers of the United States; and

(D) provides public accountability for the exercise of such authority.

SEC. 3. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) APPROPRIATE COMMITTEES OF CONGRESS.—The term ''appropriate committees of Congress'' means—

(A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Finance, the Committee on the Budget, and the Committee on Appropriations of the Senate; and

(B) the Committee on Financial Services, the Committee on Ways and Means, the Committee on the Budget, and the Committee on Appropriations of the House of Representatives.

(2) BOARD.—The term ''Board'' means the Board of Governors of the Federal Reserve System.

(3) CONGRESSIONAL SUPPORT AGENCIES.—The term ''congressional support agencies'' means the Congressional Budget Office and the Joint Committee on Taxation.

(4) CORPORATION.—The term ''Corporation'' means the Federal Deposit Insurance Corporation.

(5) FINANCIAL INSTITUTION.—The term ''financial institution'' means any institution, including, but not limited to, any bank, savings association, credit union, security broker or dealer,

or insurance company, established and regulated under the laws of the United States or any State, territory, or possession of the United States, the District of Columbia, Commonwealth of Puerto Rico, Commonwealth of Northern Mariana Islands, Guam, American Samoa, or the United States Virgin Islands, and having significant operations in the United States, but excluding any central bank of, or institution owned by, a foreign government.

(6) FUND.—The term ''Fund'' means the Troubled Assets Insurance Financing Fund established under section 102.

(7) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

(8) TARP.—The term ''TARP'' means the Troubled Asset Relief Program established under section 101.

(9) TROUBLED ASSETS.—The term ''troubled assets'' means—

(A) residential or commercial mortgages and any securities, obligations, or other instruments that are based on or related to such mortgages, that in each case was originated or issued on or before March 14, 2008, the purchase of which the Secretary determines promotes financial market stability; and

(B) any other financial instrument that the Secretary, after consultation with the Chairman of the Board of Governors of the Federal Reserve System, determines the purchase of which is necessary to promote financial market stability, but only upon transmittal of such determination, in writing, to the appropriate committees of Congress.

TITLE I—TROUBLED ASSETS RELIEF PROGRAM

SEC. 101. PURCHASES OF TROUBLED ASSETS.

(a) OFFICES; AUTHORITY.—

(1) AUTHORITY.—The Secretary is authorized to establish the Troubled Asset Relief Program (or ''TARP'') to purchase, and to make and fund commitments to purchase, troubled assets from any financial institution, on such terms and conditions as are determined by the Secretary, and in accordance with this Act and the policies and procedures developed and published by the Secretary.

(2) COMMENCEMENT OF PROGRAM.—Establishment of the policies and procedures and other similar administrative requirements imposed on the Secretary by this Act are not intended to delay the commencement of the TARP.

(3) ESTABLISHMENT OF TREASURY OFFICE.—

(A) IN GENERAL.—The Secretary shall implement any program under paragraph (1) through an Office of Financial Stability, established for such purpose within the Office of Domestic Finance of the Department of the Treasury, which office shall be headed by an Assistant Secretary of the Treasury, appointed by the President, by and with the advice and consent of the Senate, except that an interim Assistant Secretary may be appointed by the Secretary.

(B) CLERICAL AMENDMENTS.—

(i) TITLE 5.—Section 5315 of title 5, United States Code, is amended in the item relating to Assistant Secretaries of the Treasury, by striking ''(9)'' and inserting ''(10)''.

(ii) TITLE 31.—Section 301(e) of title 31, United States Code, is amended by striking ''9'' and inserting ''10''.

(b) CONSULTATION.—In exercising the authority under this section, the Secretary shall consult with the Board, the Corporation, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the Chairman of the National Credit Union Administration Board, and the Secretary of Housing and Urban Development.

(c) NECESSARY ACTIONS.—The Secretary is authorized to take such actions as the Secretary deems necessary to carry out the authorities in this Act, including, without limitation, the following:

(1) The Secretary shall have direct hiring authority with respect to the appointment of employees to administer this Act.

(2) Entering into contracts, including contracts for services authorized by section 3109 of title 5, United States Code.

(3) Designating financial institutions as financial agents of the Federal Government, and such institutions shall perform all such reasonable duties related to this Act as financial agents of the Federal Government as may be required.

(4) In order to provide the Secretary with the flexibility to manage troubled assets in a manner designed to minimize cost to the taxpayers, establishing vehicles that are authorized, subject to supervision by the Secretary, to purchase, hold, and sell troubled assets and issue obligations.

(5) Issuing such regulations and other guidance as may be necessary or appropriate to define terms or carry out the authorities or purposes of this Act.

(d) PROGRAM GUIDELINES.—Before the earlier of the end of the 2-business-day period beginning on the date of the first purchase of troubled assets pursuant to the authority under this section or the end of the 45-day period beginning on the date of enactment of this Act, the Secretary shall publish program guidelines, including the following:

(1) Mechanisms for purchasing troubled assets.

(2) Methods for pricing and valuing troubled assets.

(3) Procedures for selecting asset managers.

(4) Criteria for identifying troubled assets for purchase.

(e) PREVENTING UNJUST ENRICHMENT.—In making purchases under the authority of this Act, the Secretary shall take such steps as may be necessary to prevent unjust enrichment of financial institutions participating in a program established under this section, including by preventing the sale of a troubled asset to the Secretary at a higher price than what the seller paid to purchase the asset. This subsection does not apply to troubled assets acquired in a merger or acquisition, or a purchase of assets from a financial institution in conservatorship or receivership, or that has initiated bankruptcy proceedings under title 11, United States Code.

SEC. 102. INSURANCE OF TROUBLED ASSETS.

(a) AUTHORITY.—

(1) IN GENERAL.—If the Secretary establishes the program authorized under section 101, then the Secretary shall establish a program to guarantee troubled assets originated or issued prior to March 14, 2008, including mortgage-backed securities.

(2) GUARANTEES.—In establishing any program under this subsection, the Secretary may develop guarantees of troubled assets and the associated premiums for such guarantees. Such guarantees and premiums may be determined by category or class of the troubled assets to be guaranteed.

(3) EXTENT OF GUARANTEE.—Upon request of a financial institution, the Secretary may guarantee the timely payment of principal of, and interest on, troubled assets in amounts not to exceed 100 percent of such payments. Such guarantee may be on such terms and conditions as are determined by the Secretary, provided that such terms and conditions are consistent with the purposes of this Act.

(b) REPORTS.—Not later than 90 days after the date of enactment of this Act, the Secretary shall report to the appropriate committees of Congress on the program established under subsection (a).

(c) PREMIUMS.—

(1) IN GENERAL.—The Secretary shall collect premiums from any financial institution participating in the program established under subsection (a). Such premiums shall be in an amount that the Secretary determines necessary to meet the purposes of this Act and to provide sufficient reserves pursuant to paragraph (3).

(2) AUTHORITY TO BASE PREMIUMS ON PRODUCT RISK.—In establishing any premium under paragraph (1), the Secretary may provide for variations in such rates according to the credit risk associated with the particular troubled asset that is being guaranteed. The Secretary shall publish the methodology for setting the premium for a class of troubled assets together with an explanation of the appropriateness of the class of assets for participation in the program established under this section. The methodology shall ensure that the premium is consistent with paragraph (3).

(3) MINIMUM LEVEL.—The premiums referred to in paragraph (1) shall be set by the Secretary at a level necessary to create reserves sufficient to meet anticipated claims, based on an actuarial analysis, and to ensure that taxpayers are fully protected.

(4) ADJUSTMENT TO PURCHASE AUTHORITY.—The purchase authority limit in section 115 shall be reduced by an amount equal to the difference between the total of the outstanding guaranteed obligations and the balance in the Troubled Assets Insurance Financing Fund.

(d) TROUBLED ASSETS INSURANCE FINANCING FUND.—

(1) DEPOSITS.—The Secretary shall deposit fees collected under this section into the Fund established under paragraph (2).

(2) ESTABLISHMENT.—There is established a Troubled Assets Insurance Financing Fund that shall consist of the amounts collected pursuant to paragraph (1), and any balance in such fund shall be invested by the Secretary in United States Treasury securities, or kept in cash on hand or on deposit, as necessary.

(3) PAYMENTS FROM FUND.—The Secretary shall make payments from amounts deposited in the Fund to fulfill obligations of the guarantees provided to financial institutions under subsection (a).

SEC. 103. CONSIDERATIONS.

In exercising the authorities granted in this Act, the Secretary shall take into consideration—

(1) protecting the interests of taxpayers by maximizing overall returns and minimizing the impact on the national debt;

(2) providing stability and preventing disruption to financial markets in order to limit the impact on the economy and protect American jobs, savings, and retirement security;

(3) the need to help families keep their homes and to stabilize communities;

(4) in determining whether to engage in a direct purchase from an individual financial institution, the long-term viability of the financial institution in determining whether the purchase represents the most efficient use of funds under this Act;

(5) ensuring that all financial institutions are eligible to participate in the program, without discrimination based on size, geography, form of organization, or the size, type, and number of assets eligible for purchase under this Act;

(6) providing financial assistance to financial institutions, including those serving low- and moderate-income populations and other underserved communities, and that have assets less than $1,000,000,000, that were well or adequately capitalized as of June 30, 2008, and that as a result of the devaluation of the preferred government-sponsored enterprises stock will drop one or more capital levels, in a manner sufficient to restore the financial institutions to at least an adequately capitalized level;

(7) the need to ensure stability for United States public instrumentalities, such as counties and cities, that may have suffered significant increased costs or losses in the current market turmoil;

(8) protecting the retirement security of Americans by purchasing troubled assets held by or on behalf of an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) of the Internal Revenue Code of 1986, except that such authority shall not extend to any compensation arrangements subject to section 409A of such Code; and

(9) the utility of purchasing other real estate owned and instruments backed by mortgages on multifamily properties.

SEC. 104. FINANCIAL STABILITY OVERSIGHT BOARD.

(a) ESTABLISHMENT.—There is established the Financial Stability Oversight Board, which shall be responsible for—

(1) reviewing the exercise of authority under a program developed in accordance with this Act, including—

(A) policies implemented by the Secretary and the Office of Financial Stability created under sections 101 and 102, including the appointment of financial agents, the designation of asset classes to be purchased, and plans for the structure of vehicles used to purchase troubled assets; and

(B) the effect of such actions in assisting American families in preserving home ownership, stabilizing financial markets, and protecting taxpayers;

(2) making recommendations, as appropriate, to the Secretary regarding use of the authority under this Act; and

(3) reporting any suspected fraud, misrepresentation, or malfeasance to the Special Inspector General for the Troubled Assets Relief Program or the Attorney General of the United States, consistent with section 535(b) of title 28, United States Code.

(b) MEMBERSHIP.—The Financial Stability Oversight Board shall be comprised of—

(1) the Chairman of the Board of Governors of the Federal Reserve System;

(2) the Secretary;

(3) the Director of the Federal Housing Finance Agency;

(4) the Chairman of the Securities Exchange Commission; and

(5) the Secretary of Housing and Urban Development.

(c) CHAIRPERSON.—The chairperson of the Financial Stability Oversight Board shall be elected by the members of the Board from among the members other than the Secretary.

(d) MEETINGS.—The Financial Stability Oversight Board shall meet 2 weeks after the first exercise of the purchase authority of the Secretary under this Act, and monthly thereafter.

(e) ADDITIONAL AUTHORITIES.—In addition to the responsibilities described in subsection (a), the Financial Stability Oversight Board shall have the authority to ensure that the policies implemented by the Secretary are—

(1) in accordance with the purposes of this Act;

(2) in the economic interests of the United States; and

(3) consistent with protecting taxpayers, in accordance with section 113(a).

(f) CREDIT REVIEW COMMITTEE.—The Financial Stability Oversight Board may appoint a credit review committee for the purpose of evaluating the exercise of the purchase authority provided under this Act and the assets acquired through the exercise of such authority, as the Financial Stability Oversight Board determines appropriate.

(g) REPORTS.—The Financial Stability Oversight Board shall report to the appropriate committees of Congress and the Congressional Oversight Panel established under section 125, not less frequently than quarterly, on the matters described under subsection (a)(1).

(h) TERMINATION.—The Financial Stability Oversight Board, and its authority under this section, shall terminate on the expiration of the 15-day period beginning upon the later of—

(1) the date that the last troubled asset acquired by the Secretary under section 101 has been sold or transferred out of the ownership or control of the Federal Government; or

(2) the date of expiration of the last insurance contract issued under section 102.

SEC. 105. REPORTS.

(a) IN GENERAL.—Before the expiration of the 60-day period beginning on the date of the first exercise of the authority granted in section 101(a), or of the first exercise of the authority granted in section 102, whichever occurs first, and every 30-day period thereafter, the Secretary shall report to the appropriate committees of Congress, with respect to each such period—

(1) an overview of actions taken by the Secretary, including the considerations required by section 103 and the efforts under section 109;

(2) the actual obligation and expenditure of the funds provided for administrative expenses by section 118 during such period and the expected expenditure of such funds in the subsequent period; and

(3) a detailed financial statement with respect to the exercise of authority under this Act, including—

(A) all agreements made or renewed;

(B) all insurance contracts entered into pursuant to section 102;

(C) all transactions occurring during such period, including the types of parties involved;

(D) the nature of the assets purchased;

(E) all projected costs and liabilities;

(F) operating expenses, including compensation for financial agents;

(G) the valuation or pricing method used for each transaction; and

(H) a description of the vehicles established to exercise such authority.

(b) TRANCHE REPORTS TO CONGRESS.—

(1) REPORTS.—The Secretary shall provide to the appropriate committees of Congress, at the times specified in paragraph (2), a written report, including—

(A) a description of all of the transactions made during the reporting period;

(B) a description of the pricing mechanism for the transactions;

(C) a justification of the price paid for and other financial terms associated with the transactions;

(D) a description of the impact of the exercise of such authority on the financial system, supported, to the extent possible, by specific data;

(E) a description of challenges that remain in the financial system, including any benchmarks yet to be achieved; and

(F) an estimate of additional actions under the authority provided under this Act that may be necessary to address such challenges.

(2) TIMING.—The report required by this subsection shall be submitted not later than 7 days after the date on which commitments to purchase troubled assets under the authorities provided in this Act first reach an aggregate of $50,000,000,000 and not later than 7 days after each $50,000,000,000 interval of such commitments is reached thereafter.

(c) REGULATORY MODERNIZATION REPORT.—The Secretary shall review the current state of the financial markets and the regulatory system and submit a written report to the appropriate committees of Congress not later than April 30, 2009, analyzing the current state of the regulatory system and its effectiveness at overseeing the participants in the financial markets, including the over-the-counter swaps market and government-sponsored enterprises, and providing recommendations for improvement, including—

(1) recommendations regarding—

(A) whether any participants in the financial markets that are currently outside the regulatory system should become subject to the regulatory system; and

(B) enhancement of the clearing and settlement of over-the-counter swaps; and

(2) the rationale underlying such recommendations.

(d) SHARING OF INFORMATION.—Any report required under this section shall also be submitted to the Congressional Oversight Panel established under section 125.

(e) SUNSET.—The reporting requirements under this section shall terminate on the later of—

(1) the date that the last troubled asset acquired by the Secretary under section 101 has been sold or transferred out of the ownership or control of the Federal Government; or

(2) the date of expiration of the last insurance contract issued under section 102.

SEC. 106. RIGHTS; MANAGEMENT; SALE OF TROUBLED ASSETS; REVENUES AND SALE PROCEEDS.

(a) EXERCISE OF RIGHTS.—The Secretary may, at any time, exercise any rights received in connection with troubled assets purchased under this Act.

(b) MANAGEMENT OF TROUBLED ASSETS.—The Secretary shall have authority to manage troubled assets purchased under this Act, including revenues and portfolio risks therefrom.

(c) SALE OF TROUBLED ASSETS.—The Secretary may, at any time, upon terms and conditions and at a price determined by the Secretary, sell, or enter into securities loans, repurchase transactions, or other financial transactions in regard to, any troubled asset purchased under this Act.

(d) TRANSFER TO TREASURY.—Revenues of, and proceeds from the sale of troubled assets purchased under this Act, or from the sale, exercise, or surrender of warrants or senior debt instruments acquired under section 113 shall be paid into the general fund of the Treasury for reduction of the public debt.

(e) APPLICATION OF SUNSET TO TROUBLED ASSETS.—The authority of the Secretary to hold any troubled asset purchased under this Act before the termination date in section 120, or to purchase or fund the purchase of a troubled asset under a commitment entered into before the termination date in section 120, is not subject to the provisions of section 120.

SEC. 107. CONTRACTING PROCEDURES.

(a) STREAMLINED PROCESS.—For purposes of this Act, the Secretary may waive specific provisions of the Federal Acquisition Regulation upon a determination that urgent and compelling circumstances make compliance with such provisions contrary to the public interest. Any such determination, and the justification for such determination, shall be submitted to the Committees on Oversight and Government Reform and Financial Services of the House of Representatives and the Committees on Homeland Security and Governmental Affairs and Banking, Housing, and Urban Affairs of the Senate within 7 days.

(b) ADDITIONAL CONTRACTING REQUIREMENTS.—In any solicitation or contract where the Secretary has, pursuant to subsection (a), waived any provision of the Federal Acquisition Regulation pertaining to minority contracting, the Secretary shall develop and implement standards and procedures to ensure, to the maximum extent practicable, the inclusion and utilization of minorities (as such term is defined in section 1204(c) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note)) and women, and minority- and women-owned businesses (as such terms are defined in section 21A(r)(4) of the Federal Home Loan Bank Act (12 U.S.C. 1441a(r)(4)), in that solicitation or contract, including contracts to asset managers, servicers, property managers, and other service providers or expert consultants.

(c) ELIGIBILITY OF FDIC.—Notwithstanding subsections (a) and (b), the Corporation—

(1) shall be eligible for, and shall be considered in, the selection of asset managers for residential mortgage loans and residential mortgage-backed securities; and

(2) shall be reimbursed by the Secretary for any services provided.

SEC. 108. CONFLICTS OF INTEREST.

(a) STANDARDS REQUIRED.—The Secretary shall issue regulations or guidelines necessary to address and manage or to prohibit conflicts of interest that may arise in connection with the administration and execution of the authorities provided under this Act, including—

(1) conflicts arising in the selection or hiring of contractors or advisors, including asset managers;

(2) the purchase of troubled assets;
(3) the management of the troubled assets held;
(4) post-employment restrictions on employees; and
(5) any other potential conflict of interest, as the Secretary deems necessary or appropriate in the public interest.

(b) TIMING.—Regulations or guidelines required by this section shall be issued as soon as practicable after the date of enactment of this Act.

SEC. 109. FORECLOSURE MITIGATION EFFORTS.

(a) RESIDENTIAL MORTGAGE LOAN SERVICING STANDARDS.—To the extent that the Secretary acquires mortgages, mortgage backed securities, and other assets secured by residential real estate, including multifamily housing, the Secretary shall implement a plan that seeks to maximize assistance for homeowners and use the authority of the Secretary to encourage the servicers of the underlying mortgages, considering net present value to the taxpayer, to take advantage of the HOPE for Homeowners Program under section 257 of the National Housing Act or other available programs to minimize foreclosures. In addition, the Secretary may use loan guarantees and credit enhancements to facilitate loan modifications to prevent avoidable foreclosures.

(b) COORDINATION.—The Secretary shall coordinate with the Corporation, the Board (with respect to any mortgage or mortgage-backed securities or pool of securities held, owned, or controlled by or on behalf of a Federal reserve bank, as provided in section 110(a)(1)(C)), the Federal Housing Finance Agency, the Secretary of Housing and Urban Development, and other Federal Government entities that hold troubled assets to attempt to identify opportunities for the acquisition of classes of troubled assets that will improve the ability of the Secretary to improve the loan modification and restructuring process and, where permissible, to permit bona fide tenants who are current on their rent to remain in their homes under the terms of the lease. In the case of a mortgage on a residential rental property, the plan required under this section shall include protecting Federal, State, and local rental subsidies and protections, and ensuring any modification takes into account the need for operating funds to maintain decent and safe conditions at the property.

(c) CONSENT TO REASONABLE LOAN MODIFICATION REQUESTS.—Upon any request arising under existing investment contracts, the Secretary shall consent, where appropriate, and considering net present value to the taxpayer, to reasonable requests for loss mitigation measures, including term extensions, rate reductions, principal write downs, increases in the proportion of loans within a trust or other structure allowed to be modified, or removal of other limitation on modifications.

SEC. 110. ASSISTANCE TO HOMEOWNERS.

(a) DEFINITIONS.—As used in this section—
(1) the term ''Federal property manager'' means—
(A) the Federal Housing Finance Agency, in its capacity as conservator of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation;
(B) the Corporation, with respect to residential mortgage loans and mortgage-backed securities held by any bridge depository institution pursuant to section 11(n) of the Federal Deposit Insurance Act; and
(C) the Board, with respect to any mortgage or mortgage-backed securities or pool of securities held, owned, or controlled by or on behalf of a Federal reserve bank, other than mortgages or securities held, owned, or controlled in connection with open market operations under section 14 of the Federal Reserve Act (12 U.S.C. 353), or as collateral for an advance or discount that is not in default;
(2) the term ''consumer'' has the same meaning as in section 103 of the Truth in Lending Act (15 U.S.C. 1602);
(3) the term ''insured depository institution'' has the same meaning as in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and
(4) the term ''servicer'' has the same meaning as in section 6(i)(2) of the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2605(i)(2)).

(b) HOMEOWNER ASSISTANCE BY AGENCIES.—
(1) IN GENERAL.—To the extent that the Federal property manager holds, owns, or controls mortgages, mortgage backed securities, and other assets secured by residential real estate, including multifamily housing, the Federal property manager shall implement a plan that seeks to maximize assistance for homeowners and use its authority to encourage the servicers of the underlying mortgages, and considering net present value to the taxpayer, to take advantage of the HOPE for Homeowners Program under section 257 of the National Housing Act or other available programs to minimize foreclosures.
(2) MODIFICATIONS.—In the case of a residential mortgage loan, modifications made under paragraph (1) may include—
(A) reduction in interest rates;
(B) reduction of loan principal; and
(C) other similar modifications.
(3) TENANT PROTECTIONS.—In the case of mortgages on residential rental properties, modifications made under paragraph (1) shall ensure—
(A) the continuation of any existing Federal, State, and local rental subsidies and protections; and
(B) that modifications take into account the need for operating funds to maintain decent and safe conditions at the property.
(4) TIMING.—Each Federal property manager shall develop and begin implementation of the plan required by this subsection not later than 60 days after the date of enactment of this Act.
(5) REPORTS TO CONGRESS.—Each Federal property manager shall, 60 days after the date of enactment of this Act and every 30 days thereafter, report to Congress specific information on the number and types of loan modifications made and the number of actual foreclosures occurring during the reporting period in accordance with this section.
(6) CONSULTATION.—In developing the plan required by this subsection, the Federal property managers shall consult with one another and, to the extent possible, utilize consistent approaches to implement the requirements of this subsection.

(c) ACTIONS WITH RESPECT TO SERVICERS.—In any case in which a Federal property manager is not the owner of a residential mortgage loan, but holds an interest in obligations or pools of obligations secured by residential mortgage loans, the Federal property manager shall—
(1) encourage implementation by the loan servicers of loan modifications developed under subsection (b); and
(2) assist in facilitating any such modifications, to the extent possible.

(d) LIMITATION.—The requirements of this section shall not supersede any other duty or requirement imposed on the Federal property managers under otherwise applicable law.

SEC. 111. EXECUTIVE COMPENSATION AND CORPORATE GOVERNANCE.

(a) APPLICABILITY.—Any financial institution that sells troubled assets to the Secretary under this Act shall be subject to the executive compensation requirements of subsections (b) and (c) and the provisions under the Internal Revenue Code of 1986, as provided under the amendment by section 302, as applicable.

(b) DIRECT PURCHASES.—
(1) IN GENERAL.—Where the Secretary determines that the purposes of this Act are best met through direct purchases of troubled assets from an individual financial institution where no bidding process or market prices are available, and the Secretary receives a meaningful equity or debt position in the financial institution as a result of the transaction, the Secretary shall require that the financial institution meet appropriate standards for executive compensation and corporate governance. The standards required under this subsection shall be effective for the duration of the period that the Secretary holds an equity or debt position in the financial institution.
(2) CRITERIA.—The standards required under this subsection shall include—
(A) limits on compensation that exclude incentives for senior executive officers of a financial institution to take unnecessary and excessive risks that threaten the value of the financial institution during the period that the Secretary holds an equity or debt position in the financial institution;
(B) a provision for the recovery by the financial institution of any bonus or incentive compensation paid to a senior executive officer based on statements of earnings, gains, or other criteria that are later proven to be materially inaccurate; and
(C) a prohibition on the financial institution making any golden parachute payment to its senior executive officer during the period that the Secretary holds an equity or debt position in the financial institution.
(3) DEFINITION.—For purposes of this section, the term ''senior executive officer'' means an individual who is one of the top 5 highly paid executives of a public company, whose compensation is required to be disclosed pursuant to the Securities Exchange Act of 1934, and any regulations issued thereunder, and non-public company counterparts.

(c) AUCTION PURCHASES.—Where the Secretary determines that the purposes of this Act are best met through auction purchases of troubled assets, and only where such purchases per financial institution in the aggregate exceed $300,000,000 (including direct purchases), the Secretary shall prohibit, for such financial institution, any new employment contract with a senior executive officer that provides a golden parachute in the event of an involuntary termination, bankruptcy filing, insolvency, or receivership. The Secretary shall issue guidance to carry out this paragraph not later than 2 months after the date of enactment of this Act, and such guidance shall be effective upon issuance.

(d) SUNSET.—The provisions of subsection (c) shall apply only to arrangements entered into during the period during which the authorities under section 101(a) are in effect, as determined under section 120.

SEC. 112. COORDINATION WITH FOREIGN AUTHORITIES AND CENTRAL BANKS.

The Secretary shall coordinate, as appropriate, with foreign financial authorities and central banks to work toward the establishment of similar programs by such authorities and central banks. To the extent that such foreign financial authorities or banks hold troubled assets as a result of extending financing to financial institutions that have failed or defaulted on such financing, such troubled assets qualify for purchase under section 101.

SEC. 113. MINIMIZATION OF LONG-TERM COSTS AND MAXIMIZATION OF BENEFITS FOR TAXPAYERS.

(a) LONG-TERM COSTS AND BENEFITS.—
(1) MINIMIZING NEGATIVE IMPACT.—The Secretary shall use the authority under this Act in a manner that will minimize any potential long-term negative impact on the taxpayer, taking into account the direct outlays, potential long-term returns on assets purchased, and the overall economic benefits of the program, including economic benefits due to improvements in economic activity and the availability of credit, the impact on the savings and pensions of individuals, and reductions in losses to the Federal Government.
(2) AUTHORITY.—In carrying out paragraph (1), the Secretary shall—
(A) hold the assets to maturity or for resale for and until such time as the Secretary determines that the market is optimal for selling such

assets, in order to maximize the value for taxpayers; and

(B) sell such assets at a price that the Secretary determines, based on available financial analysis, will maximize return on investment for the Federal Government.

(3) PRIVATE SECTOR PARTICIPATION.—The Secretary shall encourage the private sector to participate in purchases of troubled assets, and to invest in financial institutions, consistent with the provisions of this section.

(b) USE OF MARKET MECHANISMS.—In making purchases under this Act, the Secretary shall—

(1) make such purchases at the lowest price that the Secretary determines to be consistent with the purposes of this Act; and

(2) maximize the efficiency of the use of taxpayer resources by using market mechanisms, including auctions or reverse auctions, where appropriate.

(c) DIRECT PURCHASES.—If the Secretary determines that use of a market mechanism under subsection (b) is not feasible or appropriate, and the purposes of the Act are best met through direct purchases from an individual financial institution, the Secretary shall pursue additional measures to ensure that prices paid for assets are reasonable and reflect the underlying value of the asset.

(d) CONDITIONS ON PURCHASE AUTHORITY FOR WARRANTS AND DEBT INSTRUMENTS.—

(1) IN GENERAL.—The Secretary may not purchase, or make any commitment to purchase, any troubled asset under the authority of this Act, unless the Secretary receives from the financial institution from which such assets are to be purchased—

(A) in the case of a financial institution, the securities of which are traded on a national securities exchange, a warrant giving the right to the Secretary to receive nonvoting common stock or preferred stock in such financial institution, or voting stock with respect to which, the Secretary agrees not to exercise voting power, as the Secretary determines appropriate; or

(B) in the case of any financial institution other than one described in subparagraph (A), a warrant for common or preferred stock, or a senior debt instrument from such financial institution, as described in paragraph (2)(C).

(2) TERMS AND CONDITIONS.—The terms and conditions of any warrant or senior debt instrument required under paragraph (1) shall meet the following requirements:

(A) PURPOSES.—Such terms and conditions shall, at a minimum, be designed—

(i) to provide for reasonable participation by the Secretary, for the benefit of taxpayers, in equity appreciation in the case of a warrant or other equity security, or a reasonable interest rate premium, in the case of a debt instrument; and

(ii) to provide additional protection for the taxpayer against losses from sale of assets by the Secretary under this Act and the administrative expenses of the TARP.

(B) AUTHORITY TO SELL, EXERCISE, OR SURRENDER.—The Secretary may sell, exercise, or surrender a warrant or any senior debt instrument received under this subsection, based on the conditions established under subparagraph (A).

(C) CONVERSION.—The warrant shall provide that if, after the warrant is received by the Secretary under this subsection, the financial institution that issued the warrant is no longer listed or traded on a national securities exchange or securities association, as described in paragraph (1)(A), such warrants shall convert to senior debt, or contain appropriate protections for the Secretary to ensure that the Treasury is appropriately compensated for the value of the warrant, in an amount determined by the Secretary.

(D) PROTECTIONS.—Any warrant representing securities to be received by the Secretary under this subsection shall contain anti-dilution provisions of the type employed in capital market transactions, as determined by the Secretary. Such provisions shall protect the value of the securities from market transactions such as stock splits, stock distributions, dividends, and other distributions, mergers, and other forms of reorganization or recapitalization.

(E) EXERCISE PRICE.—The exercise price for any warrant issued pursuant to this subsection shall be set by the Secretary, in the interest of the taxpayers.

(F) SUFFICIENCY.—The financial institution shall guarantee to the Secretary that it has authorized shares of nonvoting stock available to fulfill its obligations under this subsection. Should the financial institution not have sufficient authorized shares, including preferred shares that may carry dividend rights equal to a multiple number of common shares, the Secretary may, to the extent necessary, accept a senior debt note in an amount, and on such terms as will compensate the Secretary with equivalent value, in the event that a sufficient shareholder vote to authorize the necessary additional shares cannot be obtained.

(3) EXCEPTIONS.—

(A) DE MINIMIS.—The Secretary shall establish de minimis exceptions to the requirements of this subsection, based on the size of the cumulative transactions of troubled assets purchased from any one financial institution for the duration of the program, at not more than $100,000,000.

(B) OTHER EXCEPTIONS.—The Secretary shall establish an exception to the requirements of this subsection and appropriate alternative requirements for any participating financial institution that is legally prohibited from issuing securities and debt instruments, so as not to allow circumvention of the requirements of this section.

SEC. 114. MARKET TRANSPARENCY.

(a) PRICING.—To facilitate market transparency, the Secretary shall make available to the public, in electronic form, a description, amounts, and pricing of assets acquired under this Act, within 2 business days of purchase, trade, or other disposition.

(b) DISCLOSURE.—For each type of financial institutions that sells troubled assets to the Secretary under this Act, the Secretary shall determine whether the public disclosure required for such financial institutions with respect to off-balance sheet transactions, derivatives instruments, contingent liabilities, and similar sources of potential exposure is adequate to provide to the public sufficient information as to the true financial position of the institutions. If such disclosure is not adequate for that purpose, the Secretary shall make recommendations for additional disclosure requirements to the relevant regulators.

SEC. 115. GRADUATED AUTHORIZATION TO PURCHASE.

(a) AUTHORITY.—The authority of the Secretary to purchase troubled assets under this Act shall be limited as follows:

(1) Effective upon the date of enactment of this Act, such authority shall be limited to $250,000,000,000 outstanding at any one time.

(2) If at any time, the President submits to the Congress a written certification that the Secretary needs to exercise the authority under this paragraph, effective upon such submission, such authority shall be limited to $350,000,000,000 outstanding at any one time.

(3) If, at any time after the certification in paragraph (2) has been made, the President transmits to the Congress a written report detailing the plan of the Secretary to exercise the authority under this paragraph, unless there is enacted, within 15 calendar days of such transmission, a joint resolution described in subsection (c), effective upon the expiration of such 15-day period, such authority shall be limited to $700,000,000,000 outstanding at any one time.

(b) AGGREGATION OF PURCHASE PRICES.—The amount of troubled assets purchased by the Secretary outstanding at any one time shall be determined for purposes of the dollar amount limitations under subsection (a) by aggregating the purchase prices of all troubled assets held.

(c) JOINT RESOLUTION OF DISAPPROVAL.—

(1) IN GENERAL.—Notwithstanding any other provision of this section, the Secretary may not exercise any authority to make purchases under this Act with regard to any amount in excess of $350,000,000,000 previously obligated, as described in this section if, within 15 calendar days after the date on which Congress receives a report of the plan of the Secretary described in subsection (a)(3), there is enacted into law a joint resolution disapproving the plan of the Secretary with respect to such additional amount.

(2) CONTENTS OF JOINT RESOLUTION.—For the purpose of this section, the term ''joint resolution'' means only a joint resolution—

(A) that is introduced not later than 3 calendar days after the date on which the report of the plan of the Secretary referred to in subsection (a)(3) is received by Congress;

(B) which does not have a preamble;

(C) the title of which is as follows: ''Joint resolution relating to the disapproval of obligations under the Emergency Economic Stabilization Act of 2008''; and

(D) the matter after the resolving clause of which is as follows: ''That Congress disapproves the obligation of any amount exceeding the amounts obligated as described in paragraphs (1) and (2) of section 115(a) of the Emergency Economic Stabilization Act of 2008.''.

(d) FAST TRACK CONSIDERATION IN HOUSE OF REPRESENTATIVES.—

(1) RECONVENING.—Upon receipt of a report under subsection (a)(3), the Speaker, if the House would otherwise be adjourned, shall notify the Members of the House that, pursuant to this section, the House shall convene not later than the second calendar day after receipt of such report;

(2) REPORTING AND DISCHARGE.—Any committee of the House of Representatives to which a joint resolution is referred shall report it to the House not later than 5 calendar days after the date of receipt of the report described in subsection (a)(3). If a committee fails to report the joint resolution within that period, the committee shall be discharged from further consideration of the joint resolution and the joint resolution shall be referred to the appropriate calendar.

(3) PROCEEDING TO CONSIDERATION.—After each committee authorized to consider a joint resolution reports it to the House or has been discharged from its consideration, it shall be in order, not later than the sixth day after Congress receives the report described in subsection (a)(3), to move to proceed to consider the joint resolution in the House. All points of order against the motion are waived. Such a motion shall not be in order after the House has disposed of a motion to proceed on the joint resolution. The previous question shall be considered as ordered on the motion to its adoption without intervening motion. The motion shall not be debatable. A motion to reconsider the vote by which the motion is disposed of shall not be in order.

(4) CONSIDERATION.—The joint resolution shall be considered as read. All points of order against the joint resolution and against its consideration are waived. The previous question shall be considered as ordered on the joint resolution to its passage without intervening motion except two hours of debate equally divided and controlled by the proponent and an opponent. A motion to reconsider the vote on passage of the joint resolution shall not be in order.

(e) FAST TRACK CONSIDERATION IN SENATE.—

(1) RECONVENING.—Upon receipt of a report under subsection (a)(3), if the Senate has adjourned or recessed for more than 2 days, the majority leader of the Senate, after consultation with the minority leader of the Senate, shall notify the Members of the Senate that, pursuant to

this section, the Senate shall convene not later than the second calendar day after receipt of such message.

(2) PLACEMENT ON CALENDAR.—Upon introduction in the Senate, the joint resolution shall be placed immediately on the calendar.

(3) FLOOR CONSIDERATION.—

(A) IN GENERAL.—Notwithstanding Rule XXII of the Standing Rules of the Senate, it is in order at any time during the period beginning on the 4th day after the date on which Congress receives a report of the plan of the Secretary described in subsection (a)(3) and ending on the 6th day after the date on which Congress receives a report of the plan of the Secretary described in subsection (a)(3) (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the joint resolution, and all points of order against the joint resolution (and against consideration of the joint resolution) are waived. The motion to proceed is not debatable. The motion is not subject to a motion to postpone. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the joint resolution shall remain the unfinished business until disposed of.

(B) DEBATE.—Debate on the joint resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between the majority and minority leaders or their designees. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the joint resolution is not in order.

(C) VOTE ON PASSAGE.—The vote on passage shall occur immediately following the conclusion of the debate on a joint resolution, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the Senate.

(D) RULINGS OF THE CHAIR ON PROCEDURE.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate, as the case may be, to the procedure relating to a joint resolution shall be decided without debate.

(f) RULES RELATING TO SENATE AND HOUSE OF REPRESENTATIVES.—

(1) COORDINATION WITH ACTION BY OTHER HOUSE.—If, before the passage by one House of a joint resolution of that House, that House receives from the other House a joint resolution, then the following procedures shall apply:

(A) The joint resolution of the other House shall not be referred to a committee.

(B) With respect to a joint resolution of the House receiving the resolution—

(i) the procedure in that House shall be the same as if no joint resolution had been received from the other House; but

(ii) the vote on passage shall be on the joint resolution of the other House.

(2) TREATMENT OF JOINT RESOLUTION OF OTHER HOUSE.—If one House fails to introduce or consider a joint resolution under this section, the joint resolution of the other House shall be entitled to expedited floor procedures under this section.

(3) TREATMENT OF COMPANION MEASURES.—If, following passage of the joint resolution in the Senate, the Senate then receives the companion measure from the House of Representatives, the companion measure shall not be debatable.

(4) CONSIDERATION AFTER PASSAGE.—

(A) IN GENERAL.—If Congress passes a joint resolution, the period beginning on the date the President is presented with the joint resolution and ending on the date the President takes action with respect to the joint resolution shall be disregarded in computing the 15-calendar day period described in subsection (a)(3).

(B) VETOES.—If the President vetoes the joint resolution—

(i) the period beginning on the date the President vetoes the joint resolution and ending on the date the Congress receives the veto message with respect to the joint resolution shall be disregarded in computing the 15-calendar day period described in subsection (a)(3), and

(ii) debate on a veto message in the Senate under this section shall be 1 hour equally divided between the majority and minority leaders or their designees.

(5) RULES OF HOUSE OF REPRESENTATIVES AND SENATE.—This subsection and subsections (c), (d), and (e) are enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a joint resolution, and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

SEC. 116. OVERSIGHT AND AUDITS.

(a) COMPTROLLER GENERAL OVERSIGHT.—

(1) SCOPE OF OVERSIGHT.—The Comptroller General of the United States shall, upon establishment of the troubled assets relief program under this Act (in this section referred to as the ''TARP''), commence ongoing oversight of the activities and performance of the TARP and of any agents and representatives of the TARP (as related to the agent or representative's activities on behalf of or under the authority of the TARP), including vehicles established by the Secretary under this Act. The subjects of such oversight shall include the following:

(A) The performance of the TARP in meeting the purposes of this Act, particularly those involving—

(i) foreclosure mitigation;

(ii) cost reduction;

(iii) whether it has provided stability or prevented disruption to the financial markets or the banking system; and

(iv) whether it has protected taxpayers.

(B) The financial condition and internal controls of the TARP, its representatives and agents.

(C) Characteristics of transactions and commitments entered into, including transaction type, frequency, size, prices paid, and all other relevant terms and conditions, and the timing, duration and terms of any future commitments to purchase assets.

(D) Characteristics and disposition of acquired assets, including type, acquisition price, current market value, sale prices and terms, and use of proceeds from sales.

(E) Efficiency of the operations of the TARP in the use of appropriated funds.

(F) Compliance with all applicable laws and regulations by the TARP, its agents and representatives.

(G) The efforts of the TARP to prevent, identify, and minimize conflicts of interest involving any agent or representative performing activities on behalf of or under the authority of the TARP.

(H) The efficacy of contracting procedures pursuant to section 107(b), including, as applicable, the efforts of the TARP in evaluating proposals for inclusion and contracting to the maximum extent possible of minorities (as such term is defined in 1204(c) of the Financial Institutions Reform, Recovery, and Enhancement Act of 1989 (12 U.S.C. 1811 note), women, and minority- and women-owned businesses, including ascertaining and reporting the total amount of fees paid and other value delivered by the TARP to all of its agents and representatives, and such amounts paid or delivered to such firms that are minority- and women-owned businesses (as such terms are defined in section 21A of the Federal Home Loan Bank Act (12 U.S.C. 1441a)).

(2) CONDUCT AND ADMINISTRATION OF OVERSIGHT.—

(A) GAO PRESENCE.—The Secretary shall provide the Comptroller General with appropriate space and facilities in the Department of the Treasury as necessary to facilitate oversight of the TARP until the termination date established in section 120.

(B) ACCESS TO RECORDS.—To the extent otherwise consistent with law, the Comptroller General shall have access, upon request, to any information, data, schedules, books, accounts, financial records, reports, files, electronic communications, or other papers, things, or property belonging to or in use by the TARP, or any vehicles established by the Secretary under this Act, and to the officers, directors, employees, independent public accountants, financial advisors, and other agents and representatives of the TARP (as related to the agent or representative's activities on behalf of or under the authority of the TARP) or any such vehicle at such reasonable time as the Comptroller General may request. The Comptroller General shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians. The Comptroller General may make and retain copies of such books, accounts, and other records as the Comptroller General deems appropriate.

(C) REIMBURSEMENT OF COSTS.—The Treasury shall reimburse the Government Accountability Office for the full cost of any such oversight activities as billed therefor by the Comptroller General of the United States. Such reimbursements shall be credited to the appropriation account ''Salaries and Expenses, Government Accountability Office'' current when the payment is received and remain available until expended.

(3) REPORTING.—The Comptroller General shall submit reports of findings under this section, regularly and no less frequently than once every 60 days, to the appropriate committees of Congress, and the Special Inspector General for the Troubled Asset Relief Program established under this Act on the activities and performance of the TARP. The Comptroller may also submit special reports under this subsection as warranted by the findings of its oversight activities.

(b) COMPTROLLER GENERAL AUDITS.—

(1) ANNUAL AUDIT.—The TARP shall annually prepare and issue to the appropriate committees of Congress and the public audited financial statements prepared in accordance with generally accepted accounting principles, and the Comptroller General shall annually audit such statements in accordance with generally accepted auditing standards. The Treasury shall reimburse the Government Accountability Office for the full cost of any such audit as billed therefor by the Comptroller General. Such reimbursements shall be credited to the appropriation account ''Salaries and Expenses, Government Accountability Office'' current when the payment is received and remain available until expended. The financial statements prepared under this paragraph shall be on the fiscal year basis prescribed under section 1102 of title 31, United States Code.

(2) AUTHORITY.—The Comptroller General may audit the programs, activities, receipts, expenditures, and financial transactions of the TARP and any agents and representatives of the TARP (as related to the agent or representative's activities on behalf of or under the authority of the TARP), including vehicles established by the Secretary under this Act.

(3) CORRECTIVE RESPONSES TO AUDIT PROBLEMS.—The TARP shall—

(A) take action to address deficiencies identified by the Comptroller General or other auditor engaged by the TARP; or

(B) certify to appropriate committees of Congress that no action is necessary or appropriate.

(c) INTERNAL CONTROL.—

(1) ESTABLISHMENT.—The TARP shall establish and maintain an effective system of internal control, consistent with the standards prescribed under section 3512(c) of title 31, United States Code, that provides reasonable assurance of—

(A) the effectiveness and efficiency of operations, including the use of the resources of the TARP;

(B) the reliability of financial reporting, including financial statements and other reports for internal and external use; and

(C) compliance with applicable laws and regulations.

(2) REPORTING.—In conjunction with each annual financial statement issued under this section, the TARP shall—

(A) state the responsibility of management for establishing and maintaining adequate internal control over financial reporting; and

(B) state its assessment, as of the end of the most recent year covered by such financial statement of the TARP, of the effectiveness of the internal control over financial reporting.

(d) SHARING OF INFORMATION.—Any report or audit required under this section shall also be submitted to the Congressional Oversight Panel established under section 125.

(e) TERMINATION.—Any oversight, reporting, or audit requirement under this section shall terminate on the later of—

(1) the date that the last troubled asset acquired by the Secretary under section 101 has been sold or transferred out of the ownership or control of the Federal Government; or

(2) the date of expiration of the last insurance contract issued under section 102.

SEC. 117. STUDY AND REPORT ON MARGIN AUTHORITY.

(a) STUDY.—The Comptroller General shall undertake a study to determine the extent to which leverage and sudden deleveraging of financial institutions was a factor behind the current financial crisis.

(b) CONTENT.—The study required by this section shall include—

(1) an analysis of the roles and responsibilities of the Board, the Securities and Exchange Commission, the Secretary, and other Federal banking agencies with respect to monitoring leverage and acting to curtail excessive leveraging;

(2) an analysis of the authority of the Board to regulate leverage, including by setting margin requirements, and what process the Board used to decide whether or not to use its authority;

(3) an analysis of any usage of the margin authority by the Board; and

(4) recommendations for the Board and appropriate committees of Congress with respect to the existing authority of the Board.

(c) REPORT.—Not later than June 1, 2009, the Comptroller General shall complete and submit a report on the study required by this section to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives.

(d) SHARING OF INFORMATION.—Any reports required under this section shall also be submitted to the Congressional Oversight Panel established under section 125.

SEC. 118. FUNDING.

For the purpose of the authorities granted in this Act, and for the costs of administering those authorities, the Secretary may use the proceeds of the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under chapter 31 of title 31, United States Code, are extended to include actions authorized by this Act, including the payment of administrative expenses. Any funds expended or obligated by the Secretary for actions authorized by this Act, including the payment of administrative expenses, shall be deemed appropriated at the time of such expenditure or obligation.

SEC. 119. JUDICIAL REVIEW AND RELATED MATTERS.

(a) JUDICIAL REVIEW.—

(1) STANDARD.—Actions by the Secretary pursuant to the authority of this Act shall be subject to chapter 7 of title 5, United States Code, including that such final actions shall be held unlawful and set aside if found to be arbitrary, capricious, an abuse of discretion, or not in accordance with law.

(2) LIMITATIONS ON EQUITABLE RELIEF.—

(A) INJUNCTION.—No injunction or other form of equitable relief shall be issued against the Secretary for actions pursuant to section 101, 102, 106, and 109, other than to remedy a violation of the Constitution.

(B) TEMPORARY RESTRAINING ORDER.—Any request for a temporary restraining order against the Secretary for actions pursuant to this Act shall be considered and granted or denied by the court within 3 days of the date of the request.

(C) PRELIMINARY INJUNCTION.—Any request for a preliminary injunction against the Secretary for actions pursuant to this Act shall be considered and granted or denied by the court on an expedited basis consistent with the provisions of rule 65(b)(3) of the Federal Rules of Civil Procedure, or any successor thereto.

(D) PERMANENT INJUNCTION.—Any request for a permanent injunction against the Secretary for actions pursuant to this Act shall be considered and granted or denied by the court on an expedited basis. Whenever possible, the court shall consolidate trial on the merits with any hearing on a request for a preliminary injunction, consistent with the provisions of rule 65(a)(2) of the Federal Rules of Civil Procedure, or any successor thereto.

(3) LIMITATION ON ACTIONS BY PARTICIPATING COMPANIES.—No action or claims may be brought against the Secretary by any person that divests its assets with respect to its participation in a program under this Act, except as provided in paragraph (1), other than as expressly provided in a written contract with the Secretary.

(4) STAYS.—Any injunction or other form of equitable relief issued against the Secretary for actions pursuant to section 101, 102, 106, and 109, shall be automatically stayed. The stay shall be lifted unless the Secretary seeks a stay from a higher court within 3 calendar days after the date on which the relief is issued.

(b) RELATED MATTERS.—

(1) TREATMENT OF HOMEOWNERS' RIGHTS.—The terms of any residential mortgage loan that is part of any purchase by the Secretary under this Act shall remain subject to all claims and defenses that would otherwise apply, notwithstanding the exercise of authority by the Secretary under this Act.

(2) SAVINGS CLAUSE.—Any exercise of the authority of the Secretary pursuant to this Act shall not impair the claims or defenses that would otherwise apply with respect to persons other than the Secretary. Except as established in any contract, a servicer of pooled residential mortgages owes any duty to determine whether the net present value of the payments on the loan, as modified, is likely to be greater than the anticipated net recovery that would result from foreclosure to all investors and holders of beneficial interests in such investment, but not to any individual or groups of investors or beneficial interest holders, and shall be deemed to act in the best interests of all such investors or holders of beneficial interests if the servicer agrees to or implements a modification or workout plan when the servicer takes reasonable loss mitigation actions, including partial payments.

SEC. 120. TERMINATION OF AUTHORITY.

(a) TERMINATION.—The authorities provided under sections 101(a), excluding section 101(a)(3), and 102 shall terminate on December 31, 2009.

(b) EXTENSION UPON CERTIFICATION.—The Secretary, upon submission of a written certification to Congress, may extend the authority provided under this Act to expire not later than 2 years from the date of enactment of this Act. Such certification shall include a justification of why the extension is necessary to assist American families and stabilize financial markets, as well as the expected cost to the taxpayers for such an extension.

SEC. 121. SPECIAL INSPECTOR GENERAL FOR THE TROUBLED ASSET RELIEF PROGRAM.

(a) OFFICE OF INSPECTOR GENERAL.—There is hereby established the Office of the Special Inspector General for the Troubled Asset Relief Program.

(b) APPOINTMENT OF INSPECTOR GENERAL; REMOVAL.—(1) The head of the Office of the Special Inspector General for the Troubled Asset Relief Program is the Special Inspector General for the Troubled Asset Relief Program (in this section referred to as the ''Special Inspector General''), who shall be appointed by the President, by and with the advice and consent of the Senate.

(2) The appointment of the Special Inspector General shall be made on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.

(3) The nomination of an individual as Special Inspector General shall be made as soon as practicable after the establishment of any program under sections 101 and 102.

(4) The Special Inspector General shall be removable from office in accordance with the provisions of section 3(b) of the Inspector General Act of 1978 (5 U.S.C. App.).

(5) For purposes of section 7324 of title 5, United States Code, the Special Inspector General shall not be considered an employee who determines policies to be pursued by the United States in the nationwide administration of Federal law.

(6) The annual rate of basic pay of the Special Inspector General shall be the annual rate of basic pay for an Inspector General under section 3(e) of the Inspector General Act of 1978 (5 U.S.C. App.).

(c) DUTIES.—(1) It shall be the duty of the Special Inspector General to conduct, supervise, and coordinate audits and investigations of the purchase, management, and sale of assets by the Secretary of the Treasury under any program established by the Secretary under section 101, and the management by the Secretary of any program established under section 102, including by collecting and summarizing the following information:

(A) A description of the categories of troubled assets purchased or otherwise procured by the Secretary.

(B) A listing of the troubled assets purchased in each such category described under subparagraph (A).

(C) An explanation of the reasons the Secretary deemed it necessary to purchase each such troubled asset.

(D) A listing of each financial institution that such troubled assets were purchased from.

(E) A listing of and detailed biographical information on each person or entity hired to manage such troubled assets.

(F) A current estimate of the total amount of troubled assets purchased pursuant to any program established under section 101, the amount of troubled assets on the books of the Treasury, the amount of troubled assets sold, and the profit and loss incurred on each sale or disposition of each such troubled asset.

(G) A listing of the insurance contracts issued under section 102.

(2) The Special Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Special Inspector General considers appropriate to discharge the duty under paragraph (1).

(3) In addition to the duties specified in paragraphs (1) and (2), the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978.

(d) POWERS AND AUTHORITIES.—(1) In carrying out the duties specified in subsection (c),

the Special Inspector General shall have the authorities provided in section 6 of the Inspector General Act of 1978.

(2) The Special Inspector General shall carry out the duties specified in subsection (c)(1) in accordance with section 4(b)(1) of the Inspector General Act of 1978.

(e) PERSONNEL, FACILITIES, AND OTHER RESOURCES.—(1) The Special Inspector General may select, appoint, and employ such officers and employees as may be necessary for carrying out the duties of the Special Inspector General, subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(2) The Special Inspector General may obtain services as authorized by section 3109 of title 5, United States Code, at daily rates not to exceed the equivalent rate prescribed for grade GS–15 of the General Schedule by section 5332 of such title.

(3) The Special Inspector General may enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private persons, and make such payments as may be necessary to carry out the duties of the Inspector General.

(4)(A) Upon request of the Special Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Special Inspector General, or an authorized designee.

(B) Whenever information or assistance requested by the Special Inspector General is, in the judgment of the Special Inspector General, unreasonably refused or not provided, the Special Inspector General shall report the circumstances to the appropriate committees of Congress without delay.

(f) REPORTS.—(1) Not later than 60 days after the confirmation of the Special Inspector General, and every calendar quarter thereafter, the Special Inspector General shall submit to the appropriate committees of Congress a report summarizing the activities of the Special Inspector General during the 120-day period ending on the date of such report. Each report shall include, for the period covered by such report, a detailed statement of all purchases, obligations, expenditures, and revenues associated with any program established by the Secretary of the Treasury under sections 101 and 102, as well as the information collected under subsection (c)(1).

(2) Nothing in this subsection shall be construed to authorize the public disclosure of information that is—

(A) specifically prohibited from disclosure by any other provision of law;

(B) specifically required by Executive order to be protected from disclosure in the interest of national defense or national security or in the conduct of foreign affairs; or

(C) a part of an ongoing criminal investigation.

(3) Any reports required under this section shall also be submitted to the Congressional Oversight Panel established under section 125.

(g) FUNDING.—(1) Of the amounts made available to the Secretary of the Treasury under section 118, $50,000,000 shall be available to the Special Inspector General to carry out this section.

(2) The amount available under paragraph (1) shall remain available until expended.

(h) TERMINATION.—The Office of the Special Inspector General shall terminate on the later of—

(1) the date that the last troubled asset acquired by the Secretary under section 101 has been sold or transferred out of the ownership or control of the Federal Government; or

(2) the date of expiration of the last insurance contract issued under section 102.

SEC. 122. INCREASE IN STATUTORY LIMIT ON THE PUBLIC DEBT.

Subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting ''$11,315,000,000,000''.

SEC. 123. CREDIT REFORM.

(a) IN GENERAL.—Subject to subsection (b), the costs of purchases of troubled assets made under section 101(a) and guarantees of troubled assets under section 102, and any cash flows associated with the activities authorized in section 102 and subsections (a), (b), and (c) of section 106 shall be determined as provided under the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et. seq.).

(b) COSTS.—For the purposes of section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))—

(1) the cost of troubled assets and guarantees of troubled assets shall be calculated by adjusting the discount rate in section 502(5)(E) (2 U.S.C. 661a(5)(E)) for market risks; and

(2) the cost of a modification of a troubled asset or guarantee of a troubled asset shall be the difference between the current estimate consistent with paragraph (1) under the terms of the troubled asset or guarantee of the troubled asset and the current estimate consistent with paragraph (1) under the terms of the troubled asset or guarantee of the troubled asset, as modified.

SEC. 124. HOPE FOR HOMEOWNERS AMENDMENTS.

Section 257 of the National Housing Act (12 U.S.C. 1715z–23) is amended—

(1) in subsection (e)—

(A) in paragraph (1)(B), by inserting before ''a ratio'' the following: '', or thereafter is likely to have, due to the terms of the mortgage being reset,'';

(B) in paragraph (2)(B), by inserting before the period at the end ''(or such higher percentage as the Board determines, in the discretion of the Board)'';

(C) in paragraph (4)(A)—

(i) in the first sentence, by inserting after ''insured loan'' the following: ''and any payments made under this paragraph,''; and

(ii) by adding at the end the following: ''Such actions may include making payments, which shall be accepted as payment in full of all indebtedness under the eligible mortgage, to any holder of an existing subordinate mortgage, in lieu of any future appreciation payments authorized under subparagraph (B).''; and

(2) in subsection (w), by inserting after ''administrative costs'' the following: ''and payments pursuant to subsection (e)(4)(A)''.

SEC. 125. CONGRESSIONAL OVERSIGHT PANEL.

(a) ESTABLISHMENT.—There is hereby established the Congressional Oversight Panel (hereafter in this section referred to as the ''Oversight Panel'') as an establishment in the legislative branch.

(b) DUTIES.—The Oversight Panel shall review the current state of the financial markets and the regulatory system and submit the following reports to Congress:

(1) REGULAR REPORTS.—

(A) IN GENERAL.—Regular reports of the Oversight Panel shall include the following:

(i) The use by the Secretary of authority under this Act, including with respect to the use of contracting authority and administration of the program.

(ii) The impact of purchases made under the Act on the financial markets and financial institutions.

(iii) The extent to which the information made available on transactions under the program has contributed to market transparency.

(iv) The effectiveness of foreclosure mitigation efforts, and the effectiveness of the program from the standpoint of minimizing long-term costs to the taxpayers and maximizing the benefits for taxpayers.

(B) TIMING.—The reports required under this paragraph shall be submitted not later than 30 days after the first exercise by the Secretary of the authority under section 101(a) or 102, and every 30 days thereafter.

(2) SPECIAL REPORT ON REGULATORY REFORM.—The Oversight Panel shall submit a special report on regulatory reform not later than January 20, 2009, analyzing the current state of the regulatory system and its effectiveness at overseeing the participants in the financial system and protecting consumers, and providing recommendations for improvement, including recommendations regarding whether any participants in the financial markets that are currently outside the regulatory system should become subject to the regulatory system, the rationale underlying such recommendation, and whether there are any gaps in existing consumer protections.

(c) MEMBERSHIP.—

(1) IN GENERAL.—The Oversight Panel shall consist of 5 members, as follows:

(A) 1 member appointed by the Speaker of the House of Representatives.

(B) 1 member appointed by the minority leader of the House of Representatives.

(C) 1 member appointed by the majority leader of the Senate.

(D) 1 member appointed by the minority leader of the Senate.

(E) 1 member appointed by the Speaker of the House of Representatives and the majority leader of the Senate, after consultation with the minority leader of the Senate and the minority leader of the House of Representatives.

(2) PAY.—Each member of the Oversight Panel shall each be paid at a rate equal to the daily equivalent of the annual rate of basic pay for level I of the Executive Schedule for each day (including travel time) during which such member is engaged in the actual performance of duties vested in the Commission.

(3) PROHIBITION OF COMPENSATION OF FEDERAL EMPLOYEES.—Members of the Oversight Panel who are full-time officers or employees of the United States or Members of Congress may not receive additional pay, allowances, or benefits by reason of their service on the Oversight Panel.

(4) TRAVEL EXPENSES.—Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under subchapter I of chapter 57 of title 5, United States Code.

(5) QUORUM.—Four members of the Oversight Panel shall constitute a quorum but a lesser number may hold hearings.

(6) VACANCIES.—A vacancy on the Oversight Panel shall be filled in the manner in which the original appointment was made.

(7) MEETINGS.—The Oversight Panel shall meet at the call of the Chairperson or a majority of its members.

(d) STAFF.—

(1) IN GENERAL.—The Oversight Panel may appoint and fix the pay of any personnel as the Commission considers appropriate.

(2) EXPERTS AND CONSULTANTS.—The Oversight Panel may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(3) STAFF OF AGENCIES.—Upon request of the Oversight Panel, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Oversight Panel to assist it in carrying out its duties under this Act.

(e) POWERS.—

(1) HEARINGS AND SESSIONS.—The Oversight Panel may, for the purpose of carrying out this section, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Panel considers appropriate and may administer oaths or affirmations to witnesses appearing before it.

(2) POWERS OF MEMBERS AND AGENTS.—Any member or agent of the Oversight Panel may, if authorized by the Oversight Panel, take any action which the Oversight Panel is authorized to take by this section.

(3) OBTAINING OFFICIAL DATA.—The Oversight Panel may secure directly from any department or agency of the United States information necessary to enable it to carry out this section. Upon request of the Chairperson of the Oversight Panel, the head of that department or agency shall furnish that information to the Oversight Panel.

(4) REPORTS.—The Oversight Panel shall receive and consider all reports required to be submitted to the Oversight Panel under this Act.

(f) TERMINATION.—The Oversight Panel shall terminate 6 months after the termination date specified in section 120.

(g) FUNDING FOR EXPENSES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Oversight Panel such sums as may be necessary for any fiscal year, half of which shall be derived from the applicable account of the House of Representatives, and half of which shall be derived from the contingent fund of the Senate.

(2) REIMBURSEMENT OF AMOUNTS.—An amount equal to the expenses of the Oversight Panel shall be promptly transferred by the Secretary, from time to time upon the presentment of a statement of such expenses by the Chairperson of the Oversight Panel, from funds made available to the Secretary under this Act to the applicable fund of the House of Representatives and the contingent fund of the Senate, as appropriate, as reimbursement for amounts expended from such account and fund under paragraph (1).

SEC. 126. FDIC AUTHORITY.

(a) IN GENERAL.—Section 18(a) of the Federal Deposit Insurance Act (12 U.S.C. 1828(a)) is amended by adding at the end the following new paragraph:

''(4) FALSE ADVERTISING, MISUSE OF FDIC NAMES, AND MISREPRESENTATION TO INDICATE INSURED STATUS.—

''(A) PROHIBITION ON FALSE ADVERTISING AND MISUSE OF FDIC NAMES.—No person may represent or imply that any deposit liability, obligation, certificate, or share is insured or guaranteed by the Corporation, if such deposit liability, obligation, certificate, or share is not insured or guaranteed by the Corporation—

''(i) by using the terms 'Federal Deposit', 'Federal Deposit Insurance', 'Federal Deposit Insurance Corporation', any combination of such terms, or the abbreviation 'FDIC' as part of the business name or firm name of any person, including any corporation, partnership, business trust, association, or other business entity; or

''(ii) by using such terms or any other terms, sign, or symbol as part of an advertisement, solicitation, or other document.

''(B) PROHIBITION ON MISREPRESENTATIONS OF INSURED STATUS.—No person may knowingly misrepresent—

''(i) that any deposit liability, obligation, certificate, or share is insured, under this Act, if such deposit liability, obligation, certificate, or share is not so insured; or

''(ii) the extent to which or the manner in which any deposit liability, obligation, certificate, or share is insured under this Act, if such deposit liability, obligation, certificate, or share is not so insured, to the extent or in the manner represented.

''(C) AUTHORITY OF THE APPROPRIATE FEDERAL BANKING AGENCY.—The appropriate Federal banking agency shall have enforcement authority in the case of a violation of this paragraph by any person for which the agency is the appropriate Federal banking agency, or any institution-affiliated party thereof.

''(D) CORPORATION AUTHORITY IF THE APPROPRIATE FEDERAL BANKING AGENCY FAILS TO FOLLOW RECOMMENDATION.—

''(i) RECOMMENDATION.—The Corporation may recommend in writing to the appropriate Federal banking agency that the agency take any enforcement action authorized under section 8 for purposes of enforcement of this paragraph with respect to any person for which the agency is the appropriate Federal banking agency or any institution-affiliated party thereof.

''(ii) AGENCY RESPONSE.—If the appropriate Federal banking agency does not, within 30 days of the date of receipt of a recommendation under clause (i), take the enforcement action with respect to this paragraph recommended by the Corporation or provide a plan acceptable to the Corporation for responding to the situation presented, the Corporation may take the recommended enforcement action against such person or institution-affiliated party.

''(E) ADDITIONAL AUTHORITY.—In addition to its authority under subparagraphs (C) and (D), for purposes of this paragraph, the Corporation shall have, in the same manner and to the same extent as with respect to a State nonmember insured bank—

''(i) jurisdiction over—

''(I) any person other than a person for which another agency is the appropriate Federal banking agency or any institution-affiliated party thereof; and

''(II) any person that aids or abets a violation of this paragraph by a person described in subclause (I); and

''(ii) for purposes of enforcing the requirements of this paragraph, the authority of the Corporation under—

''(I) section 10(c) to conduct investigations; and

''(II) subsections (b), (c), (d) and (i) of section 8 to conduct enforcement actions.

''(F) OTHER ACTIONS PRESERVED.—No provision of this paragraph shall be construed as barring any action otherwise available, under the laws of the United States or any State, to any Federal or State agency or individual.''.

(b) ENFORCEMENT ORDERS.—Section 8(c) of the Federal Deposit Insurance Act (12 U.S.C. 1818(c)) is amended by adding at the end the following new paragraph:

''(4) FALSE ADVERTISING OR MISUSE OF NAMES TO INDICATE INSURED STATUS.—

''(A) TEMPORARY ORDER.—

''(i) IN GENERAL.—If a notice of charges served under subsection (b)(1) specifies on the basis of particular facts that any person engaged or is engaging in conduct described in section 18(a)(4), the Corporation or other appropriate Federal banking agency may issue a temporary order requiring—

''(I) the immediate cessation of any activity or practice described, which gave rise to the notice of charges; and

''(II) affirmative action to prevent any further, or to remedy any existing, violation.

''(ii) EFFECT OF ORDER.—Any temporary order issued under this subparagraph shall take effect upon service.

''(B) EFFECTIVE PERIOD OF TEMPORARY ORDER.—A temporary order issued under subparagraph (A) shall remain effective and enforceable, pending the completion of an administrative proceeding pursuant to subsection (b)(1) in connection with the notice of charges—

''(i) until such time as the Corporation or other appropriate Federal banking agency dismisses the charges specified in such notice; or

''(ii) if a cease-and-desist order is issued against such person, until the effective date of such order.

''(C) CIVIL MONEY PENALTIES.—Any violation of section 18(a)(4) shall be subject to civil money penalties, as set forth in subsection (i), except that for any person other than an insured depository institution or an institution-affiliated party that is found to have violated this paragraph, the Corporation or other appropriate Federal banking agency shall not be required to demonstrate any loss to an insured depository institution.''.

(c) UNENFORCEABILITY OF CERTAIN AGREEMENTS.—Section 13(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)) is amended by adding at the end the following new paragraph:

''(11) UNENFORCEABILITY OF CERTAIN AGREEMENTS.—No provision contained in any existing or future standstill, confidentiality, or other agreement that, directly or indirectly—

''(A) affects, restricts, or limits the ability of any person to offer to acquire or acquire,

''(B) prohibits any person from offering to acquire or acquiring, or

''(C) prohibits any person from using any previously disclosed information in connection with any such offer to acquire or acquisition of,

all or part of any insured depository institution, including any liabilities, assets, or interest therein, in connection with any transaction in which the Corporation exercises its authority under section 11 or 13, shall be enforceable against or impose any liability on such person, as such enforcement or liability shall be contrary to public policy.''.

(d) TECHNICAL AND CONFORMING AMENDMENTS.—Section 18 of the Federal Deposit Insurance Act (12 U.S.C. 1828) is amended—

(1) in subsection (a)(3)—

(A) by striking ''this subsection'' the first place that term appears and inserting ''paragraph (1)''; and

(B) by striking ''this subsection'' the second place that term appears and inserting ''paragraph (2)''; and

(2) in the heading for subsection (a), by striking ''INSURANCE LOGO.—'' and inserting ''REPRESENTATIONS OF DEPOSIT INSURANCE.—''.

SEC. 127. COOPERATION WITH THE FBI.

Any Federal financial regulatory agency shall cooperate with the Federal Bureau of Investigation and other law enforcement agencies investigating fraud, misrepresentation, and malfeasance with respect to development, advertising, and sale of financial products.

SEC. 128. ACCELERATION OF EFFECTIVE DATE.

Section 203 of the Financial Services Regulatory Relief Act of 2006 (12 U.S.C. 461 note) is amended by striking ''October 1, 2011'' and inserting ''October 1, 2008''.

SEC. 129. DISCLOSURES ON EXERCISE OF LOAN AUTHORITY.

(a) IN GENERAL.—Not later than 7 days after the date on which the Board exercises its authority under the third paragraph of section 13 of the Federal Reserve Act (12 U.S.C. 343; relating to discounts for individuals, partnerships, and corporations) the Board shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report which includes—

(1) the justification for exercising the authority; and

(2) the specific terms of the actions of the Board, including the size and duration of the lending, available information concerning the value of any collateral held with respect to such a loan, the recipient of warrants or any other potential equity in exchange for the loan, and any expected cost to the taxpayers for such exercise.

(b) PERIODIC UPDATES.—The Board shall provide updates to the Committees specified in subsection (a) not less frequently than once every 60 days while the subject loan is outstanding, including—

(1) the status of the loan;

(2) the value of the collateral held by the Federal reserve bank which initiated the loan; and

(3) the projected cost to the taxpayers of the loan.

(c) CONFIDENTIALITY.—The information submitted to the Congress under this section shall be kept confidential, upon the written request of the Chairman of the Board, in which case it shall be made available only to the Chairpersons and Ranking Members of the Committees described in subsection (a).

(d) APPLICABILITY.—The provisions of this section shall be in force for all uses of the authority provided under section 13 of the Federal Reserve Act occurring during the period beginning on March 1, 2008 and ending on the after the date of enactment of this Act, and reports described in subsection (a) shall be required beginning not later than 30 days after that date of enactment, with respect to any such exercise of authority.

(e) SHARING OF INFORMATION.—Any reports required under this section shall also be submitted to the Congressional Oversight Panel established under section 125.

SEC. 130. TECHNICAL CORRECTIONS.

(a) IN GENERAL.—Section 128(b)(2) of the Truth in Lending Act (15 U.S.C. 1638(b)(2)), as amended by section 2502 of the Mortgage Disclosure Improvement Act of 2008 (Public Law 110–289), is amended—

(1) in subparagraph (A), by striking ''In the case'' and inserting ''Except as provided in subparagraph (G), in the case''; and

(2) by amending subparagraph (G) to read as follows:

''(G)(i) In the case of an extension of credit relating to a plan described in section 101(53D) of title 11, United States Code—

''(I) the requirements of subparagraphs (A) through (E) shall not apply; and

''(II) a good faith estimate of the disclosures required under subsection (a) shall be made in accordance with regulations of the Board under section 121(c) before such credit is extended, or shall be delivered or placed in the mail not later than 3 business days after the date on which the creditor receives the written application of the consumer for such credit, whichever is earlier.

''(ii) If a disclosure statement furnished within 3 business days of the written application (as provided under clause (i)(II)) contains an annual percentage rate which is subsequently rendered inaccurate, within the meaning of section 107(c), the creditor shall furnish another disclosure statement at the time of settlement or consummation of the transaction.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as if included in the amendments made by section 2502 of the Mortgage Disclosure Improvement Act of 2008 (Public Law 110–289).

SEC. 131. EXCHANGE STABILIZATION FUND REIMBURSEMENT.

(a) REIMBURSEMENT.—The Secretary shall reimburse the Exchange Stabilization Fund established under section 5302 of title 31, United States Code, for any funds that are used for the Treasury Money Market Funds Guaranty Program for the United States money market mutual fund industry, from funds under this Act.

(b) LIMITS ON USE OF EXCHANGE STABILIZATION FUND.—The Secretary is prohibited from using the Exchange Stabilization Fund for the establishment of any future guaranty programs for the United States money market mutual fund industry.

SEC. 132. AUTHORITY TO SUSPEND MARK-TO-MARKET ACCOUNTING.

(a) AUTHORITY.—The Securities and Exchange Commission shall have the authority under the securities laws (as such term is defined in section 3(a)(47) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(47)) to suspend, by rule, regulation, or order, the application of Statement Number 157 of the Financial Accounting Standards Board for any issuer (as such term is defined in section 3(a)(8) of such Act) or with respect to any class or category of transaction if the Commission determines that is necessary or appropriate in the public interest and is consistent with the protection of investors.

(b) SAVINGS PROVISION.—Nothing in subsection (a) shall be construed to restrict or limit any authority of the Securities and Exchange Commission under securities laws as in effect on the date of enactment of this Act.

SEC. 133. STUDY ON MARK-TO-MARKET ACCOUNTING.

(a) STUDY.—The Securities and Exchange Commission, in consultation with the Board and the Secretary, shall conduct a study on mark-to-market accounting standards as provided in Statement Number 157 of the Financial Accounting Standards Board, as such standards are applicable to financial institutions, including depository institutions. Such a study shall consider at a minimum—

(1) the effects of such accounting standards on a financial institution's balance sheet;

(2) the impacts of such accounting on bank failures in 2008;

(3) the impact of such standards on the quality of financial information available to investors;

(4) the process used by the Financial Accounting Standards Board in developing accounting standards;

(5) the advisability and feasibility of modifications to such standards; and

(6) alternative accounting standards to those provided in such Statement Number 157.

(b) REPORT.—The Securities and Exchange Commission shall submit to Congress a report of such study before the end of the 90-day period beginning on the date of the enactment of this Act containing the findings and determinations of the Commission, including such administrative and legislative recommendations as the Commission determines appropriate.

SEC. 134. RECOUPMENT.

Upon the expiration of the 5-year period beginning upon the date of the enactment of this Act, the Director of the Office of Management and Budget, in consultation with the Director of the Congressional Budget Office, shall submit a report to the Congress on the net amount within the Troubled Asset Relief Program under this Act. In any case where there is a shortfall, the President shall submit a legislative proposal that recoups from the financial industry an amount equal to the shortfall in order to ensure that the Troubled Asset Relief Program does not add to the deficit or national debt.

SEC. 135. PRESERVATION OF AUTHORITY.

With the exception of section 131, nothing in this Act may be construed to limit the authority of the Secretary or the Board under any other provision of law.

SEC. 136. TEMPORARY INCREASE IN DEPOSIT AND SHARE INSURANCE COVERAGE.

(a) FEDERAL DEPOSIT INSURANCE ACT; TEMPORARY INCREASE IN DEPOSIT INSURANCE.—

(1) INCREASED AMOUNT.—Effective only during the period beginning on the date of enactment of this Act and ending on December 31, 2009, section 11(a)(1)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(E)) shall apply with ''$250,000'' substituted for ''$100,000''.

(2) TEMPORARY INCREASE NOT TO BE CONSIDERED FOR SETTING ASSESSMENTS.—The temporary increase in the standard maximum deposit insurance amount made under paragraph (1) shall not be taken into account by the Board of Directors of the Corporation for purposes of setting assessments under section 7(b)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1817(b)(2)).

(3) BORROWING LIMITS TEMPORARILY LIFTED.—During the period beginning on the date of enactment of this Act and ending on December 31, 2009, the Board of Directors of the Corporation may request from the Secretary, and the Secretary shall approve, a loan or loans in an amount or amounts necessary to carry out this subsection, without regard to the limitations on such borrowing under section 14(a) and 15(c) of the Federal Deposit Insurance Act (12 U.S.C. 1824(a), 1825(c)).

(b) FEDERAL CREDIT UNION ACT; TEMPORARY INCREASE IN SHARE INSURANCE.—

(1) INCREASED AMOUNT.—Effective only during the period beginning on the date of enactment of this Act and ending on December 31, 2009, section 207(k)(5) of the Federal Credit Union Act (12 U.S.C. 1787(k)(5)) shall apply with ''$250,000'' substituted for ''$100,000''.

(2) TEMPORARY INCREASE NOT TO BE CONSIDERED FOR SETTING INSURANCE PREMIUM CHARGES AND INSURANCE DEPOSIT ADJUSTMENTS.—The temporary increase in the standard maximum share insurance amount made under paragraph (1) shall not be taken into account by the National Credit Union Administration Board for purposes of setting insurance premium charges and share insurance deposit adjustments under section 202(c)(2) of the Federal Credit Union Act (12 U.S.C. 1782(c)(2)).

(3) BORROWING LIMITS TEMPORARILY LIFTED.—During the period beginning on the date of enactment of this Act and ending on December 31, 2009, the National Credit Union Administration Board may request from the Secretary, and the Secretary shall approve, a loan or loans in an amount or amounts necessary to carry out this subsection, without regard to the limitations on such borrowing under section 203(d)(1) of the Federal Credit Union Act (12 U.S.C. 1783(d)(1)).

(c) NOT FOR USE IN INFLATION ADJUSTMENTS.—The temporary increase in the standard maximum deposit insurance amount made under this section shall not be used to make any inflation adjustment under section 11(a)(1)(F) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(F)) for purposes of that Act or the Federal Credit Union Act.

TITLE II—BUDGET-RELATED PROVISIONS

SEC. 201. INFORMATION FOR CONGRESSIONAL SUPPORT AGENCIES.

Upon request, and to the extent otherwise consistent with law, all information used by the Secretary in connection with activities authorized under this Act (including the records to which the Comptroller General is entitled under this Act) shall be made available to congressional support agencies (in accordance with their obligations to support the Congress as set out in their authorizing statutes) for the purposes of assisting the committees of Congress with conducting oversight, monitoring, and analysis of the activities authorized under this Act.

SEC. 202. REPORTS BY THE OFFICE OF MANAGEMENT AND BUDGET AND THE CONGRESSIONAL BUDGET OFFICE.

(a) REPORTS BY THE OFFICE OF MANAGEMENT AND BUDGET.—Within 60 days of the first exercise of the authority granted in section 101(a), but in no case later than December 31, 2008, and semiannually thereafter, the Office of Management and Budget shall report to the President and the Congress—

(1) the estimate, notwithstanding section 502(5)(F) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5)(F)), as of the first business day that is at least 30 days prior to the issuance of the report, of the cost of the troubled assets, and guarantees of the troubled assets, determined in accordance with section 123;

(2) the information used to derive the estimate, including assets purchased or guaranteed, prices paid, revenues received, the impact on the deficit and debt, and a description of any outstanding commitments to purchase troubled assets; and

(3) a detailed analysis of how the estimate has changed from the previous report.

Beginning with the second report under subsection (a), the Office of Management and Budget shall explain the differences between the Congressional Budget Office estimates delivered in accordance with subsection (b) and prior Office of Management and Budget estimates.

(b) REPORTS BY THE CONGRESSIONAL BUDGET OFFICE.—Within 45 days of receipt by the Congress of each report from the Office of Management and Budget under subsection (a), the Congressional Budget Office shall report to the Congress the Congressional Budget Office's assessment of the report submitted by the Office of Management and Budget, including—

(1) the cost of the troubled assets and guarantees of the troubled assets,

(2) the information and valuation methods used to calculate such cost, and

(3) the impact on the deficit and the debt.

(c) FINANCIAL EXPERTISE.—In carrying out the duties in this subsection or performing analyses of activities under this Act, the Director of the Congressional Budget Office may employ personnel and procure the services of experts and consultants.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to produce reports required by this section.

SEC. 203. ANALYSIS IN PRESIDENT'S BUDGET.

(a) IN GENERAL.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraph:

''(35) as supplementary materials, a separate analysis of the budgetary effects for all prior fiscal years, the current fiscal year, the fiscal year for which the budget is submitted, and ensuing fiscal years of the actions the Secretary of the Treasury has taken or plans to take using any authority provided in the Emergency Economic Stabilization Act of 2008, including—

''(A) an estimate of the current value of all assets purchased, sold, and guaranteed under the authority provided in the Emergency Economic Stabilization Act of 2008 using methodology required by the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.) and section 123 of the Emergency Economic Stabilization Act of 2008;

''(B) an estimate of the deficit, the debt held by the public, and the gross Federal debt using methodology required by the Federal Credit Reform Act of 1990 and section 123 of the Emergency Economic Stabilization Act of 2008;

''(C) an estimate of the current value of all assets purchased, sold, and guaranteed under the authority provided in the Emergency Economic Stabilization Act of 2008 calculated on a cash basis;

''(D) a revised estimate of the deficit, the debt held by the public, and the gross Federal debt, substituting the cash-based estimates in subparagraph (C) for the estimates calculated under subparagraph (A) pursuant to the Federal Credit Reform Act of 1990 and section 123 of the Emergency Economic Stabilization Act of 2008; and

''(E) the portion of the deficit which can be attributed to any action taken by the Secretary using authority provided by the Emergency Economic Stabilization Act of 2008 and the extent to which the change in the deficit since the most recent estimate is due to a reestimate using the methodology required by the Federal Credit Reform Act of 1990 and section 123 of the Emergency Economic Stabilization Act of 2008.''

(b) CONSULTATION.—In implementing this section, the Director of Office of Management and Budget shall consult periodically, but at least annually, with the Committee on the Budget of the House of Representatives, the Committee on the Budget of the Senate, and the Director of the Congressional Budget Office.

(c) EFFECTIVE DATE.—This section and the amendment made by this section shall apply beginning with respect to the fiscal year 2010 budget submission of the President.

SEC. 204. EMERGENCY TREATMENT.

All provisions of this Act are designated as an emergency requirement and necessary to meet emergency needs pursuant to section 204(a) of S. Con. Res 21 (110th Congress), the concurrent resolution on the budget for fiscal year 2008 and rescissions of any amounts provided in this Act shall not be counted for purposes of budget enforcement.

TITLE III—TAX PROVISIONS

SEC. 301. GAIN OR LOSS FROM SALE OR EXCHANGE OF CERTAIN PREFERRED STOCK.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, gain or loss from the sale or exchange of any applicable preferred stock by any applicable financial institution shall be treated as ordinary income or loss.

(b) APPLICABLE PREFERRED STOCK.—For purposes of this section, the term ''applicable preferred stock'' means any stock—

(1) which is preferred stock in—

(A) the Federal National Mortgage Association, established pursuant to the Federal National Mortgage Association Charter Act (12 U.S.C. 1716 et seq.), or

(B) the Federal Home Loan Mortgage Corporation, established pursuant to the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1451 et seq.), and

(2) which—

(A) was held by the applicable financial institution on September 6, 2008, or

(B) was sold or exchanged by the applicable financial institution on or after January 1, 2008, and before September 7, 2008.

(c) APPLICABLE FINANCIAL INSTITUTION.—For purposes of this section:

(1) IN GENERAL.—Except as provided in paragraph (2), the term ''applicable financial institution'' means—

(A) a financial institution referred to in section 582(c)(2) of the Internal Revenue Code of 1986, or

(B) a depository institution holding company (as defined in section 3(w)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(w)(1))).

(2) SPECIAL RULES FOR CERTAIN SALES.—In the case of—

(A) a sale or exchange described in subsection (b)(2)(B), an entity shall be treated as an applicable financial institution only if it was an entity described in subparagraph (A) or (B) of paragraph (1) at the time of the sale or exchange, and

(B) a sale or exchange after September 6, 2008, of preferred stock described in subsection (b)(2)(A), an entity shall be treated as an applicable financial institution only if it was an entity described in subparagraph (A) or (B) of paragraph (1) at all times during the period beginning on September 6, 2008, and ending on the date of the sale or exchange of the preferred stock.

(d) SPECIAL RULE FOR CERTAIN PROPERTY NOT HELD ON SEPTEMBER 6, 2008.—The Secretary of the Treasury or the Secretary's delegate may extend the application of this section to all or a portion of the gain or loss from a sale or exchange in any case where—

(1) an applicable financial institution sells or exchanges applicable preferred stock after September 6, 2008, which the applicable financial institution did not hold on such date, but the basis of which in the hands of the applicable financial institution at the time of the sale or exchange is the same as the basis in the hands of the person which held such stock on such date, or

(2) the applicable financial institution is a partner in a partnership which—

(A) held such stock on September 6, 2008, and later sold or exchanged such stock, or

(B) sold or exchanged such stock during the period described in subsection (b)(2)(B).

(e) REGULATORY AUTHORITY.—The Secretary of the Treasury or the Secretary's delegate may prescribe such guidance, rules, or regulations as are necessary to carry out the purposes of this section.

(f) EFFECTIVE DATE.—This section shall apply to sales or exchanges occurring after December 31, 2007, in taxable years ending after such date.

SEC. 302. SPECIAL RULES FOR TAX TREATMENT OF EXECUTIVE COMPENSATION OF EMPLOYERS PARTICIPATING IN THE TROUBLED ASSETS RELIEF PROGRAM.

(a) DENIAL OF DEDUCTION.—Subsection (m) of section 162 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR APPLICATION TO EMPLOYERS PARTICIPATING IN THE TROUBLED ASSETS RELIEF PROGRAM.—

''(A) IN GENERAL.—In the case of an applicable employer, no deduction shall be allowed under this chapter—

''(i) in the case of executive remuneration for any applicable taxable year which is attributable to services performed by a covered executive during such applicable taxable year, to the extent that the amount of such remuneration exceeds $500,000, or

''(ii) in the case of deferred deduction executive remuneration for any taxable year for services performed during any applicable taxable year by a covered executive, to the extent that the amount of such remuneration exceeds $500,000 reduced (but not below zero) by the sum of—

''(I) the executive remuneration for such applicable taxable year, plus

''(II) the portion of the deferred deduction executive remuneration for such services which was taken into account under this clause in a preceding taxable year.

''(B) APPLICABLE EMPLOYER.—For purposes of this paragraph—

''(i) IN GENERAL.—Except as provided in clause (ii), the term 'applicable employer' means any employer from whom 1 or more troubled assets are acquired under a program established by the Secretary under section 101(a) of the Emergency Economic Stabilization Act of 2008 if the aggregate amount of the assets so acquired for all taxable years exceeds $300,000,000.

''(ii) DISREGARD OF CERTAIN ASSETS SOLD THROUGH DIRECT PURCHASE.—If the only sales of troubled assets by an employer under the program described in clause (i) are through 1 or more direct purchases (within the meaning of section 113(c) of the Emergency Economic Stabilization Act of 2008), such assets shall not be taken into account under clause (i) in determining whether the employer is an applicable employer for purposes of this paragraph.

''(iii) AGGREGATION RULES.—Two or more persons who are treated as a single employer under subsection (b) or (c) of section 414 shall be treated as a single employer, except that in applying section 1563(a) for purposes of either such subsection, paragraphs (2) and (3) thereof shall be disregarded.

''(C) APPLICABLE TAXABLE YEAR.—For purposes of this paragraph, the term 'applicable taxable year' means, with respect to any employer—

''(i) the first taxable year of the employer—

''(I) which includes any portion of the period during which the authorities under section 101(a) of the Emergency Economic Stabilization Act of 2008 are in effect (determined under section 120 thereof), and

''(II) in which the aggregate amount of troubled assets acquired from the employer during the taxable year pursuant to such authorities (other than assets to which subparagraph (B)(ii) applies), when added to the aggregate amount so acquired for all preceding taxable years, exceeds $300,000,000, and

''(ii) any subsequent taxable year which includes any portion of such period.

''(D) COVERED EXECUTIVE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'covered executive' means, with respect to any applicable taxable year, any employee—

''(I) who, at any time during the portion of the taxable year during which the authorities under section 101(a) of the Emergency Economic Stabilization Act of 2008 are in effect (determined under section 120 thereof), is the chief executive officer of the applicable employer or the chief financial officer of the applicable employer, or an individual acting in either such capacity, or

''(II) who is described in clause (ii).

''(ii) HIGHEST COMPENSATED EMPLOYEES.—An employee is described in this clause if the employee is 1 of the 3 highest compensated officers of the applicable employer for the taxable year (other than an individual described in clause (i)(I)), determined—

''(I) on the basis of the shareholder disclosure rules for compensation under the Securities Exchange Act of 1934 (without regard to whether those rules apply to the employer), and

''(II) by only taking into account employees employed during the portion of the taxable year described in clause (i)(I).

''(iii) EMPLOYEE REMAINS COVERED EXECUTIVE.—If an employee is a covered executive with respect to an applicable employer for any applicable taxable year, such employee shall be treated as a covered executive with respect to such employer for all subsequent applicable taxable years and for all subsequent taxable years in which deferred deduction executive remuneration with respect to services performed in all such applicable taxable years would (but for this paragraph) be deductible.

''(E) EXECUTIVE REMUNERATION.—For purposes of this paragraph, the term 'executive remuneration' means the applicable employee remuneration of the covered executive, as determined under paragraph (4) without regard to subparagraphs (B), (C), and (D) thereof. Such term shall not include any deferred deduction executive remuneration with respect to services performed in a prior applicable taxable year.

''(F) DEFERRED DEDUCTION EXECUTIVE REMUNERATION.—For purposes of this paragraph, the term 'deferred deduction executive remuneration' means remuneration which would be executive remuneration for services performed in an applicable taxable year but for the fact that the deduction under this chapter (determined without regard to this paragraph) for such remuneration is allowable in a subsequent taxable year.

''(G) COORDINATION.—Rules similar to the rules of subparagraphs (F) and (G) of paragraph (4) shall apply for purposes of this paragraph.

''(H) REGULATORY AUTHORITY.—The Secretary may prescribe such guidance, rules, or regulations as are necessary to carry out the purposes of this paragraph and the Emergency Economic Stabilization Act of 2008, including the extent to which this paragraph applies in the case of any acquisition, merger, or reorganization of an applicable employer.''.

(b) GOLDEN PARACHUTE RULE.—Section 280G of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subsection (e) as subsection (f), and

(2) by inserting after subsection (d) the following new subsection:

''(e) SPECIAL RULE FOR APPLICATION TO EMPLOYERS PARTICIPATING IN THE TROUBLED ASSETS RELIEF PROGRAM.—

''(1) IN GENERAL.—In the case of the severance from employment of a covered executive of an applicable employer during the period during which the authorities under section 101(a) of the Emergency Economic Stabilization Act of 2008 are in effect (determined under section 120 of such Act), this section shall be applied to payments to such executive with the following modifications:

''(A) Any reference to a disqualified individual (other than in subsection (c)) shall be treated as a reference to a covered executive.

''(B) Any reference to a change described in subsection (b)(2)(A)(i) shall be treated as a reference to an applicable severance from employment of a covered executive, and any reference to a payment contingent on such a change shall be treated as a reference to any payment made during an applicable taxable year of the employer on account of such applicable severance from employment.

''(C) Any reference to a corporation shall be treated as a reference to an applicable employer.

''(D) The provisions of subsections (b)(2)(C), (b)(4), (b)(5), and (d)(5) shall not apply.

''(2) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection:

''(A) DEFINITIONS.—Any term used in this subsection which is also used in section 162(m)(5) shall have the meaning given such term by such section.

''(B) APPLICABLE SEVERANCE FROM EMPLOYMENT.—The term 'applicable severance from employment' means any severance from employment of a covered executive—

''(i) by reason of an involuntary termination of the executive by the employer, or

''(ii) in connection with any bankruptcy, liquidation, or receivership of the employer.

''(C) COORDINATION AND OTHER RULES.—

''(i) IN GENERAL.—If a payment which is treated as a parachute payment by reason of this subsection is also a parachute payment determined without regard to this subsection, this subsection shall not apply to such payment.

''(ii) REGULATORY AUTHORITY.—The Secretary may prescribe such guidance, rules, or regulations as are necessary—

''(I) to carry out the purposes of this subsection and the Emergency Economic Stabilization Act of 2008, including the extent to which this subsection applies in the case of any acquisition, merger, or reorganization of an applicable employer,

''(II) to apply this section and section 4999 in cases where one or more payments with respect to any individual are treated as parachute payments by reason of this subsection, and other payments with respect to such individual are treated as parachute payments under this section without regard to this subsection, and

''(III) to prevent the avoidance of the application of this section through the mischaracterization of a severance from employment as other than an applicable severance from employment.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by subsection (a) shall apply to taxable years ending on or after the date of the enactment of this Act.

(2) GOLDEN PARACHUTE RULE.—The amendments made by subsection (b) shall apply to payments with respect to severances occurring during the period during which the authorities under section 101(a) of this Act are in effect (determined under section 120 of this Act).

SEC. 303. EXTENSION OF EXCLUSION OF INCOME FROM DISCHARGE OF QUALIFIED PRINCIPAL RESIDENCE INDEBTEDNESS.

(a) EXTENSION.—Subparagraph (E) of section 108(a)(1) of the Internal Revenue Code of 1986 is amended by striking ''January 1, 2010'' and inserting ''January 1, 2013''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to discharges of indebtedness occurring on or after January 1, 2010.

DIVISION B—ENERGY IMPROVEMENT AND EXTENSION ACT OF 2008

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This division may be cited as the ''Energy Improvement and Extension Act of 2008''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this division an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents for this division is as follows:

TITLE I—ENERGY PRODUCTION INCENTIVES

Subtitle A—Renewable Energy Incentives

SEC. 101. RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) 1-YEAR EXTENSION FOR WIND AND REFINED COAL FACILITIES.—Paragraphs (1) and (8) of section 45(d) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(2) 2-YEAR EXTENSION FOR CERTAIN OTHER FACILITIES.—Each of the following provisions of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2011'':

(A) Clauses (i) and (ii) of paragraph (2)(A).

(B) Clauses (i)(I) and (ii) of paragraph (3)(A).

(C) Paragraph (4).

(D) Paragraph (5).

(E) Paragraph (6).

(F) Paragraph (7).

(G) Subparagraphs (A) and (B) of paragraph (9).

(b) MODIFICATION OF REFINED COAL AS A QUALIFIED ENERGY RESOURCE.—

(1) ELIMINATION OF INCREASED MARKET VALUE TEST.—Section 45(c)(7)(A)(i) (defining refined coal), as amended by section 108, is amended—

(A) by striking subclause (IV),

(B) by adding ''and'' at the end of subclause (II), and

(C) by striking '', and'' at the end of subclause (III) and inserting a period.

(2) INCREASE IN REQUIRED EMISSION REDUCTION.—Section 45(c)(7)(B) (defining qualified emission reduction) is amended by inserting ''at least 40 percent of the emissions of'' after ''nitrogen oxide and''.

(c) TRASH FACILITY CLARIFICATION.—Paragraph (7) of section 45(d) is amended—

(1) by striking ''facility which burns'' and inserting ''facility (other than a facility described in paragraph (6)) which uses'', and

(2) by striking ''COMBUSTION''.

(d) EXPANSION OF BIOMASS FACILITIES.—

(1) OPEN-LOOP BIOMASS FACILITIES.—Paragraph (3) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(2) CLOSED-LOOP BIOMASS FACILITIES.—Paragraph (2) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A)(i), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(e) MODIFICATION OF RULES FOR HYDROPOWER PRODUCTION.—Subparagraph (C) of section 45(c)(8) is amended to read as follows:

''(C) NONHYDROELECTRIC DAM.—For purposes of subparagraph (A), a facility is described in this subparagraph if—

''(i) the hydroelectric project installed on the nonhydroelectric dam is licensed by the Federal Energy Regulatory Commission and meets all other applicable environmental, licensing, and regulatory requirements,

''(ii) the nonhydroelectric dam was placed in service before the date of the enactment of this paragraph and operated for flood control, navigation, or water supply purposes and did not produce hydroelectric power on the date of the enactment of this paragraph, and

''(iii) the hydroelectric project is operated so that the water surface elevation at any given location and time that would have occurred in the absence of the hydroelectric project is maintained, subject to any license requirements imposed under applicable law that change the water surface elevation for the purpose of improving environmental quality of the affected waterway.

The Secretary, in consultation with the Federal Energy Regulatory Commission, shall certify if a hydroelectric project licensed at a nonhydroelectric dam meets the criteria in clause (iii). Nothing in this section shall affect the standards under which the Federal Energy Regulatory Commission issues licenses for and regulates hydropower projects under part I of the Federal Power Act.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to property originally placed in service after December 31, 2008.

(2) REFINED COAL.—The amendments made by subsection (b) shall apply to coal produced and sold from facilities placed in service after December 31, 2008.

(3) TRASH FACILITY CLARIFICATION.—The amendments made by subsection (c) shall apply to electricity produced and sold after the date of the enactment of this Act.

(4) EXPANSION OF BIOMASS FACILITIES.—The amendments made by subsection (d) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.

(a) IN GENERAL.—Paragraph (1) of section 45(c) is amended by striking ''and'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', and'', and by adding at the end the following new subparagraph:

''(I) marine and hydrokinetic renewable energy.''.

(b) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

''(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

''(A) IN GENERAL.—The term 'marine and hydrokinetic renewable energy' means energy derived from—

''(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

''(ii) free flowing water in rivers, lakes, and streams,

''(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

''(iv) differentials in ocean temperature (ocean thermal energy conversion).

''(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.''.

(c) DEFINITION OF FACILITY.—Subsection (d) of section 45 is amended by adding at the end the following new paragraph:

''(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term 'qualified facility' means any facility owned by the taxpayer—

''(A) which has a nameplate capacity rating of at least 150 kilowatts, and

''(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2012.''.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(e) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by section 101, is amended by striking ''January 1, 2012'' and inserting ''the date of the enactment of paragraph (11)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 103. ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2017''.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(3) MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (B) of section 38(c)(4), as amended by the Housing Assistance Tax Act of 2008, is amended by redesignating clause (vi) as clause (vi) and (vii), respectively, and by inserting after clause (iv) the following new clause:

''(v) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48,''.

(2) TECHNICAL AMENDMENT.—Clause (vi) of section 38(c)(4)(B), as redesignated by paragraph (1), is amended by striking ''section 47 to the extent attributable to'' and inserting ''section 46 to the extent that such credit is attributable to the rehabilitation credit under section 47, but only with respect to''.

(c) ENERGY CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.—

(1) IN GENERAL.—Section 48(a)(3)(A) is amended by striking ''or'' at the end of clause (iii), by inserting ''or'' at the end of clause (iv), and by adding at the end the following new clause:

''(v) combined heat and power system property,''.

(2) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Subsection (c) of section 48 is amended—

(A) by striking ''QUALIFIED FUEL CELL PROPERTY; QUALIFIED MICROTURBINE PROPERTY'' in the heading and inserting ''DEFINITIONS'', and

(B) by adding at the end the following new paragraph:

''(3) COMBINED HEAT AND POWER SYSTEM PROPERTY.—

''(A) COMBINED HEAT AND POWER SYSTEM PROPERTY.—The term 'combined heat and power system property' means property comprising a system—

''(i) which uses the same energy source for the simultaneous or sequential generation of electrical power, mechanical shaft power, or both, in combination with the generation of steam or other forms of useful thermal energy (including heating and cooling applications),

''(ii) which produces—

''(I) at least 20 percent of its total useful energy in the form of thermal energy which is not used to produce electrical or mechanical power (or combination thereof), and

''(II) at least 20 percent of its total useful energy in the form of electrical or mechanical power (or combination thereof),

''(iii) the energy efficiency percentage of which exceeds 60 percent, and

''(iv) which is placed in service before January 1, 2017.

''(B) LIMITATION.—

''(i) IN GENERAL.—In the case of combined heat and power system property with an electrical capacity in excess of the applicable capacity placed in service during the taxable year, the credit under subsection (a)(1) (determined without regard to this paragraph) for such year

shall be equal to the amount which bears the same ratio to such credit as the applicable capacity bears to the capacity of such property.

''(ii) APPLICABLE CAPACITY.—For purposes of clause (i), the term 'applicable capacity' means 15 megawatts or a mechanical energy capacity of more than 20,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(iii) MAXIMUM CAPACITY.—The term 'combined heat and power system property' shall not include any property comprising a system if such system has a capacity in excess of 50 megawatts or a mechanical energy capacity in excess of 67,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(C) SPECIAL RULES.—

''(i) ENERGY EFFICIENCY PERCENTAGE.—For purposes of this paragraph, the energy efficiency percentage of a system is the fraction—

''(I) the numerator of which is the total useful electrical, thermal, and mechanical power produced by the system at normal operating rates, and expected to be consumed in its normal application, and

''(II) the denominator of which is the lower heating value of the fuel sources for the system.

''(ii) DETERMINATIONS MADE ON BTU BASIS.—The energy efficiency percentage and the percentages under subparagraph (A)(ii) shall be determined on a Btu basis.

''(iii) INPUT AND OUTPUT PROPERTY NOT INCLUDED.—The term 'combined heat and power system property' does not include property used to transport the energy source to the facility or to distribute energy produced by the facility.

''(D) SYSTEMS USING BIOMASS.—If a system is designed to use biomass (within the meaning of paragraphs (2) and (3) of section 45(c) without regard to the last sentence of paragraph (3)(A)) for at least 90 percent of the energy source—

''(i) subparagraph (A)(iii) shall not apply, but

''(ii) the amount of credit determined under subsection (a) with respect to such system shall not exceed the amount which bears the same ratio to such amount of credit (determined without regard to this subparagraph) as the energy efficiency percentage of such system bears to 60 percent.''.

(3) CONFORMING AMENDMENT.—Section 48(a)(1) is amended by striking ''paragraphs (1)(B) and (2)(B)'' and inserting ''paragraphs (1)(B), (2)(B), and (3)(B)''.

(d) INCREASE OF CREDIT LIMITATION FOR FUEL CELL PROPERTY.—Subparagraph (B) of section 48(c)(1) is amended by striking ''$500'' and inserting ''$1,500''.

(e) PUBLIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 48(a) is amended by striking the second sentence thereof.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(B) Paragraph (2) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The amendments made by subsection (b) shall apply to credits determined under section 46 of the Internal Revenue Code of 1986 in taxable years beginning after the date of the enactment of this Act and to carrybacks of such credits.

(3) COMBINED HEAT AND POWER AND FUEL CELL PROPERTY.—The amendments made by subsections (c) and (d) shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

(4) PUBLIC UTILITY PROPERTY.—The amendments made by subsection (e) shall apply to periods after February 13, 2008, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 104. ENERGY CREDIT FOR SMALL WIND PROPERTY.

(a) IN GENERAL.—Section 48(a)(3)(A), as amended by section 103, is amended by striking ''or'' at the end of clause (iv), by adding ''or'' at the end of clause (v), and by inserting after clause (v) the following new clause:

''(vi) qualified small wind energy property,''.

(b) 30 PERCENT CREDIT.—Section 48(a)(2)(A)(i) is amended by striking ''and'' at the end of subclause (II) and by inserting after subclause (III) the following new subclause:

''(IV) qualified small wind energy property, and''.

(c) QUALIFIED SMALL WIND ENERGY PROPERTY.—Section 48(c), as amended by section 103, is amended by adding at the end the following new paragraph:

''(4) QUALIFIED SMALL WIND ENERGY PROPERTY.—

''(A) IN GENERAL.—The term 'qualified small wind energy property' means property which uses a qualifying small wind turbine to generate electricity.

''(B) LIMITATION.—In the case of qualified small wind energy property placed in service during the taxable year, the credit otherwise determined under subsection (a)(1) for such year with respect to all such property of the taxpayer shall not exceed $4,000.

''(C) QUALIFYING SMALL WIND TURBINE.—The term 'qualifying small wind turbine' means a wind turbine which has a nameplate capacity of not more than 100 kilowatts.

''(D) TERMINATION.—The term 'qualified small wind energy property' shall not include any property for any period after December 31, 2016.''.

(d) CONFORMING AMENDMENT.—Section 48(a)(1), as amended by section 103, is amended by striking ''paragraphs (1)(B), (2)(B), and (3)(B)'' and inserting ''paragraphs (1)(B), (2)(B), (3)(B), and (4)(B)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 105. ENERGY CREDIT FOR GEOTHERMAL HEAT PUMP SYSTEMS.

(a) IN GENERAL.—Subparagraph (A) of section 48(a)(3), as amended by this Act, is amended by striking ''or'' at the end of clause (v), by inserting ''or'' at the end of clause (vi), and by adding at the end the following new clause:

''(vii) equipment which uses the ground or ground water as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure, but only with respect to periods ending before January 1, 2017,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to periods after the date of the enactment of this Act, in taxable years ending after such date, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990).

SEC. 106. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) EXTENSION.—Section 25D(g) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2016''.

(b) REMOVAL OF LIMITATION FOR SOLAR ELECTRIC PROPERTY.—

(1) IN GENERAL.—Section 25D(b)(1), as amended by subsections (c) and (d), is amended—

(A) by striking subparagraph (A), and

(B) by redesignating subparagraphs (B) through (E) as subparagraphs (A) through and (D), respectively.

(2) CONFORMING AMENDMENT.—Section 25D(e)(4)(A), as amended by subsections (c) and (d), is amended—

(A) by striking clause (i), and

(B) by redesignating clauses (ii) through (v) as clauses (i) and (iv), respectively.

(c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

(1) IN GENERAL.—Section 25D(a) is amended by striking ''and'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting '', and'', and by adding at the end the following new paragraph:

''(4) 30 percent of the qualified small wind energy property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) $500 with respect to each half kilowatt of capacity (not to exceed $4,000) of wind turbines for which qualified small wind energy property expenditures are made.''.

(3) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURES.—

(A) IN GENERAL.—Section 25D(d) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURE.—The term 'qualified small wind energy property expenditure' means an expenditure for property which uses a wind turbine to generate electricity for use in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.''.

(B) NO DOUBLE BENEFIT.—Section 45(d)(1) is amended by adding at the end the following new sentence: ''Such term shall not include any facility with respect to which any qualified small wind energy property expenditure (as defined in subsection (d)(4) of section 25D) is taken into account in determining the credit under such section.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) $1,667 in the case of each half kilowatt of capacity (not to exceed $13,333) of wind turbines for which qualified small wind energy property expenditures are made.''.

(d) CREDIT FOR GEOTHERMAL HEAT PUMP SYSTEMS.—

(1) IN GENERAL.—Section 25D(a), as amended by subsection (c), is amended by striking ''and'' at the end of paragraph (3), by striking the period at the end of paragraph (4) and inserting '', and'', and by adding at the end the following new paragraph:

''(5) 30 percent of the qualified geothermal heat pump property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1), as amended by subsection (c), is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) $2,000 with respect to any qualified geothermal heat pump property expenditures.''.

(3) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—Section 25D(d), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(5) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified geothermal heat pump property expenditure' means an expenditure for qualified geothermal heat pump property installed on or in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.

''(B) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY.—The term 'qualified geothermal heat pump property' means any equipment which—

''(i) uses the ground or ground water as a thermal energy source to heat the dwelling unit referred to in subparagraph (A) or as a thermal energy sink to cool such dwelling unit, and

''(ii) meets the requirements of the Energy Star program which are in effect at the time that the expenditure for such equipment is made.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A), as amended by subsection (c), is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by adding at the end the following new clause:

''(v) $6,667 in the case of any qualified geothermal heat pump property expenditures.''.

(e) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 25D is amended to read as follows:

''(c) LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.—

''(1) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.

''(2) CARRYFORWARD OF UNUSED CREDIT.—

''(A) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting ''and section 25D'' after ''this section''.

(B) Section 24(b)(3)(B) is amended by striking ''and 25B'' and inserting '', 25B, and 25D''.

(C) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25D''.

(D) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25D''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) SOLAR ELECTRIC PROPERTY LIMITATION.—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2008.

(3) APPLICATION OF EGTRRA SUNSET.—The amendments made by subparagraphs (A) and (B) of subsection (e)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

SEC. 107. NEW CLEAN RENEWABLE ENERGY BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

''SEC. 54C. NEW CLEAN RENEWABLE ENERGY BONDS.

''(a) NEW CLEAN RENEWABLE ENERGY BOND.—For purposes of this subpart, the term 'new clean renewable energy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by governmental bodies, public power providers, or cooperative electric companies for one or more qualified renewable energy facilities,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any new clean renewable energy bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

''(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national new clean renewable energy bond limitation of $800,000,000 which shall be allocated by the Secretary as provided in paragraph (3), except that—

''(A) not more than 33⅓ percent thereof may be allocated to qualified projects of public power providers,

''(B) not more than 33⅓ percent thereof may be allocated to qualified projects of governmental bodies, and

''(C) not more than 33⅓ percent thereof may be allocated to qualified projects of cooperative electric companies.

''(3) METHOD OF ALLOCATION.—

''(A) ALLOCATION AMONG PUBLIC POWER PROVIDERS.—After the Secretary determines the qualified projects of public power providers which are appropriate for receiving an allocation of the national new clean renewable energy bond limitation, the Secretary shall, to the maximum extent practicable, make allocations among such projects in such manner that the amount allocated to each such project bears the same ratio to the cost of such project as the limitation under paragraph (2)(A) bears to the cost of all such projects.

''(B) ALLOCATION AMONG GOVERNMENTAL BODIES AND COOPERATIVE ELECTRIC COMPANIES.—The Secretary shall make allocations of the amount of the national new clean renewable energy bond limitation described in paragraphs (2)(B) and (2)(C) among qualified projects of governmental bodies and cooperative electric companies, respectively, in such manner as the Secretary determines appropriate.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means a qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date) owned by a public power provider, a governmental body, or a cooperative electric company.

''(2) PUBLIC POWER PROVIDER.—The term 'public power provider' means a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).

''(3) GOVERNMENTAL BODY.—The term 'governmental body' means any State or Indian tribal government, or any political subdivision thereof.

''(4) COOPERATIVE ELECTRIC COMPANY.—The term 'cooperative electric company' means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C).

''(5) CLEAN RENEWABLE ENERGY BOND LENDER.—The term 'clean renewable energy bond lender' means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

''(6) QUALIFIED ISSUER.—The term 'qualified issuer' means a public power provider, a cooperative electric company, a governmental body, a clean renewable energy bond lender, or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d) is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a qualified forestry conservation bond, or

''(B) a new clean renewable energy bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).''.

(2) Subparagraph (C) of section 54A(d)(2) is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a qualified forestry conservation bond, a purpose specified in section 54B(e), and

''(ii) in the case of a new clean renewable energy bond, a purpose specified in section 54C(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54C. Qualified clean renewable energy bonds.''.

(c) EXTENSION FOR CLEAN RENEWABLE ENERGY BONDS.—Subsection (m) of section 54 is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 108. CREDIT FOR STEEL INDUSTRY FUEL.

(a) TREATMENT AS REFINED COAL.—

(1) IN GENERAL.—Subparagraph (A) of section 45(c)(7) of the Internal Revenue Code of 1986 (relating to refined coal), as amended by this Act, is amended to read as follows:

''(A) IN GENERAL.—The term 'refined coal' means a fuel—

''(i) which—

''(I) is a liquid, gaseous, or solid fuel produced from coal (including lignite) or high carbon fly ash, including such fuel used as a feedstock,

''(II) is sold by the taxpayer with the reasonable expectation that it will be used for purpose of producing steam,

''(III) is certified by the taxpayer as resulting (when used in the production of steam) in a qualified emission reduction, and

''(IV) is produced in such a manner as to result in an increase of at least 50 percent in the market value of the refined coal (excluding any increase caused by materials combined or added during the production process), as compared to the value of the feedstock coal, or

''(ii) which is steel industry fuel.''.

(2) STEEL INDUSTRY FUEL DEFINED.—Paragraph (7) of section 45(c) of such Code is amended by adding at the end the following new subparagraph:

''(C) STEEL INDUSTRY FUEL.—

''(i) IN GENERAL.—The term 'steel industry fuel' means a fuel which—

''(I) is produced through a process of liquifying coal waste sludge and distributing it on coal, and

''(II) is used as a feedstock for the manufacture of coke.

''(ii) COAL WASTE SLUDGE.—The term 'coal waste sludge' means the tar decanter sludge and related byproducts of the coking process, including such materials that have been stored in ground, in tanks and in lagoons, that have been treated as hazardous wastes under applicable Federal environmental rules absent liquefaction and processing with coal into a feedstock for the manufacture of coke.''.

(b) CREDIT AMOUNT.—

(1) IN GENERAL.—Paragraph (8) of section 45(e) of the Internal Revenue Code of 1986 (relating to refined coal production facilities) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR STEEL INDUSTRY FUEL.—

''(i) IN GENERAL.—In the case of a taxpayer who produces steel industry fuel—

''(I) this paragraph shall be applied separately with respect to steel industry fuel and other refined coal, and

''(II) in applying this paragraph to steel industry fuel, the modifications in clause (ii) shall apply.

''(ii) MODIFICATIONS.—

''(I) CREDIT AMOUNT.—Subparagraph (A) shall be applied by substituting '$2 per barrel-of-oil equivalent' for '$4.375 per ton'.

''(II) CREDIT PERIOD.—In lieu of the 10-year period referred to in clauses (i) and (ii)(II) of subparagraph (A), the credit period shall be the period beginning on the later of the date such facility was originally placed in service, the date the modifications described in clause (iii) were placed in service, or October 1, 2008, and ending on the later of December 31, 2009, or the date which is 1 year after the date such facility or the modifications described in clause (iii) were placed in service.

''(III) NO PHASEOUT.—Subparagraph (B) shall not apply.

''(iii) MODIFICATIONS.—The modifications described in this clause are modifications to an existing facility which allow such facility to produce steel industry fuel.

''(iv) BARREL-OF-OIL EQUIVALENT.—For purposes of this subparagraph, a barrel-of-oil equivalent is the amount of steel industry fuel that has a Btu content of 5,800,000 Btus.''.

(2) INFLATION ADJUSTMENT.—Paragraph (2) of section 45(b) of such Code is amended by inserting ''the $3 amount in subsection (e)(8)(D)(ii)(I),'' after ''subsection (e)(8)(A),''.

(c) TERMINATION.—Paragraph (8) of section 45(d) of the Internal Revenue Code of 1986 (relating to refined coal production facility), as amended by this Act, is amended to read as follows:

''(8) REFINED COAL PRODUCTION FACILITY.—In the case of a facility that produces refined coal, the term 'refined coal production facility' means—

''(A) with respect to a facility producing steel industry fuel, any facility (or any modification to a facility) which is placed in service before January 1, 2010, and

''(B) with respect to any other facility producing refined coal, any facility placed in service after the date of the enactment of the American Jobs Creation Act of 2004 and before January 1, 2010.''.

(d) COORDINATION WITH CREDIT FOR PRODUCING FUEL FROM A NONCONVENTIONAL SOURCE.—

(1) IN GENERAL.—Subparagraph (B) of section 45(e)(9) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''The term'' and inserting the following:

''(i) IN GENERAL.—The term'', and

(B) by adding at the end the following new clause:

''(ii) EXCEPTION FOR STEEL INDUSTRY COAL.—In the case of a facility producing steel industry fuel, clause (i) shall not apply to so much of the refined coal produced at such facility as is steel industry fuel.''.

(2) NO DOUBLE BENEFIT.—Section 45K(g)(2) of such Code is amended by adding at the end the following new subparagraph:

''(E) COORDINATION WITH SECTION 45.—No credit shall be allowed with respect to any qualified fuel which is steel industry fuel (as defined in section 45(c)(7)) if a credit is allowed to the taxpayer for such fuel under section 45.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced and sold after September 30, 2008.

SEC. 109. SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) EXTENSION FOR QUALIFIED ELECTRIC UTILITIES.—

(1) IN GENERAL.—Paragraph (3) of section 451(i) is amended by inserting ''(before January 1, 2010, in the case of a qualified electric utility)'' after ''January 1, 2008''.

(2) QUALIFIED ELECTRIC UTILITY.—Subsection (i) of section 451 is amended by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) QUALIFIED ELECTRIC UTILITY.—For purposes of this subsection, the term 'qualified electric utility' means a person that, as of the date of the qualifying electric transmission transaction, is vertically integrated, in that it is both—

''(A) a transmitting utility (as defined in section 3(23) of the Federal Power Act (16 U.S.C. 796(23))) with respect to the transmission facilities to which the election under this subsection applies, and

''(B) an electric utility (as defined in section 3(22) of the Federal Power Act (16 U.S.C. 796(22))).''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) PROPERTY LOCATED OUTSIDE THE UNITED STATES NOT TREATED AS EXEMPT UTILITY PROPERTY.—Paragraph (5) of section 451(i) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The term 'exempt utility property' shall not include any property which is located outside the United States.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

(3) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The amendment made by subsection (c) shall apply to transactions after the date of the enactment of this Act.

Subtitle B—Carbon Mitigation and Coal Provisions

SEC. 111. EXPANSION AND MODIFICATION OF ADVANCED COAL PROJECT INVESTMENT CREDIT.

(a) MODIFICATION OF CREDIT AMOUNT.—Section 48A(a) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) 30 percent of the qualified investment for such taxable year in the case of projects described in clause (iii) of subsection (d)(3)(B).''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) is amended by striking ''$1,300,000,000'' and inserting ''$2,550,000,000''.

(c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

(1) IN GENERAL.—Subparagraph (B) of section 48A(d)(3) is amended to read as follows:

''(B) PARTICULAR PROJECTS.—Of the dollar amount in subparagraph (A), the Secretary is authorized to certify—

''(i) $800,000,000 for integrated gasification combined cycle projects the application for which is submitted during the period described in paragraph (2)(A)(i),

''(ii) $500,000,000 for projects which use other advanced coal-based generation technologies the application for which is submitted during the period described in paragraph (2)(A)(i), and

''(iii) $1,250,000,000 for advanced coal-based generation technology projects the application for which is submitted during the period described in paragraph (2)(A)(ii).''.

(2) APPLICATION PERIOD FOR ADDITIONAL PROJECTS.—Subparagraph (A) of section 48A(d)(2) is amended to read as follows:

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

''(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(B) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

''(ii) for an allocation from the dollar amount specified in paragraph (3)(B)(iii) during the 3-year period beginning at the earlier of the termination of the period described in clause (i) or the date prescribed by the Secretary.''.

(3) CAPTURE AND SEQUESTRATION OF CARBON DIOXIDE EMISSIONS REQUIREMENT.—

(A) IN GENERAL.—Section 48A(e)(1) is amended by striking ''and'' at the end of subparagraph (E), by striking the period at the end of subparagraph (F) and inserting ''; and'', and by adding at the end the following new subparagraph:

''(G) in the case of any project the application for which is submitted during the period described in subsection (d)(2)(A)(ii), the project includes equipment which separates and sequesters at least 65 percent (70 percent in the case of an application for reallocated credits under subsection (d)(4)) of such project's total carbon dioxide emissions.''.

(B) HIGHEST PRIORITY FOR PROJECTS WHICH SEQUESTER CARBON DIOXIDE EMISSIONS.—Section 48A(e)(3) is amended by striking ''and'' at the end of subparagraph (A)(iii), by striking the period at the end of subparagraph (B)(iii) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions.''.

(C) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—Section 48A is amended by adding at the end the following new subsection:

''(i) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements of subsection (e)(1)(G).''.

(4) ADDITIONAL PRIORITY FOR RESEARCH PARTNERSHIPS.—Section 48A(e)(3)(B), as amended by paragraph (3)(B), is amended—

(A) by striking ''and'' at the end of clause (ii),

(B) by redesignating clause (iii) as clause (iv), and

(C) by inserting after clause (ii) the following new clause:

''(iii) applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)), and''.

(5) CLERICAL AMENDMENT.—Section 48A(e)(3) is amended by striking ''INTEGRATED GASIFICATION COMBINED CYCLE'' in the heading and inserting ''CERTAIN''.

(d) DISCLOSURE OF ALLOCATIONS.—Section 48A(d) is amended by adding at the end the following new paragraph:

''(5) DISCLOSURE OF ALLOCATIONS.—The Secretary shall, upon making a certification under this subsection or section 48B(d), publicly disclose the identity of the applicant and the amount of the credit certified with respect to such applicant.''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to credits the application for which is submitted during the period described in section 48A(d)(2)(A)(ii) of the Internal Revenue Code of 1986 and which are allocated or reallocated after the date of the enactment of this Act.

(2) DISCLOSURE OF ALLOCATIONS.—The amendment made by subsection (d) shall apply to certifications made after the date of the enactment of this Act.

(3) CLERICAL AMENDMENT.—The amendment made by subsection (c)(5) shall take effect as if included in the amendment made by section 1307(b) of the Energy Tax Incentives Act of 2005.

SEC. 112. EXPANSION AND MODIFICATION OF COAL GASIFICATION INVESTMENT CREDIT.

(a) MODIFICATION OF CREDIT AMOUNT.—Section 48B(a) is amended by inserting ''(30 percent in the case of credits allocated under subsection (d)(1)(B))'' after ''20 percent''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48B(d)(1) is amended by striking ''shall not exceed $350,000,000'' and all that follows and inserting ''shall not exceed—

''(A) $350,000,000, plus

''(B) $250,000,000 for qualifying gasification projects that include equipment which separates and sequesters at least 75 percent of such project's total carbon dioxide emissions.''.

(c) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—Section 48B is amended by adding at the end the following new subsection:

''(f) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements for such project under subsection (d)(1).''.

(d) SELECTION PRIORITIES.—Section 48B(d) is amended by adding at the end the following new paragraph:

''(4) SELECTION PRIORITIES.—In determining which qualifying gasification projects to certify under this section, the Secretary shall—

''(A) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions, and

''(B) give high priority to applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)).''.

(e) ELIGIBLE PROJECTS INCLUDE TRANSPORTATION GRADE LIQUID FUELS.—Section 48B(c)(7) (defining eligible entity) is amended by striking ''and'' at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting '', and'', and by adding at the end the following new subparagraph:

''(H) transportation grade liquid fuels.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to credits described in section 48B(d)(1)(B) of the Internal Revenue Code of 1986 which are allocated or reallocated after the date of the enactment of this Act.

SEC. 113. TEMPORARY INCREASE IN COAL EXCISE TAX; FUNDING OF BLACK LUNG DISABILITY TRUST FUND.

(a) EXTENSION OF TEMPORARY INCREASE.—Paragraph (2) of section 4121(e) is amended—

(1) by striking ''January 1, 2014'' in subparagraph (A) and inserting ''December 31, 2018'', and

(2) by striking ''January 1 after 1981'' in subparagraph (B) and inserting ''December 31 after 2007''.

(b) RESTRUCTURING OF TRUST FUND DEBT.—

(1) DEFINITIONS.—For purposes of this subsection—

(A) MARKET VALUE OF THE OUTSTANDING REPAYABLE ADVANCES, PLUS ACCRUED INTEREST.—The term ''market value of the outstanding repayable advances, plus accrued interest'' means the present value (determined by the Secretary of the Treasury as of the refinancing date and using the Treasury rate as the discount rate) of the stream of principal and interest payments derived assuming that each repayable advance that is outstanding on the refinancing date is due on the 30th anniversary of the end of the fiscal year in which the advance was made to the Trust Fund, and that all such principal and interest payments are made on September 30 of the applicable fiscal year.

(B) REFINANCING DATE.—The term ''refinancing date'' means the date occurring 2 days after the enactment of this Act.

(C) REPAYABLE ADVANCE.—The term ''repayable advance'' means an amount that has been appropriated to the Trust Fund in order to make benefit payments and other expenditures that are authorized under section 9501 of the Internal Revenue Code of 1986 and are required to be repaid when the Secretary of the Treasury determines that monies are available in the Trust Fund for such purpose.

(D) TREASURY RATE.—The term ''Treasury rate'' means a rate determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

(E) TREASURY 1-YEAR RATE.—The term ''Treasury 1-year rate'' means a rate determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States with remaining periods to maturity of approximately 1 year, to have been in effect as of the close of business 1 business day prior to the date on which the Trust Fund issues obligations to the Secretary of the Treasury under paragraph (2)(B).

(2) REFINANCING OF OUTSTANDING PRINCIPAL OF REPAYABLE ADVANCES AND UNPAID INTEREST ON SUCH ADVANCES.—

(A) TRANSFER TO GENERAL FUND.—On the refinancing date, the Trust Fund shall repay the market value of the outstanding repayable advances, plus accrued interest, by transferring into the general fund of the Treasury the following sums:

(i) The proceeds from obligations that the Trust Fund shall issue to the Secretary of the Treasury in such amounts as the Secretaries of Labor and the Treasury shall determine and bearing interest at the Treasury rate, and that shall be in such forms and denominations and be subject to such other terms and conditions, including maturity, as the Secretary of the Treasury shall prescribe.

(ii) All, or that portion, of the appropriation made to the Trust Fund pursuant to paragraph (3) that is needed to cover the difference defined in that paragraph.

(B) REPAYMENT OF OBLIGATIONS.—In the event that the Trust Fund is unable to repay the obligations that it has issued to the Secretary of the Treasury under subparagraph (A)(i) and this subparagraph, or is unable to make benefit payments and other authorized expenditures, the Trust Fund shall issue obligations to the Secretary of the Treasury in such amounts as may be necessary to make such repayments, payments, and expenditures, with a maturity of 1 year, and bearing interest at the Treasury 1-year rate. These obligations shall be in such forms and denominations and be subject to such other terms and conditions as the Secretary of the Treasury shall prescribe.

(C) AUTHORITY TO ISSUE OBLIGATIONS.—The Trust Fund is authorized to issue obligations to the Secretary of the Treasury under subparagraphs (A)(i) and (B). The Secretary of the Treasury is authorized to purchase such obligations of the Trust Fund. For the purposes of making such purchases, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include any purchase of such Trust Fund obligations under this subparagraph.

(3) ONE-TIME APPROPRIATION.—There is hereby appropriated to the Trust Fund an amount sufficient to pay to the general fund of the Treasury the difference between—

(A) the market value of the outstanding repayable advances, plus accrued interest; and

(B) the proceeds from the obligations issued by the Trust Fund to the Secretary of the Treasury under paragraph (2)(A)(i).

(4) PREPAYMENT OF TRUST FUND OBLIGATIONS.—The Trust Fund is authorized to repay any obligation issued to the Secretary of the Treasury under subparagraphs (A)(i) and (B) of paragraph (2) prior to its maturity date by paying a prepayment price that would, if the obligation being prepaid (including all unpaid interest accrued thereon through the date of prepayment) were purchased by a third party and held to the maturity date of such obligation, produce a yield to the third-party purchaser for the period from the date of purchase to the maturity date of such obligation substantially equal to the Treasury yield on outstanding marketable obligations of the United States having a comparable maturity to this period.

SEC. 114. SPECIAL RULES FOR REFUND OF THE COAL EXCISE TAX TO CERTAIN COAL PRODUCERS AND EXPORTERS.

(a) REFUND.—

(1) COAL PRODUCERS.—

(A) IN GENERAL.—Notwithstanding subsections (a)(1) and (c) of section 6416 and section 6511 of the Internal Revenue Code of 1986, if—

(i) a coal producer establishes that such coal producer, or a party related to such coal producer, exported coal produced by such coal producer to a foreign country or shipped coal produced by such coal producer to a possession of the United States, or caused such coal to be exported or shipped, the export or shipment of which was other than through an exporter who meets the requirements of paragraph (2),

(ii) such coal producer filed an excise tax return on or after October 1, 1990, and on or before the date of the enactment of this Act, and

(iii) such coal producer files a claim for refund with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such coal producer an amount equal to the tax paid under section 4121 of such Code on such coal exported or shipped by the coal producer or a party related to such coal producer, or caused by the coal producer or a party related to such coal producer to be exported or shipped.

(B) SPECIAL RULES FOR CERTAIN TAXPAYERS.—For purposes of this section—

(i) IN GENERAL.—If a coal producer or a party related to a coal producer has received a judgment described in clause (iii), such coal producer shall be deemed to have established the export of coal to a foreign country or shipment of coal to a possession of the United States under subparagraph (A)(i).

(ii) AMOUNT OF PAYMENT.—If a taxpayer described in clause (i) is entitled to a payment under subparagraph (A), the amount of such payment shall be reduced by any amount paid pursuant to the judgment described in clause (iii).

(iii) JUDGMENT DESCRIBED.—A judgment is described in this subparagraph if such judgment—

(I) is made by a court of competent jurisdiction within the United States,

(II) relates to the constitutionality of any tax paid on exported coal under section 4121 of the Internal Revenue Code of 1986, and

(III) is in favor of the coal producer or the party related to the coal producer.

(2) EXPORTERS.—Notwithstanding subsections (a)(1) and (c) of section 6416 and section 6511 of the Internal Revenue Code of 1986, and a judgment described in paragraph (1)(B)(iii) of this subsection, if—

(A) an exporter establishes that such exporter exported coal to a foreign country or shipped coal to a possession of the United States, or caused such coal to be so exported or shipped,

(B) such exporter filed a tax return on or after October 1, 1990, and on or before the date of the enactment of this Act, and

(C) such exporter files a claim for refund with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such exporter an amount equal to $0.825 per ton of such coal exported by the exporter or caused to be exported or shipped, or caused to be exported or shipped, by the exporter.

(b) LIMITATIONS.—Subsection (a) shall not apply with respect to exported coal if a settlement with the Federal Government has been made with and accepted by, the coal producer, a party related to such coal producer, or the exporter, of such coal, as of the date that the claim is filed under this section with respect to such exported coal. For purposes of this subsection, the term ''settlement with the Federal Government'' shall not include any settlement or stipulation entered into as of the date of the enactment of this Act, the terms of which contemplate a judgment concerning which any party has reserved the right to file an appeal, or has filed an appeal.

(c) SUBSEQUENT REFUND PROHIBITED.—No refund shall be made under this section to the extent that a credit or refund of such tax on such exported or shipped coal has been paid to any person.

(d) DEFINITIONS.—For purposes of this section—

(1) COAL PRODUCER.—The term ''coal producer'' means the person in whom is vested ownership of the coal immediately after the coal is severed from the ground, without regard to the existence of any contractual arrangement for the sale or other disposition of the coal or the payment of any royalties between the producer and third parties. The term includes any person who extracts coal from coal waste refuse piles or from the silt waste product which results from the wet washing (or similar processing) of coal.

(2) EXPORTER.—The term ''exporter'' means a person, other than a coal producer, who does not have a contract, fee arrangement, or any other agreement with a producer or seller of such coal to export or ship such coal to a third party on behalf of the producer or seller of such coal and—

(A) is indicated in the shipper's export declaration or other documentation as the exporter of record, or

(B) actually exported such coal to a foreign country or shipped such coal to a possession of the United States, or caused such coal to be so exported or shipped.

(3) RELATED PARTY.—The term ''a party related to such coal producer'' means a person who—

(A) is related to such coal producer through any degree of common management, stock ownership, or voting control,

(B) is related (within the meaning of section 144(a)(3) of the Internal Revenue Code of 1986) to such coal producer, or

(C) has a contract, fee arrangement, or any other agreement with such coal producer to sell such coal to a third party on behalf of such coal producer.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Treasury or the Secretary's designee.

(e) TIMING OF REFUND.—With respect to any claim for refund filed pursuant to this section, the Secretary shall determine whether the requirements of this section are met not later than 180 days after such claim is filed. If the Secretary determines that the requirements of this section are met, the claim for refund shall be paid not later than 180 days after the Secretary makes such determination.

(f) INTEREST.—Any refund paid pursuant to this section shall be paid by the Secretary with interest from the date of overpayment determined by using the overpayment rate and method under section 6621 of the Internal Revenue Code of 1986.

(g) DENIAL OF DOUBLE BENEFIT.—The payment under subsection (a) with respect to any coal shall not exceed—

(1) in the case of a payment to a coal producer, the amount of tax paid under section 4121 of the Internal Revenue Code of 1986 with respect to such coal by such coal producer or a party related to such coal producer, and

(2) in the case of a payment to an exporter, an amount equal to $0.825 per ton with respect to such coal exported by the exporter or caused to be exported by the exporter.

(h) APPLICATION OF SECTION.—This section applies only to claims on coal exported or shipped on or after October 1, 1990, through the date of the enactment of this Act.

(i) STANDING NOT CONFERRED.—

(1) EXPORTERS.—With respect to exporters, this section shall not confer standing upon an exporter to commence, or intervene in, any judicial or administrative proceeding concerning a claim for refund by a coal producer of any Federal or State tax, fee, or royalty paid by the coal producer.

(2) COAL PRODUCERS.—With respect to coal producers, this section shall not confer standing upon a coal producer to commence, or intervene in, any judicial or administrative proceeding concerning a claim for refund by an exporter of any Federal or State tax, fee, or royalty paid by the producer and alleged to have been passed on to an exporter.

SEC. 115. TAX CREDIT FOR CARBON DIOXIDE SEQUESTRATION.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business credits) is amended by adding at the end the following new section:

''SEC. 45Q. CREDIT FOR CARBON DIOXIDE SEQUESTRATION.

''(a) GENERAL RULE.—For purposes of section 38, the carbon dioxide sequestration credit for any taxable year is an amount equal to the sum of—

''(1) $20 per metric ton of qualified carbon dioxide which is—

''(A) captured by the taxpayer at a qualified facility, and

''(B) disposed of by the taxpayer in secure geological storage, and

''(2) $10 per metric ton of qualified carbon dioxide which is—

''(A) captured by the taxpayer at a qualified facility, and

''(B) used by the taxpayer as a tertiary injectant in a qualified enhanced oil or natural gas recovery project.

''(b) QUALIFIED CARBON DIOXIDE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified carbon dioxide' means carbon dioxide captured from an industrial source which—

''(A) would otherwise be released into the atmosphere as industrial emission of greenhouse gas, and

''(B) is measured at the source of capture and verified at the point of disposal or injection.

''(2) RECYCLED CARBON DIOXIDE.—The term 'qualified carbon dioxide' includes the initial deposit of captured carbon dioxide used as a tertiary injectant. Such term does not include carbon dioxide that is re-captured, recycled, and re-injected as part of the enhanced oil and natural gas recovery process.

''(c) QUALIFIED FACILITY.—For purposes of this section, the term 'qualified facility' means any industrial facility—

''(1) which is owned by the taxpayer,

''(2) at which carbon capture equipment is placed in service, and

''(3) which captures not less than 500,000 metric tons of carbon dioxide during the taxable year.

''(d) SPECIAL RULES AND OTHER DEFINITIONS.—For purposes of this section—

''(1) ONLY CARBON DIOXIDE CAPTURED AND DISPOSED OF OR USED WITHIN THE UNITED STATES TAKEN INTO ACCOUNT.—The credit under this section shall apply only with respect to qualified carbon dioxide the capture and disposal or use of which is within—

''(A) the United States (within the meaning of section 638(1)), or

''(B) a possession of the United States (within the meaning of section 638(2)).

''(2) SECURE GEOLOGICAL STORAGE.—The Secretary, in consultation with the Administrator of the Environmental Protection Agency, shall establish regulations for determining adequate security measures for the geological storage of carbon dioxide under subsection (a)(1)(B) such that the carbon dioxide does not escape into the atmosphere. Such term shall include storage at deep saline formations and unminable coal seems under such conditions as the Secretary may determine under such regulations.

''(3) TERTIARY INJECTANT.—The term 'tertiary injectant' has the same meaning as when used within section 193(b)(1).

''(4) QUALIFIED ENHANCED OIL OR NATURAL GAS RECOVERY PROJECT.—The term 'qualified enhanced oil or natural gas recovery project' has the meaning given the term 'qualified enhanced oil recovery project' by section 43(c)(2), by substituting 'crude oil or natural gas' for 'crude oil' in subparagraph (A)(i) thereof.

''(5) CREDIT ATTRIBUTABLE TO TAXPAYER.—Any credit under this section shall be attributable to the person that captures and physically or contractually ensures the disposal of or the use as a tertiary injectant of the qualified carbon dioxide, except to the extent provided in regulations prescribed by the Secretary.

''(6) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any qualified carbon dioxide which ceases to be captured, disposed of, or used as a tertiary injectant in a manner consistent with the requirements of this section.

''(7) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2009, there shall be substituted for each dollar amount contained in subsection (a) an amount equal to the product of—

''(A) such dollar amount, multiplied by

''(B) the inflation adjustment factor for such calendar year determined under section 43(b)(3)(B) for such calendar year, determined by substituting '2008' for '1990'.

''(e) APPLICATION OF SECTION.—The credit under this section shall apply with respect to qualified carbon dioxide before the end of the calendar year in which the Secretary, in consultation with the Administrator of the Environmental Protection Agency, certifies that 75,000,000 metric tons of qualified carbon dioxide have been captured and disposed of or used as a tertiary injectant.''.

(b) CONFORMING AMENDMENT.—Section 38(b) (relating to general business credit) is amended by striking ''plus'' at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting '', plus'', and by adding at the end of following new paragraph:

''(34) the carbon dioxide sequestration credit determined under section 45Q(a).''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

''Sec. 45Q. Credit for carbon dioxide sequestration.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to carbon dioxide captured after the date of the enactment of this Act.

SEC. 116. CERTAIN INCOME AND GAINS RELATING TO INDUSTRIAL SOURCE CARBON DIOXIDE TREATED AS QUALIFYING INCOME FOR PUBLICLY TRADED PARTNERSHIPS.

(a) IN GENERAL.—Subparagraph (E) of section 7704(d)(1) (defining qualifying income) is amended by inserting ''or industrial source carbon dioxide'' after ''timber)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, in taxable years ending after such date.

SEC. 117. CARBON AUDIT OF THE TAX CODE.

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,500,000 for the period of fiscal years 2009 and 2010.

TITLE II—TRANSPORTATION AND DOMESTIC FUEL SECURITY PROVISIONS

SEC. 201. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS DEPRECIATION FOR BIOMASS ETHANOL PLANT PROPERTY.

(a) IN GENERAL.—Paragraph (3) of section 168(l) is amended to read as follows:

''(3) CELLULOSIC BIOFUEL.—The term 'cellulosic biofuel' means any liquid fuel which is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.''.

(b) CONFORMING AMENDMENTS.—Subsection (l) of section 168 is amended—

(1) by striking ''cellulosic biomass ethanol'' each place it appears and inserting ''cellulosic biofuel'',

(2) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of such subsection and inserting ''CELLULOSIC BIOFUEL'', and

(3) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of paragraph (2) thereof and inserting ''CELLULOSIC BIOFUEL''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 202. CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

(a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and 6427(e)(5)(B) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) INCREASE IN RATE OF CREDIT.—

(1) INCOME TAX CREDIT.—Paragraphs (1)(A) and (2)(A) of section 40A(b) are each amended by striking ''50 cents'' and inserting ''$1.00''.

(2) EXCISE TAX CREDIT.—Paragraph (2) of section 6426(c) is amended to read as follows:

''(2) APPLICABLE AMOUNT.—For purposes of this subsection, the applicable amount is $1.00.''.

(3) CONFORMING AMENDMENTS.—

(A) Subsection (b) of section 40A is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(B) Paragraph (2) of section 40A(f) is amended to read as follows:

''(2) EXCEPTION.—Subsection (b)(4) shall not apply with respect to renewable diesel.''.

(C) Paragraphs (2) and (3) of section 40A(e) are each amended by striking ''subsection (b)(5)(C)'' and inserting ''subsection (b)(4)(C)''.

(D) Clause (ii) of section 40A(d)(3)(C) is amended by striking ''subsection (b)(5)(B)'' and inserting ''subsection (b)(4)(B)''.

(c) UNIFORM TREATMENT OF DIESEL PRODUCED FROM BIOMASS.—Paragraph (3) of section 40A(f) is amended—

(1) by striking ''diesel fuel'' and inserting ''liquid fuel'',

(2) by striking ''using a thermal depolymerization process'', and

(3) by inserting '', or other equivalent standard approved by the Secretary'' after ''D396''.

(d) COPRODUCTION OF RENEWABLE DIESEL WITH PETROLEUM FEEDSTOCK.—

(1) IN GENERAL.—Paragraph (3) of section 40A(f) is amended by adding at the end the following new sentences: ''Such term does not include any fuel derived from coprocessing biomass with a feedstock which is not biomass. For purposes of this paragraph, the term 'biomass' has the meaning given such term by section 45K(c)(3).''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 40A(f) is amended by striking ''(as defined in section 45K(c)(3))''.

(e) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Subsection (f) of section 40A (relating to renewable diesel) is amended by adding at the end the following new paragraph:

''(4) CERTAIN AVIATION FUEL.—

''(A) IN GENERAL.—Except as provided in the last 3 sentences of paragraph (3), the term 'renewable diesel' shall include fuel derived from biomass which meets the requirements of a Department of Defense specification for military jet fuel or an American Society of Testing and Materials specification for aviation turbine fuel.

''(B) APPLICATION OF MIXTURE CREDITS.—In the case of fuel which is treated as renewable diesel solely by reason of subparagraph (A), subsection (b)(1) and section 6426(c) shall be applied with respect to such fuel by treating kerosene as though it were diesel fuel.''.

(f) MODIFICATION RELATING TO DEFINITION OF AGRI-BIODIESEL.—Paragraph (2) of section 40A(d) (relating to agri-biodiesel) is amended by striking ''and mustard seeds'' and inserting ''mustard seeds, and camelina''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to fuel produced, and sold or used, after December 31, 2008.

(2) COPRODUCTION OF RENEWABLE DIESEL WITH PETROLEUM FEEDSTOCK.—The amendment made by subsection (d) shall apply to fuel produced, and sold or used, after the date of the enactment of this Act.

SEC. 203. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE AN INCENTIVE FOR UNITED STATES PRODUCTION.

(a) ALCOHOL FUELS CREDIT.—Subsection (d) of section 40 is amended by adding at the end the following new paragraph:

''(7) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(b) BIODIESEL FUELS CREDIT.—Subsection (d) of section 40A is amended by adding at the end the following new paragraph:

''(5) LIMITATION TO BIODIESEL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(c) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Section 6426 is amended by adding at the end the following new subsection:

''(i) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

''(1) ALCOHOL.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States.

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(2) CONFORMING AMENDMENT.—Subsection (e) of section 6427 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

''(5) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—No amount shall be payable under paragraph (1) or (2) with respect to any mixture or alternative fuel if credit is not allowed with respect to such mixture or alternative fuel by reason of section 6426(i).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to claims for credit or payment made on or after May 15, 2008.

SEC. 204. EXTENSION AND MODIFICATION OF ALTERNATIVE FUEL CREDIT.

(a) EXTENSION.—

(1) ALTERNATIVE FUEL CREDIT.—Paragraph (4) of section 6426(d) (relating to alternative fuel credit) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2009''.

(2) ALTERNATIVE FUEL MIXTURE CREDIT.—Paragraph (3) of section 6426(e) (relating to alternative fuel mixture credit) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2009''.

(3) PAYMENTS.—Subparagraph (C) of section 6427(e)(5) (relating to termination) is amended by striking ''September 30, 2009'' and inserting ''December 31, 2009''.

(b) MODIFICATIONS.—

(1) ALTERNATIVE FUEL TO INCLUDE COMPRESSED OR LIQUIFIED BIOMASS GAS.—Paragraph (2) of section 6426(d) (relating to alternative fuel credit) is amended by striking ''and'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) compressed or liquefied gas derived from biomass (as defined in section 45K(c)(3)), and''.

(2) CREDIT ALLOWED FOR AVIATION USE OF FUEL.—Paragraph (1) of section 6426(d) is amended by inserting ''sold by the taxpayer for use as a fuel in aviation,'' after ''motorboat,''.

(c) CARBON CAPTURE REQUIREMENT FOR CERTAIN FUELS.—

(1) IN GENERAL.—Subsection (d) of section 6426, as amended by subsection (a), is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) CARBON CAPTURE REQUIREMENT.—

''(A) IN GENERAL.—The requirements of this paragraph are met if the fuel is certified, under such procedures as required by the Secretary, as having been derived from coal produced at a gasification facility which separates and sequesters not less than the applicable percentage of such facility's total carbon dioxide emissions.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is—

''(i) 50 percent in the case of fuel produced after September 30, 2009, and on or before December 30, 2009, and

''(ii) 75 percent in the case of fuel produced after December 30, 2009.''.

(2) CONFORMING AMENDMENT.—Subparagraph (E) of section 6426(d)(2) is amended by inserting ''which meets the requirements of paragraph (4) and which is'' after ''any liquid fuel''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

SEC. 205. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

(a) PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE CREDIT.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

''SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable amount with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE AMOUNT.—For purposes of paragraph (1), the applicable amount is sum of—

''(A) $2,500, plus

''(B) $417 for each kilowatt hour of traction battery capacity in excess of 4 kilowatt hours.

''(b) LIMITATIONS.—

''(1) LIMITATION BASED ON WEIGHT.—The amount of the credit allowed under subsection (a) by reason of subsection (a)(2) shall not exceed—

''(A) $7,500, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of not more than 10,000 pounds,

''(B) $10,000, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 10,000 pounds but not more than 14,000 pounds,

''(C) $12,500, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $15,000, in the case of any new qualified plug-in electric drive motor vehicle with a gross vehicle weight rating of more than 26,000 pounds.

''(2) LIMITATION ON NUMBER OF PASSENGER VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CREDIT.—

''(A) IN GENERAL.—In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

''(B) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the total number of such new qualified plug-in electric drive motor vehicles sold for use in the United States after December 31, 2008, is at least 250,000.

''(C) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage is—

''(i) 50 percent for the first 2 calendar quarters of the phaseout period,

''(ii) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(iii) 0 percent for each calendar quarter thereafter.

''(D) CONTROLLED GROUPS.—Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

''(c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—For purposes of this section, the term 'new qualified plug-in electric drive motor vehicle' means a motor vehicle—

''(1) which draws propulsion using a traction battery with at least 4 kilowatt hours of capacity,

''(2) which uses an offboard source of energy to recharge such battery,

''(3) which, in the case of a passenger vehicle or light truck which has a gross vehicle weight rating of not more than 8,500 pounds, has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(A) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(B) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established,

''(4) the original use of which commences with the taxpayer,

''(5) which is acquired for use or lease by the taxpayer and not for resale, and

''(6) which is made by a manufacturer.

''(d) APPLICATION WITH OTHER CREDITS.—

''(1) BUSINESS CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—So much of the credit which would be allowed under subsection (a) for any taxable year (determined without regard to this subsection) that is attributable to property of a character subject to an allowance for depreciation shall be treated as a credit listed in section 38(b) for such taxable year (and not allowed under subsection (a)).

''(2) PERSONAL CREDIT.—

''(A) IN GENERAL.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

''(B) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under subpart A (other than this section and sections 23 and 25D) and section 27 for the taxable year.

''(e) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) OTHER TERMS.—The terms 'passenger automobile', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) TRACTION BATTERY CAPACITY.—Traction battery capacity shall be measured in kilowatt hours from a 100 percent state of charge to a zero percent state of charge.

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed.

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter for a new qualified plug-in electric drive motor vehicle shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (b)(2)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

''(9) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects not to have this section apply to such vehicle.

''(10) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

''(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

''(f) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(g) TERMINATION.—This section shall not apply to property purchased after December 31, 2014.''.

(b) COORDINATION WITH ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

''(D) EXCLUSION OF PLUG-IN VEHICLES.—Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (d) thereof) shall not be taken into account under this section.''.

(c) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (33), by striking the period at the end of paragraph (34) and inserting ''plus'', and by adding at the end the following new paragraph:

''(35) the portion of the new qualified plug-in electric drive motor vehicle credit to which section 30D(d)(1) applies.''.

(d) CONFORMING AMENDMENTS.—

(1)(A) Section 24(b)(3)(B), as amended by section 106, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(B) Section 25(e)(1)(C)(ii) is amended by inserting ''30D,'' after ''25D,''.

(C) Section 25B(g)(2), as amended by section 106, is amended by striking ''and 25D'' and inserting '', 25D, and 30D''.

(D) Section 26(a)(1), as amended by section 106, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(E) Section 1400C(d)(2) is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(2) Section 1016(a) is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30D(e)(4).''.

(3) Section 6501(m) is amended by inserting ''30D(e)(9),'' after ''30C(e)(5),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 30D. New qualified plug-in electric drive motor vehicles.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(f) APPLICATION OF EGTRRA SUNSET.—The amendment made by subsection (d)(1)(A) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provision of such Act to which such amendment relates.

SEC. 206. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING REDUCTION UNITS AND ADVANCED INSULATION.

(a) IN GENERAL.—Section 4053 is amended by adding at the end the following new paragraphs:

''(9) IDLING REDUCTION DEVICE.—Any device or system of devices which—

''(A) is designed to provide to a vehicle those services (such as heat, air conditioning, or electricity) that would otherwise require the operation of the main drive engine while the vehicle is temporarily parked or remains stationary using one or more devices affixed to a tractor, and

''(B) is determined by the Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and the Secretary of Transportation, to reduce idling of such vehicle at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary.

''(10) ADVANCED INSULATION.—Any insulation that has an R value of not less than R35 per inch.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales or installations after the date of the enactment of this Act.

SEC. 207. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(b) INCLUSION OF ELECTRICITY AS A CLEAN-BURNING FUEL.—Section 30C(c)(2) is amended by adding at the end the following new subparagraph:

''(C) Electricity.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 208. CERTAIN INCOME AND GAINS RELATING TO ALCOHOL FUELS AND MIXTURES, BIODIESEL FUELS AND MIXTURES, AND ALTERNATIVE FUELS AND MIXTURES TREATED AS QUALIFYING INCOME FOR PUBLICLY TRADED PARTNERSHIPS.

(a) IN GENERAL.—Subparagraph (E) of section 7704(d)(1), as amended by this Act, is amended by striking ''or industrial source carbon dioxide'' and inserting '', industrial source carbon dioxide, or the transportation or storage of any fuel described in subsection (b), (c), (d), or (e) of section 6426, or any alcohol fuel defined in section 6426(b)(4)(A) or any biodiesel fuel as defined in section 40A(d)(1)'' after ''timber)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, in taxable years ending after such date.

SEC. 209. EXTENSION AND MODIFICATION OF ELECTION TO EXPENSE CERTAIN REFINERIES.

(a) EXTENSION.—Paragraph (1) of section 179C(c) (relating to qualified refinery property) is amended—

(1) by striking ''January 1, 2012'' in subparagraph (B) and inserting ''January 1, 2014'', and

(2) by striking ''January 1, 2008'' each place it appears in subparagraph (F) and inserting ''January 1, 2010''.

(b) INCLUSION OF FUEL DERIVED FROM SHALE AND TAR SANDS.—

(1) IN GENERAL.—Subsection (d) of section 179C is amended by inserting '', or directly from shale or tar sands'' after ''(as defined in section 45K(c))''.

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 179C(e) is amended by inserting ''shale, tar sands, or'' before ''qualified fuels''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 210. EXTENSION OF SUSPENSION OF TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

Subparagraph (H) of section 613A(c)(6) (relating to oil and gas produced from marginal properties) is amended by striking ''for any taxable year'' and all that follows and inserting ''for any taxable year—

''(i) beginning after December 31, 1997, and before January 1, 2008, or

''(ii) beginning after December 31, 2008, and before January 1, 2010.''.

SEC. 211. TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

(a) IN GENERAL.—Paragraph (1) of section 132(f) is amended by adding at the end the following:

''(D) Any qualified bicycle commuting reimbursement.''.

(b) LIMITATION ON EXCLUSION.—Paragraph (2) of section 132(f) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.''.

(c) DEFINITIONS.—Paragraph (5) of section 132(f) is amended by adding at the end the following:

''(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT.—

''(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.—The term 'qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

''(ii) APPLICABLE ANNUAL LIMITATION.—The term 'applicable annual limitation' means, with respect to any employee for any calendar year, the product of $20 multiplied by the number of qualified bicycle commuting months during such year.

''(iii) QUALIFIED BICYCLE COMMUTING MONTH.—The term 'qualified bicycle commuting month' means, with respect to any employee, any month during which such employee—

''(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

''(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).''.

(d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Paragraph (4) of section 132(f) is amended by inserting ''(other than a qualified bicycle commuting reimbursement)'' after ''qualified transportation fringe''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

TITLE III—ENERGY CONSERVATION AND EFFICIENCY PROVISIONS

SEC. 301. QUALIFIED ENERGY CONSERVATION BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as amended by section 107, is amended by adding at the end the following new section:

''SEC. 54D. QUALIFIED ENERGY CONSERVATION BONDS.

''(a) QUALIFIED ENERGY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified energy conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes,

''(2) the bond is issued by a State or local government, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any qualified energy conservation bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated to such issuer under subsection (e).

''(d) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $800,000,000.

''(e) ALLOCATIONS.—

''(1) IN GENERAL.—The limitation applicable under subsection (d) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(2) ALLOCATIONS TO LARGEST LOCAL GOVERNMENTS.—

''(A) IN GENERAL.—In the case of any State in which there is a large local government, each such local government shall be allocated a portion of such State's allocation which bears the same ratio to the State's allocation (determined without regard to this subparagraph) as the population of such large local government bears to the population of such State.

''(B) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local government may be reallocated by such local government to the State in which such local government is located.

''(C) LARGE LOCAL GOVERNMENT.—For purposes of this section, the term 'large local government' means any municipality or county if such municipality or county has a population of 100,000 or more.

''(3) ALLOCATION TO ISSUERS; RESTRICTION ON PRIVATE ACTIVITY BONDS.—Any allocation under this subsection to a State or large local government shall be allocated by such State or large local government to issuers within the State in a manner that results in not less than 70 percent of the allocation to such State or large local government being used to designate bonds which are not private activity bonds.

''(f) QUALIFIED CONSERVATION PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified conservation purpose' means any of the following:

''(A) Capital expenditures incurred for purposes of—

''(i) reducing energy consumption in publicly-owned buildings by at least 20 percent,

''(ii) implementing green community programs,

''(iii) rural development involving the production of electricity from renewable energy resources, or

''(iv) any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and without regard to any placed in service date).

''(B) Expenditures with respect to research facilities, and research grants, to support research in—

''(i) development of cellulosic ethanol or other nonfossil fuels,

''(ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels,

''(iii) increasing the efficiency of existing technologies for producing nonfossil fuels,

''(iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or

''(v) technologies to reduce energy use in buildings.

''(C) Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

''(D) Demonstration projects designed to promote the commercialization of—

''(i) green building technology,

''(ii) conversion of agricultural waste for use in the production of fuel or otherwise,

''(iii) advanced battery manufacturing technologies,

''(iv) technologies to reduce peak use of electricity, or

''(v) technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.

''(E) Public education campaigns to promote energy efficiency.

''(2) SPECIAL RULES FOR PRIVATE ACTIVITY BONDS.—For purposes of this section, in the case of any private activity bond, the term 'qualified conservation purposes' shall not include any expenditure which is not a capital expenditure.

''(g) POPULATION.—

''(1) IN GENERAL.—The population of any State or local government shall be determined for purposes of this section as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(2) SPECIAL RULE FOR COUNTIES.—In determining the population of any county for purposes of this section, any population of such county which is taken into account in determining the population of any municipality which is a large local government shall not be taken into account in determining the population of such county.

''(h) APPLICATION TO INDIAN TRIBAL GOVERNMENTS.—An Indian tribal government shall be treated for purposes of this section in the same manner as a large local government, except that—

''(1) an Indian tribal government shall be treated for purposes of subsection (e) as located within a State to the extent of so much of the population of such government as resides within such State, and

''(2) any bond issued by an Indian tribal government shall be treated as a qualified energy conservation bond only if issued as part of an issue the available project proceeds of which are used for purposes for which such Indian tribal government could issue bonds to which section 103(a) applies.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as amended by this Act, is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a qualified forestry conservation bond,

''(B) a new clean renewable energy bond, or

''(C) a qualified energy conservation bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).''.

(2) Subparagraph (C) of section 54A(d)(2), as amended by this Act, is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a qualified forestry conservation bond, a purpose specified in section 54B(e),

''(ii) in the case of a new clean renewable energy bond, a purpose specified in section 54C(a)(1), and

''(iii) in the case of a qualified energy conservation bond, a purpose specified in section 54D(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1, as amended by this Act, is amended by adding at the end the following new item:

''Sec. 54D. Qualified energy conservation bonds.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 302. CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION OF CREDIT.—Section 25C(g) is amended by striking ''placed in service after December 31, 2007'' and inserting ''placed in service—

''(1) after December 31, 2007, and before January 1, 2009, or

''(2) after December 31, 2009.''.

(b) QUALIFIED BIOMASS FUEL PROPERTY.—

(1) IN GENERAL.—Section 25C(d)(3) is amended—

(A) by striking ''and'' at the end of subparagraph (D),

(B) by striking the period at the end of subparagraph (E) and inserting '', and'', and

(C) by adding at the end the following new subparagraph:

''(F) a stove which uses the burning of biomass fuel to heat a dwelling unit located in the United States and used as a residence by the taxpayer, or to heat water for use in such a dwelling unit, and which has a thermal efficiency rating of at least 75 percent.''.

(2) BIOMASS FUEL.—Section 25C(d) is amended by adding at the end the following new paragraph:

''(6) BIOMASS FUEL.—The term 'biomass fuel' means any plant-derived fuel available on a renewable or recurring basis, including agricultural crops and trees, wood and wood waste and residues (including wood pellets), plants (including aquatic plants), grasses, residues, and fibers.''.

(c) MODIFICATION OF WATER HEATER REQUIREMENTS.—Section 25C(d)(3)(E) is amended by inserting ''or a thermal efficiency of at least 90 percent'' after ''0.80''.

(d) COORDINATION WITH CREDIT FOR QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURES.—

(1) IN GENERAL.—Paragraph (3) of section 25C(d), as amended by subsections (b) and (c), is amended by striking subparagraph (C) and by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively.

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 25C(d)(2) is amended to read as follows:

''(C) REQUIREMENTS AND STANDARDS FOR AIR CONDITIONERS AND HEAT PUMPS.—The standards and requirements prescribed by the Secretary under subparagraph (B) with respect to the energy efficiency ratio (EER) for central air conditioners and electric heat pumps—

''(i) shall require measurements to be based on published data which is tested by manufacturers at 95 degrees Fahrenheit, and

''(ii) may be based on the certified data of the Air Conditioning and Refrigeration Institute that are prepared in partnership with the Consortium for Energy Efficiency.''.

(e) MODIFICATION OF QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—

(1) IN GENERAL.—Paragraph (1) of section 25C(c) is amended by inserting '', or an asphalt roof with appropriate cooling granules,'' before ''which meet the Energy Star program requirements''.

(2) BUILDING ENVELOPE COMPONENT.—Subparagraph (D) of section 25C(c)(2) is amended—

(A) by inserting ''or asphalt roof'' after ''metal roof'', and

(B) by inserting ''or cooling granules'' after ''pigmented coatings''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made this section shall apply to expenditures made after December 31, 2008.

(2) MODIFICATION OF QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—The amendments made by subsection (e) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 303. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Subsection (h) of section 179D is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 304. NEW ENERGY EFFICIENT HOME CREDIT.

Subsection (g) of section 45L (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 305. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Subsection (b) of section 45M is amended to read as follows:

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is—

''(A) $45 in the case of a dishwasher which is manufactured in calendar year 2008 or 2009 and which uses no more than 324 kilowatt hours per year and 5.8 gallons per cycle, and

''(B) $75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

''(B) $125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

''(C) $150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

''(D) $250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

''(A) $50 in the case of a refrigerator which is manufactured in calendar year 2008, and consumes at least 20 percent but not more than 22.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(B) $75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(C) $100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009, or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

''(D) $200 in the case of a refrigerator manufactured in calendar year 2008, 2009, or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.''.

(b) ELIGIBLE PRODUCTION.—

(1) SIMILAR TREATMENT FOR ALL APPLIANCES.—Subsection (c) of section 45M is amended—

(A) by striking paragraph (2),

(B) by striking ''(1) IN GENERAL'' and all that follows through ''the eligible'' and inserting ''The eligible'',

(C) by moving the text of such subsection in line with the subsection heading, and

(D) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and by moving such paragraphs 2 ems to the left.

(2) MODIFICATION OF BASE PERIOD.—Paragraph (2) of section 45M(c), as amended by paragraph (1), is amended by striking ''3-calendar year'' and inserting ''2-calendar year''.

(c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Subsection (d) of section 45M is amended to read as follows:

''(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For purposes of this section, the types of energy efficient appliances are—

''(1) dishwashers described in subsection (b)(1),

''(2) clothes washers described in subsection (b)(2), and

''(3) refrigerators described in subsection (b)(3).''.

(d) AGGREGATE CREDIT AMOUNT ALLOWED.—

(1) INCREASE IN LIMIT.—Paragraph (1) of section 45M(e) is amended to read as follows:

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—The aggregate amount of credit allowed under subsection (a) with respect to a taxpayer for any taxable year shall not exceed $75,000,000 reduced by the amount of the credit allowed under subsection (a) to the taxpayer (or any predecessor) for all prior taxable years beginning after December 31, 2007.''.

(2) EXCEPTION FOR CERTAIN REFRIGERATOR AND CLOTHES WASHERS.—Paragraph (2) of section 45M(e) is amended to read as follows:

''(2) AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).''.

(e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

(1) IN GENERAL.—Paragraph (1) of section 45M(f) is amended to read as follows:

''(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

''(A) any dishwasher described in subsection (b)(1),

''(B) any clothes washer described in subsection (b)(2), and

''(C) any refrigerator described in subsection (b)(3).''.

(2) CLOTHES WASHER.—Section 45M(f)(3) is amended by inserting ''commercial'' before ''residential'' the second place it appears.

(3) TOP-LOADING CLOTHES WASHER.—Subsection (f) of section 45M is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) TOP-LOADING CLOTHES WASHER.—The term 'top-loading clothes washer' means a clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.''.

(4) REPLACEMENT OF ENERGY FACTOR.—Section 45M(f)(6), as redesignated by paragraph (3), is amended to read as follows:

''(6) MODIFIED ENERGY FACTOR.—The term 'modified energy factor' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.''.

(5) GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.—Section 45M(f), as amended by paragraph (3), is amended by adding at the end the following:

''(9) GALLONS PER CYCLE.—The term 'gallons per cycle' means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(10) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

SEC. 306. ACCELERATED RECOVERY PERIOD FOR DEPRECIATION OF SMART METERS AND SMART GRID SYSTEMS.

(a) IN GENERAL.—Section 168(e)(3)(D) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting a comma, and by inserting after clause (ii) the following new clauses:

''(iii) any qualified smart electric meter, and

''(iv) any qualified smart electric grid system.''.

(b) DEFINITIONS.—Section 168(i) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED SMART ELECTRIC METERS.—

''(A) IN GENERAL.—The term 'qualified smart electric meter' means any smart electric meter which—

''(i) is placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services, and

''(ii) does not have a class life (determined without regard to subsection (e)) of less than 10 years.

''(B) SMART ELECTRIC METER.—For purposes of subparagraph (A), the term 'smart electric meter' means any time-based meter and related communication equipment which is capable of being used by the taxpayer as part of a system that—

''(i) measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day,

''(ii) provides for the exchange of information between supplier or provider and the customer's electric meter in support of time-based rates or other forms of demand response,

''(iii) provides data to such supplier or provider so that the supplier or provider can provide energy usage information to customers electronically, and

''(iv) provides net metering.

''(19) QUALIFIED SMART ELECTRIC GRID SYSTEMS.—

''(A) IN GENERAL.—The term 'qualified smart electric grid system' means any smart grid property which—

''(i) is used as part of a system for electric distribution grid communications, monitoring, and management placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services, and

''(ii) does not have a class life (determined without regard to subsection (e)) of less than 10 years.

''(B) SMART GRID PROPERTY.—For the purposes of subparagraph (A), the term 'smart grid property' means electronics and related equipment that is capable of—

''(i) sensing, collecting, and monitoring data of or from all portions of a utility's electric distribution grid,

''(ii) providing real-time, two-way communications to monitor or manage such grid, and

''(iii) providing real time analysis of and event prediction based upon collected data that can be used to improve electric distribution system reliability, quality, and performance.''.

(c) CONTINUED APPLICATION OF 150 PERCENT DECLINING BALANCE METHOD.—Paragraph (2) of section 168(b) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any property (other than property described in paragraph (3)) which is a qualified smart electric meter or qualified smart electric grid system, or''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act.

SEC. 307. QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.

(a) IN GENERAL.—Paragraph (8) of section 142(l) is amended by striking ''September 30, 2009'' and inserting ''September 30, 2012''.

(b) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraph (9) of section 142(l) is amended by striking ''October 1, 2009'' and inserting ''October 1, 2012''.

(c) ACCOUNTABILITY.—The second sentence of section 701(d) of the American Jobs Creation Act of 2004 is amended by striking ''issuance,'' and inserting ''issuance of the last issue with respect to such project,''.

SEC. 308. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN REUSE AND RECYCLING PROPERTY.

(a) IN GENERAL.—Section 168 is amended by adding at the end the following new subsection:

''(m) SPECIAL ALLOWANCE FOR CERTAIN REUSE AND RECYCLING PROPERTY.—

''(1) IN GENERAL.—In the case of any qualified reuse and recycling property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of the qualified reuse and recycling property, and

''(B) the adjusted basis of the qualified reuse and recycling property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED REUSE AND RECYCLING PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified reuse and recycling property' means any reuse and recycling property—

''(i) to which this section applies,

''(ii) which has a useful life of at least 5 years,

''(iii) the original use of which commences with the taxpayer after August 31, 2008, and

''(iv) which is—

''(I) acquired by purchase (as defined in section 179(d)(2)) by the taxpayer after August 31, 2008, but only if no written binding contract for the acquisition was in effect before September 1, 2008, or

''(II) acquired by the taxpayer pursuant to a written binding contract which was entered into after August 31, 2008.

''(B) EXCEPTIONS.—

''(i) BONUS DEPRECIATION PROPERTY UNDER SUBSECTION (k).—The term 'qualified reuse and recycling property' shall not include any property to which section 168(k) applies.

''(ii) ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified reuse and recycling property' shall not include any property to which the alternative depreciation system under subsection (g) applies, determined without regard to paragraph (7) of subsection (g) (relating to election to have system apply).

''(iii) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(C) SPECIAL RULE FOR SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of clause (iv) of subparagraph (A) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after August 31, 2008.

''(D) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, the deduction under subsection (a) for qualified reuse and recycling property shall be determined under this section without regard to any adjustment under section 56.

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) REUSE AND RECYCLING PROPERTY.—

''(i) IN GENERAL.—The term 'reuse and recycling property' means any machinery and equipment (not including buildings or real estate), along with all appurtenances thereto, including software necessary to operate such equipment, which is used exclusively to collect, distribute, or recycle qualified reuse and recyclable materials.

''(ii) EXCLUSION.—Such term does not include rolling stock or other equipment used to transport reuse and recyclable materials.

''(B) QUALIFIED REUSE AND RECYCLABLE MATERIALS.—

''(i) IN GENERAL.—The term 'qualified reuse and recyclable materials' means scrap plastic, scrap glass, scrap textiles, scrap rubber, scrap packaging, recovered fiber, scrap ferrous and nonferrous metals, or electronic scrap generated by an individual or business.

''(ii) ELECTRONIC SCRAP.—For purposes of clause (i), the term 'electronic scrap' means—

''(I) any cathode ray tube, flat panel screen, or similar video display device with a screen size greater than 4 inches measured diagonally, or

''(II) any central processing unit.

''(C) RECYCLING OR RECYCLE.—The term 'recycling' or 'recycle' means that process (including sorting) by which worn or superfluous materials are manufactured or processed into specification grade commodities that are suitable for use as a replacement or substitute for virgin materials in manufacturing tangible consumer and commercial products, including packaging.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after August 31, 2008.

TITLE IV—REVENUE PROVISIONS

SEC. 401. LIMITATION OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, GAS, OR PRIMARY PRODUCTS THEREOF.

(a) IN GENERAL.—Section 199(d) is amended by redesignating paragraph (9) as paragraph (10) and by inserting after paragraph (8) the following new paragraph:

''(9) SPECIAL RULE FOR TAXPAYERS WITH OIL RELATED QUALIFIED PRODUCTION ACTIVITIES INCOME.—

''(A) IN GENERAL.—If a taxpayer has oil related qualified production activities income for any taxable year beginning after 2009, the amount otherwise allowable as a deduction under subsection (a) shall be reduced by 3 percent of the least of—

''(i) the oil related qualified production activities income of the taxpayer for the taxable year,

''(ii) the qualified production activities income of the taxpayer for the taxable year, or

''(iii) taxable income (determined without regard to this section).

''(B) OIL RELATED QUALIFIED PRODUCTION ACTIVITIES INCOME.—For purposes of this paragraph, the term 'oil related qualified production activities income' means for any taxable year the qualified production activities income which is attributable to the production, refining, processing, transportation, or distribution of oil, gas, or any primary product thereof during such taxable year.

''(C) PRIMARY PRODUCT.—For purposes of this paragraph, the term 'primary product' has the same meaning as when used in section 927(a)(2)(C), as in effect before its repeal.''.

(b) CONFORMING AMENDMENT.—Section 199(d)(2) (relating to application to individuals) is amended by striking ''subsection (a)(1)(B)'' and inserting ''subsections (a)(1)(B) and (d)(9)(A)(iii)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 402. ELIMINATION OF THE DIFFERENT TREATMENT OF FOREIGN OIL AND GAS EXTRACTION INCOME AND FOREIGN OIL RELATED INCOME FOR PURPOSES OF THE FOREIGN TAX CREDIT.

(a) IN GENERAL.—Subsections (a) and (b) of section 907 (relating to special rules in case of foreign oil and gas income) are amended to read as follows:

''(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN TAX UNDER SECTION 901.—In applying section 901, the amount of any foreign oil and gas taxes paid or accrued (or deemed to have been paid) during the taxable year which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

''(1) the amount of the combined foreign oil and gas income for the taxable year,

''(2) multiplied by—

''(A) in the case of a corporation, the percentage which is equal to the highest rate of tax specified under section 11(b), or

''(B) in the case of an individual, a fraction the numerator of which is the tax against which the credit under section 901(a) is taken and the denominator of which is the taxpayer's entire taxable income.

''(b) COMBINED FOREIGN OIL AND GAS INCOME; FOREIGN OIL AND GAS TAXES.—For purposes of this section—

''(1) COMBINED FOREIGN OIL AND GAS INCOME.—The term 'combined foreign oil and gas income' means, with respect to any taxable year, the sum of—

''(A) foreign oil and gas extraction income, and

''(B) foreign oil related income.

''(2) FOREIGN OIL AND GAS TAXES.—The term 'foreign oil and gas taxes' means, with respect to any taxable year, the sum of—

''(A) oil and gas extraction taxes, and

''(B) any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid or accrued under section 902 or 960) during the taxable year with respect to foreign oil related income (determined without regard to subsection (c)(4)) or loss which would be taken into account for purposes of section 901 without regard to this section.''.

(b) RECAPTURE OF FOREIGN OIL AND GAS LOSSES.—Paragraph (4) of section 907(c) (relating to recapture of foreign oil and gas extraction losses by recharacterizing later extraction income) is amended to read as follows:

''(4) RECAPTURE OF FOREIGN OIL AND GAS LOSSES BY RECHARACTERIZING LATER COMBINED FOREIGN OIL AND GAS INCOME.—

''(A) IN GENERAL.—The combined foreign oil and gas income of a taxpayer for a taxable year (determined without regard to this paragraph) shall be reduced—

''(i) first by the amount determined under subparagraph (B), and

''(ii) then by the amount determined under subparagraph (C).

The aggregate amount of such reductions shall be treated as income (from sources without the United States) which is not combined foreign oil and gas income.

''(B) REDUCTION FOR PRE-2009 FOREIGN OIL EXTRACTION LOSSES.—The reduction under this paragraph shall be equal to the lesser of—

''(i) the foreign oil and gas extraction income of the taxpayer for the taxable year (determined without regard to this paragraph), or

''(ii) the excess of—

''(I) the aggregate amount of foreign oil extraction losses for preceding taxable years beginning after December 31, 1982, and before January 1, 2009, over

''(II) so much of such aggregate amount as was recharacterized under this paragraph (as in effect before and after the date of the enactment of the Energy Improvement and Extension Act of 2008) for preceding taxable years beginning after December 31, 1982.

''(C) REDUCTION FOR POST-2008 FOREIGN OIL AND GAS LOSSES.—The reduction under this paragraph shall be equal to the lesser of—

''(i) the combined foreign oil and gas income of the taxpayer for the taxable year (determined without regard to this paragraph), reduced by an amount equal to the reduction under subparagraph (A) for the taxable year, or

''(ii) the excess of—

''(I) the aggregate amount of foreign oil and gas losses for preceding taxable years beginning after December 31, 2008, over

''(II) so much of such aggregate amount as was recharacterized under this paragraph for preceding taxable years beginning after December 31, 2008.

''(D) FOREIGN OIL AND GAS LOSS DEFINED.—

''(i) IN GENERAL.—For purposes of this paragraph, the term 'foreign oil and gas loss' means the amount by which—

''(I) the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the combined foreign oil and gas income for such year, is exceeded by

''(II) the sum of the deductions properly apportioned or allocated thereto.

''(ii) NET OPERATING LOSS DEDUCTION NOT TAKEN INTO ACCOUNT.—For purposes of clause (i), the net operating loss deduction allowable for the taxable year under section 172(a) shall not be taken into account.

''(iii) EXPROPRIATION AND CASUALTY LOSSES NOT TAKEN INTO ACCOUNT.—For purposes of clause (i), there shall not be taken into account—

''(I) any foreign expropriation loss (as defined in section 172(h) (as in effect on the day before the date of the enactment of the Revenue Reconciliation Act of 1990)) for the taxable year, or

''(II) any loss for the taxable year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

''(iv) FOREIGN OIL EXTRACTION LOSS.—For purposes of subparagraph (B)(ii)(I), foreign oil extraction losses shall be determined under this paragraph as in effect on the day before the date of the enactment of the Energy Improvement and Extension Act of 2008.''.

(c) CARRYBACK AND CARRYOVER OF DISALLOWED CREDITS.—Section 907(f) (relating to carryback and carryover of disallowed credits) is amended—

(1) by striking ''oil and gas extraction taxes'' each place it appears and inserting ''foreign oil and gas taxes'', and

(2) by adding at the end the following new paragraph:

''(4) TRANSITION RULES FOR PRE-2009 AND 2009 DISALLOWED CREDITS.—

''(A) PRE-2009 CREDITS.—In the case of any unused credit year beginning before January 1, 2009, this subsection shall be applied to any unused oil and gas extraction taxes carried from such unused credit year to a year beginning after December 31, 2008—

''(i) by substituting 'oil and gas extraction taxes' for 'foreign oil and gas taxes' each place it appears in paragraphs (1), (2), and (3), and

''(ii) by computing, for purposes of paragraph (2)(A), the limitation under subparagraph (A) for the year to which such taxes are carried by substituting 'foreign oil and gas extraction income' for 'foreign oil and gas income' in subsection (a).

''(B) 2009 CREDITS.—In the case of any unused credit year beginning in 2009, the amendments made to this subsection by the Energy Improvement and Extension Act of 2008 shall be treated as being in effect for any preceding year beginning before January 1, 2009, solely for purposes of determining how much of the unused foreign oil and gas taxes for such unused credit year may be deemed paid or accrued in such preceding year.''.

(d) CONFORMING AMENDMENT.—Section 6501(i) is amended by striking ''oil and gas extraction taxes'' and inserting ''foreign oil and gas taxes''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 403. BROKER REPORTING OF CUSTOMER'S BASIS IN SECURITIES TRANSACTIONS.

(a) IN GENERAL.—

(1) BROKER REPORTING FOR SECURITIES TRANSACTIONS.—Section 6045 is amended by adding at the end the following new subsection:

''(g) ADDITIONAL INFORMATION REQUIRED IN THE CASE OF SECURITIES TRANSACTIONS, ETC.—

''(1) IN GENERAL.—If a broker is otherwise required to make a return under subsection (a) with respect to the gross proceeds of the sale of a covered security, the broker shall include in such return the information described in paragraph (2).

''(2) ADDITIONAL INFORMATION REQUIRED.—

''(A) IN GENERAL.—The information required under paragraph (1) to be shown on a return with respect to a covered security of a customer shall include the customer's adjusted basis in such security and whether any gain or loss with respect to such security is long-term or short-term (within the meaning of section 1222).

''(B) DETERMINATION OF ADJUSTED BASIS.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The customer's adjusted basis shall be determined—

''(I) in the case of any security (other than any stock for which an average basis method is permissible under section 1012), in accordance with the first-in first-out method unless the customer notifies the broker by means of making an adequate identification of the stock sold or transferred, and

''(II) in the case of any stock for which an average basis method is permissible under section 1012, in accordance with the broker's default method unless the customer notifies the broker that he elects another acceptable method under section 1012 with respect to the account in which such stock is held.

''(ii) EXCEPTION FOR WASH SALES.—Except as otherwise provided by the Secretary, the customer's adjusted basis shall be determined without regard to section 1091 (relating to loss from wash sales of stock or securities) unless the transactions occur in the same account with respect to identical securities.

''(3) COVERED SECURITY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'covered security' means any specified security acquired on or after the applicable date if such security—

''(i) was acquired through a transaction in the account in which such security is held, or

''(ii) was transferred to such account from an account in which such security was a covered security, but only if the broker received a statement under section 6045A with respect to the transfer.

''(B) SPECIFIED SECURITY.—The term 'specified security' means—

''(i) any share of stock in a corporation,

''(ii) any note, bond, debenture, or other evidence of indebtedness,

''(iii) any commodity, or contract or derivative with respect to such commodity, if the Secretary determines that adjusted basis reporting is appropriate for purposes of this subsection, and

''(iv) any other financial instrument with respect to which the Secretary determines that adjusted basis reporting is appropriate for purposes of this subsection.

''(C) APPLICABLE DATE.—The term 'applicable date' means—

''(i) January 1, 2011, in the case of any specified security which is stock in a corporation (other than any stock described in clause (ii)),

''(ii) January 1, 2012, in the case of any stock for which an average basis method is permissible under section 1012, and

''(iii) January 1, 2013, or such later date determined by the Secretary in the case of any other specified security.

''(4) TREATMENT OF S CORPORATIONS.—In the case of the sale of a covered security acquired by an S corporation (other than a financial institution) after December 31, 2011, such S corporation shall be treated in the same manner as a partnership for purposes of this section.

''(5) SPECIAL RULES FOR SHORT SALES.—In the case of a short sale, reporting under this section shall be made for the year in which such sale is closed.''.

(2) BROKER INFORMATION REQUIRED WITH RESPECT TO OPTIONS.—Section 6045, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(h) APPLICATION TO OPTIONS ON SECURITIES.—

''(1) EXERCISE OF OPTION.—For purposes of this section, if a covered security is acquired or disposed of pursuant to the exercise of an option that was granted or acquired in the same account as the covered security, the amount received with respect to the grant or paid with respect to the acquisition of such option shall be treated as an adjustment to gross proceeds or as an adjustment to basis, as the case may be.

''(2) LAPSE OR CLOSING TRANSACTION.—In the case of the lapse (or closing transaction (as defined in section 1234(b)(2)(A))) of an option on a specified security or the exercise of a cash-settled option on a specified security, reporting under subsections (a) and (g) with respect to such option shall be made for the calendar year which includes the date of such lapse, closing transaction, or exercise.

''(3) PROSPECTIVE APPLICATION.—Paragraphs (1) and (2) shall not apply to any option which is granted or acquired before January 1, 2013.

''(4) DEFINITIONS.—For purposes of this subsection, the terms 'covered security' and 'specified security' shall have the meanings given such terms in subsection (g)(3).''.

(3) EXTENSION OF PERIOD FOR STATEMENTS SENT TO CUSTOMERS.—

(A) IN GENERAL.—Subsection (b) of section 6045 is amended by striking ''January 31'' and inserting ''February 15''.

(B) STATEMENTS RELATED TO SUBSTITUTE PAYMENTS.—Subsection (d) of section 6045 is amended—

(i) by striking ''at such time and'', and

(ii) by inserting after ''other item.'' the following new sentence: ''The written statement required under the preceding sentence shall be furnished on or before February 15 of the year following the calendar year in which the payment was made.''.

(C) OTHER STATEMENTS.—Subsection (b) of section 6045 is amended by adding at the end the following: ''In the case of a consolidated reporting statement (as defined in regulations) with respect to any customer, any statement which would otherwise be required to be furnished on or before January 31 of a calendar year with respect to any item reportable to the taxpayer shall instead be required to be furnished on or before February 15 of such calendar year if furnished with such consolidated reporting statement.''.

(b) DETERMINATION OF BASIS OF CERTAIN SECURITIES ON ACCOUNT BY ACCOUNT OR AVERAGE BASIS METHOD.—Section 1012 is amended—

(1) by striking ''The basis of property'' and inserting the following:

''(a) IN GENERAL.—The basis of property'',

(2) by striking ''The cost of real property'' and inserting the following:

''(b) SPECIAL RULE FOR APPORTIONED REAL ESTATE TAXES.—The cost of real property'', and

(3) by adding at the end the following new subsections:

''(c) DETERMINATIONS BY ACCOUNT.—

''(1) IN GENERAL.—In the case of the sale, exchange, or other disposition of a specified security on or after the applicable date, the conventions prescribed by regulations under this section shall be applied on an account by account basis.

''(2) APPLICATION TO CERTAIN FUNDS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any stock for which an average basis method is permissible under section 1012 which is acquired before January 1, 2012, shall be treated as a separate account from any such stock acquired on or after such date.

''(B) ELECTION FUND FOR TREATMENT AS SINGLE ACCOUNT.—If a fund described in subparagraph (A) elects to have this subparagraph apply with respect to one or more of its stockholders—

''(i) subparagraph (A) shall not apply with respect to any stock in such fund held by such stockholders, and

''(ii) all stock in such fund which is held by such stockholders shall be treated as covered securities described in section 6045(g)(3) without regard to the date of the acquisition of such stock.

A rule similar to the rule of the preceding sentence shall apply with respect to a broker holding such stock as a nominee.

''(3) DEFINITIONS.—For purposes of this section, the terms 'specified security' and 'applicable date' shall have the meaning given such terms in section 6045(g).

''(d) AVERAGE BASIS FOR STOCK ACQUIRED PURSUANT TO A DIVIDEND REINVESTMENT PLAN.—

''(1) IN GENERAL.—In the case of any stock acquired after December 31, 2010, in connection with a dividend reinvestment plan, the basis of such stock while held as part of such plan shall be determined using one of the methods which may be used for determining the basis of stock in an open-end fund.

''(2) TREATMENT AFTER TRANSFER.—In the case of the transfer to another account of stock to which paragraph (1) applies, such stock shall have a cost basis in such other account equal to its basis in the dividend reinvestment plan immediately before such transfer (properly adjusted for any fees or other charges taken into account in connection with such transfer).

''(3) SEPARATE ACCOUNTS; ELECTION FOR TREATMENT AS SINGLE ACCOUNT.—Rules similar to the rules of subsection (c)(2) shall apply for purposes of this subsection.

''(4) DIVIDEND REINVESTMENT PLAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'dividend reinvestment plan' means any arrangement under which dividends on any stock are reinvested in stock identical to the stock with respect to which the dividends are paid.

''(B) INITIAL STOCK ACQUISITION TREATED AS ACQUIRED IN CONNECTION WITH PLAN.—Stock shall be treated as acquired in connection with a dividend reinvestment plan if such stock is acquired pursuant to such plan or if the dividends paid on such stock are subject to such plan.''.

(c) INFORMATION BY TRANSFERORS TO AID BROKERS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 is amended by inserting after section 6045 the following new section:

''SEC. 6045A. INFORMATION REQUIRED IN CONNECTION WITH TRANSFERS OF COVERED SECURITIES TO BROKERS.

''(a) FURNISHING OF INFORMATION.—Every applicable person which transfers to a broker (as defined in section 6045(c)(1)) a security which is a covered security (as defined in section 6045(g)(3)) in the hands of such applicable person shall furnish to such broker a written statement in such manner and setting forth such information as the Secretary may by regulations prescribe for purposes of enabling such broker to meet the requirements of section 6045(g).

''(b) APPLICABLE PERSON.—For purposes of subsection (a), the term 'applicable person' means—

''(1) any broker (as defined in section 6045(c)(1)), and

''(2) any other person as provided by the Secretary in regulations.

''(c) TIME FOR FURNISHING STATEMENT.—Except as otherwise provided by the Secretary, any statement required by subsection (a) shall be furnished not later than 15 days after the date of the transfer described in such subsection.''.

(2) ASSESSABLE PENALTIES.—Paragraph (2) of section 6724(d), as amended by the Housing Assistance Tax Act of 2008, is amended by redesignating subparagraphs (I) through (DD) as subparagraphs (J) through (EE), respectively, and by inserting after subparagraph (H) the following new subparagraph:

''(I) section 6045A (relating to information required in connection with transfers of covered securities to brokers),''.

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by inserting after the item relating to section 6045 the following new item:

''Sec. 6045A. Information required in connection with transfers of covered securities to brokers.''.

(d) ADDITIONAL ISSUER INFORMATION TO AID BROKERS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61, as amended by subsection (b), is amended by inserting after section 6045A the following new section:

''SEC. 6045B. RETURNS RELATING TO ACTIONS AFFECTING BASIS OF SPECIFIED SECURITIES.

''(a) IN GENERAL.—According to the forms or regulations prescribed by the Secretary, any issuer of a specified security shall make a return setting forth—

''(1) a description of any organizational action which affects the basis of such specified security of such issuer,

''(2) the quantitative effect on the basis of such specified security resulting from such action, and

''(3) such other information as the Secretary may prescribe.

''(b) TIME FOR FILING RETURN.—Any return required by subsection (a) shall be filed not later than the earlier of—

''(1) 45 days after the date of the action described in subsection (a), or

''(2) January 15 of the year following the calendar year during which such action occurred.

''(c) STATEMENTS TO BE FURNISHED TO HOLDERS OF SPECIFIED SECURITIES OR THEIR NOMINEES.—According to the forms or regulations prescribed by the Secretary, every person required to make a return under subsection (a) with respect to a specified security shall furnish to the nominee with respect to the specified security (or certificate holder if there is no nominee) a written statement showing—

''(1) the name, address, and phone number of the information contact of the person required to make such return,

''(2) the information required to be shown on such return with respect to such security, and

''(3) such other information as the Secretary may prescribe.

The written statement required under the preceding sentence shall be furnished to the holder on or before January 15 of the year following the calendar year during which the action described in subsection (a) occurred.

''(d) SPECIFIED SECURITY.—For purposes of this section, the term 'specified security' has the meaning given such term by section 6045(g)(3)(B). No return shall be required under this section with respect to actions described in subsection (a) with respect to a specified security which occur before the applicable date (as defined in section 6045(g)(3)(C)) with respect to such security.

''(e) PUBLIC REPORTING IN LIEU OF RETURN.—The Secretary may waive the requirements under subsections (a) and (c) with respect to a specified security, if the person required to make the return under subsection (a) makes publicly available, in such form and manner as the Secretary determines necessary to carry out the purposes of this section—

''(1) the name, address, phone number, and email address of the information contact of such person, and

''(2) the information described in paragraphs (1), (2), and (3) of subsection (a).''.

(2) ASSESSABLE PENALTIES.—

(A) Subparagraph (B) of section 6724(d)(1), as amended by the Housing Assistance Tax Act of 2008, is amended by redesignating clause (iv) and each of the clauses which follow as clauses (v) through (xxiii), respectively, and by inserting after clause (iii) the following new clause:

''(iv) section 6045B(a) (relating to returns relating to actions affecting basis of specified securities),''.

(B) Paragraph (2) of section 6724(d), as amended by the Housing Assistance Tax Act of 2008 and by subsection (c)(2), is amended by redesignating subparagraphs (J) through (EE) as subparagraphs (K) through (FF), respectively, and by inserting after subparagraph (I) the following new subparagraph:

''(J) subsections (c) and (e) of section 6045B (relating to returns relating to actions affecting basis of specified securities),''.

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61, as amended by subsection (b)(3), is amended by inserting after the item relating to section 6045A the following new item:

''Sec. 6045B. Returns relating to actions affecting basis of specified securities.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on January 1, 2011.

(2) EXTENSION OF PERIOD FOR STATEMENTS SENT TO CUSTOMERS.—The amendments made by subsection (a)(3) shall apply to statements required to be furnished after December 31, 2008.

SEC. 404. 0.2 PERCENT FUTA SURTAX.

(a) IN GENERAL.—Section 3301 (relating to rate of tax) is amended—

(1) by striking ''through 2008'' in paragraph (1) and inserting ''through 2009'', and

(2) by striking ''calendar year 2009'' in paragraph (2) and inserting ''calendar year 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid after December 31, 2008.

SEC. 405. INCREASE AND EXTENSION OF OIL SPILL LIABILITY TRUST FUND TAX.

(a) INCREASE IN RATE.—

(1) IN GENERAL.—Section 4611(c)(2)(B) (relating to rates) is amended by striking ''is 5 cents a barrel.'' and inserting ''is—

''(i) in the case of crude oil received or petroleum products entered before January 1, 2017, 8 cents a barrel, and

''(ii) in the case of crude oil received or petroleum products entered after December 31, 2016, 9 cents a barrel.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply on and after the first day of the first calendar quarter beginning more than 60 days after the date of the enactment of this Act.

(b) EXTENSION.—

(1) IN GENERAL.—Section 4611(f) (relating to application of Oil Spill Liability Trust Fund financing rate) is amended by striking paragraphs (2) and (3) and inserting the following new paragraph:

''(2) TERMINATION.—The Oil Spill Liability Trust Fund financing rate shall not apply after December 31, 2017.''.

(2) CONFORMING AMENDMENT.—Section 4611(f)(1) is amended by striking ''paragraphs (2) and (3)'' and inserting ''paragraph (2)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on the date of the enactment of this Act.

DIVISION C—TAX EXTENDERS AND ALTERNATIVE MINIMUM TAX RELIEF

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This division may be cited as the ''Tax Extenders and Alternative Minimum Tax Relief Act of 2008''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this division an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—The table of contents of this division is as follows:

TITLE I—ALTERNATIVE MINIMUM TAX RELIEF

SEC. 101. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) (relating to special rule for taxable years 2000 through 2007) is amended—

(1) by striking ''or 2007'' and inserting ''2007, or 2008'', and

(2) by striking ''2007'' in the heading thereof and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 102. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) (relating to exemption amount) is amended—

(1) by striking ''($66,250 in the case of taxable years beginning in 2007)'' in subparagraph (A) and inserting ''($69,950 in the case of taxable years beginning in 2008)'', and

(2) by striking ''($44,350 in the case of taxable years beginning in 2007)'' in subparagraph (B) and inserting ''($46,200 in the case of taxable years beginning in 2008)''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 103. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS FOR PRIOR YEAR MINIMUM TAX LIABILITY, ETC.

(a) IN GENERAL.—Paragraph (2) of section 53(e) is amended to read as follows:

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the term 'AMT refundable credit amount' means, with respect to any taxable year, the amount (not in excess of the long-term unused minimum tax credit for such taxable year) equal to the greater of—

''(A) 50 percent of the long-term unused minimum tax credit for such taxable year, or

''(B) the amount (if any) of the AMT refundable credit amount determined under this paragraph for the taxpayer's preceding taxable year (determined without regard to subsection (f)(2)).''.

(b) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—Section 53 is amended by adding at the end the following new subsection:

''(f) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—

''(1) ABATEMENT.—Any underpayment of tax outstanding on the date of the enactment of this subsection which is attributable to the application of section 56(b)(3) for any taxable year ending before January 1, 2008, and any interest or penalty with respect to such underpayment which is outstanding on such date of enactment, is hereby abated. The amount determined under subsection (b)(1) shall not include any tax abated under the preceding sentence.

''(2) INCREASE IN CREDIT FOR CERTAIN INTEREST AND PENALTIES ALREADY PAID.—The AMT refundable credit amount, and the minimum tax credit determined under subsection (b), for the taxpayer's first 2 taxable years beginning after December 31, 2007, shall each be increased by 50 percent of the aggregate amount of the interest and penalties which were paid by the taxpayer before the date of the enactment of this subsection and which would (but for such payment) have been abated under paragraph (1).''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) ABATEMENT.—Section 53(f)(1), as added by subsection (b), shall take effect on the date of the enactment of this Act.

TITLE II—EXTENSION OF INDIVIDUAL TAX PROVISIONS

SEC. 201. DEDUCTION FOR STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 202. DEDUCTION OF QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 203. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain expenses of elementary and secondary school teachers) is amended by striking ''or 2007'' and inserting ''2007, 2008, or 2009''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2007.

SEC. 204. ADDITIONAL STANDARD DEDUCTION FOR REAL PROPERTY TAXES FOR NONITEMIZERS.

(a) IN GENERAL.—Subparagraph (C) of section 63(c)(1), as added by the Housing Assistance Tax Act of 2008, is amended by inserting ''or 2009'' after ''2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 205. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years beginning after December 31, 2007.

SEC. 206. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) (defining interest-related dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) (defining short-term capital gain dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dividends with respect to taxable years of regulated investment companies beginning after December 31, 2007.

SEC. 207. STOCK IN RIC FOR PURPOSES OF DETERMINING ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) (relating to stock in a RIC) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to decedents dying after December 31, 2007.

SEC. 208. QUALIFIED INVESTMENT ENTITIES.

(a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) (relating to termination) is amended

by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2008.

TITLE III—EXTENSION OF BUSINESS TAX PROVISIONS

SEC. 301. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 41(h) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009'' in paragraph (1)(B).

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) (relating to special rule) is amended by striking ''after December 31, 2007'' and inserting ''after December 31, 2009''.

(b) TERMINATION OF ALTERNATIVE INCREMENTAL CREDIT.—Section 41(h) is amended by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

''(2) TERMINATION OF ALTERNATIVE INCREMENTAL CREDIT.—No election under subsection (c)(4) shall apply to taxable years beginning after December 31, 2008.''.

(c) MODIFICATION OF ALTERNATIVE SIMPLIFIED CREDIT.—Paragraph (5)(A) of section 41(c) (relating to election of alternative simplified credit) is amended by striking ''12 percent'' and inserting ''14 percent (12 percent in the case of taxable years ending before January 1, 2009)''.

(d) TECHNICAL CORRECTION.—Paragraph (3) of section 41(h) is amended to read as follows:

''(2) COMPUTATION FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES.—In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year—

''(A) the amount determined under subsection (c)(1)(B) with respect to such taxable year shall be the amount which bears the same ratio to such amount (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year, and

''(B) for purposes of subsection (c)(5), the average qualified research expenses for the preceding 3 taxable years shall be the amount which bears the same ratio to such average qualified research expenses (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) EXTENSION.—The amendments made by subsection (a) shall apply to amounts paid or incurred after December 31, 2007.

SEC. 302. NEW MARKETS TAX CREDIT.

Subparagraph (D) of section 45D(f)(1) (relating to national limitation on amount of investments designated) is amended by striking ''and 2008'' and inserting ''2008, and 2009''.

SEC. 303. SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

(a) EXEMPT INSURANCE INCOME.—Paragraph (10) of section 953(e) (relating to application) is amended—

(1) by striking ''January 1, 2009'' and inserting ''January 1, 2010'', and

(2) by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EXCEPTION TO TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—Paragraph (9) of section 954(h) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

SEC. 304. EXTENSION OF LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subparagraph (C) of section 954(c)(6) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2007, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 305. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2007.

(b) TREATMENT TO INCLUDE NEW CONSTRUCTION.—

(1) IN GENERAL.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified restaurant property' means any section 1250 property which is—

''(i) a building, if such building is placed in service after December 31, 2008, and before January 1, 2010, or

''(ii) an improvement to a building,

if more than 50 percent of the building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.

''(B) EXCLUSION FROM BONUS DEPRECIATION.—Property described in this paragraph shall not be considered qualified property for purposes of subsection (k).''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2008.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service after December 31, 2008, and before January 1, 2010.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.

''(D) EXCLUSION FROM BONUS DEPRECIATION.—Property described in this paragraph shall not be considered qualified property for purposes of subsection (k).

''(E) TERMINATION.—Such term shall not include any improvement placed in service after December 31, 2009.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

''(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2008.

SEC. 306. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments received or accrued after December 31, 2007.

SEC. 307. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) (relating to decreases in basis) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2007.

SEC. 308. INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAX TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distilled spirits brought into the United States after December 31, 2007.

SEC. 309. EXTENSION OF ECONOMIC DEVELOPMENT CREDIT FOR AMERICAN SAMOA.

(a) IN GENERAL.—Subsection (d) of section 119 of division A of the Tax Relief and Health Care Act of 2006 is amended—

(1) by striking ''first two taxable years'' and inserting ''first 4 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 310. EXTENSION OF MINE RESCUE TEAM TRAINING CREDIT.

Section 45N(e) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 311. EXTENSION OF ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

Section 179E(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 312. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subparagraph (C) of section 199(d)(8) (relating to termination) is amended—

(1) by striking ''first 2 taxable years'' and inserting ''first 4 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 313. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

"SEC. 54E. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BONDS.—For purposes of this subchapter, the term 'qualified zone academy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency,

''(2) the bond is issued by a State or local government within the jurisdiction of which such academy is located, and

''(3) the issuer—

''(A) designates such bond for purposes of this section,

''(B) certifies that it has written assurances that the private business contribution requirement of subsection (b) will be met with respect to such academy, and

''(C) certifies that it has the written approval of the eligible local education agency for such bond issuance.

''(b) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—For purposes of subsection (a), the private business contribution requirement of this subsection is met with respect to any issue if the eligible local education agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a national zone academy bond limitation for each calendar year. Such limitation is $400,000,000 for 2008 and 2009, and, except as provided in paragraph (4), zero thereafter.

''(2) ALLOCATION OF LIMITATION.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to qualified zone academies within such State.

''(3) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under paragraph (2) for such calendar year.

''(4) CARRYOVER OF UNUSED LIMITATION.—

''(A) IN GENERAL.—If for any calendar year—

''(i) the limitation amount for any State, exceeds

''(ii) the amount of bonds issued during such year which are designated under subsection (a) with respect to qualified zone academies within such State,

the limitation amount for such State for the following calendar year shall be increased by the amount of such excess.

''(B) LIMITATION ON CARRYOVER.—Any carryforward of a limitation amount may be carried only to the first 2 years following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.

''(C) COORDINATION WITH SECTION 1397E.—Any carryover determined under section 1397E(e)(4) (relating to carryover of unused limitation) with respect to any State to calendar year 2008 or 2009 shall be treated for purposes of this section as a carryover with respect to such State for such calendar year under subparagraph (A), and the limitation of subparagraph (B) shall apply to such carryover taking into account the calendar years to which such carryover relates.

''(d) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency,

''(C) the comprehensive education plan of such public school or program is approved by the eligible local education agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(2) ELIGIBLE LOCAL EDUCATION AGENCY.—For purposes of this section, the term 'eligible local education agency' means any local educational agency as defined in section 9101 of the Elementary and Secondary Education Act of 1965.

''(3) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) rehabilitating or repairing the public school facility in which the academy is established,

''(B) providing equipment for use at such academy,

''(C) developing course materials for education to be provided at such academy, and

''(D) training teachers and other school personnel in such academy.

''(4) QUALIFIED CONTRIBUTIONS.—The term 'qualified contribution' means any contribution (of a type and quality acceptable to the eligible local education agency) of—

''(A) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(B) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(C) services of employees as volunteer mentors,

''(D) internships, field trips, or other educational opportunities outside the academy for students, or

''(E) any other property or service specified by the eligible local education agency.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as amended by this Act, is amended by striking ''or'' at the end of subparagraph (B), by inserting ''or'' at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

''(D) a qualified zone academy bond,''.

(2) Subparagraph (C) of section 54A(d)(2), as amended by this Act, is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of a qualified zone academy bond, a purpose specified in section 54E(a)(1).''.

(3) Section 1397E is amended by adding at the end the following new subsection:

''(m) TERMINATION.—This section shall not apply to any obligation issued after the date of the enactment of the Tax Extenders and Alternative Minimum Tax Relief Act of 2008.''.

(4) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54E. Qualified zone academy bonds.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 314. INDIAN EMPLOYMENT CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 315. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.

(a) IN GENERAL.—Paragraph (8) of section 168(j) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 316. RAILROAD TRACK MAINTENANCE.

(a) IN GENERAL.—Subsection (f) of section 45G (relating to application of section) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2010''.

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4), as amended by this Act, is amended—

(1) by redesignating clauses (v), (vi), and (vii) as clauses (vi), (vii), and (viii), respectively, and

(2) by inserting after clause (iv) the following new clause:

''(v) the credit determined under section 45G,''.

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to expenditures paid or incurred during taxable years beginning after December 31, 2007.

(2) The amendments made by subsection (b) shall apply to credits determined under section 45G of the Internal Revenue Code of 1986 in taxable years beginning after December 31, 2007, and to carrybacks of such credits.

SEC. 317. SEVEN-YEAR COST RECOVERY PERIOD FOR MOTORSPORTS RACING TRACK FACILITY.

(a) IN GENERAL.—Subparagraph (D) of section 168(i)(15) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 318. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures paid or incurred after December 31, 2007.

SEC. 319. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES.

(a) IN GENERAL.—Paragraph (1) of section 201(b) of the Katrina Emergency Tax Relief Act of 2005 is amended by striking ''2-year'' and inserting ''4-year''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals hired after August 27, 2007.

SEC. 320. EXTENSION OF INCREASED REHABILITATION CREDIT FOR STRUCTURES IN THE GULF OPPORTUNITY ZONE.

(a) IN GENERAL.—Subsection (h) of section 1400N is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures paid or incurred after the date of the enactment of this Act.

SEC. 321. ENHANCED DEDUCTION FOR QUALIFIED COMPUTER CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made during taxable years beginning after December 31, 2007.

SEC. 322. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2007'' both places it appears and inserting ''2009''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2007.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2007'' and inserting ''2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2007.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2008'' each place it appears and inserting ''2010''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2012'' and inserting ''2014'', and

(ii) by striking ''2012'' in the heading thereof and inserting ''2014''.

(B) Section 1400B(g)(2) is amended by striking ''2012'' and inserting ''2014''.

(C) Section 1400F(d) is amended by striking ''2012'' and inserting ''2014''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2007.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2008'' and inserting ''2010''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2007.

SEC. 323. ENHANCED CHARITABLE DEDUCTIONS FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) INCREASED AMOUNT OF DEDUCTION.—

(1) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to contributions made after December 31, 2007.

(b) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—

(1) IN GENERAL.—Section 170(b) is amended by adding at the end the following new paragraph:

''(3) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—In the case of a qualified farmer or rancher (as defined in paragraph (1)(E)(v)), any charitable contribution of food—

''(A) to which subsection (e)(3)(C) applies (without regard to clause (ii) thereof), and

''(B) which is made during the period beginning on the date of the enactment of this paragraph and before January 1, 2009,

shall be treated for purposes of paragraph (1)(E) or (2)(B), whichever is applicable, as if it were a qualified conservation contribution which is made by a qualified farmer or rancher and which otherwise meets the requirements of such paragraph.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 324. EXTENSION OF ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY.

(a) EXTENSION.—Clause (iv) of section 170(e)(3)(D) (relating to termination) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2009''.

(b) CLERICAL AMENDMENT.—Clause (iii) of section 170(e)(3)(D) (relating to certification by donee) is amended by inserting ''of books'' after ''to any contribution''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2007.

SEC. 325. EXTENSION AND MODIFICATION OF DUTY SUSPENSION ON WOOL PRODUCTS; WOOL RESEARCH FUND; WOOL DUTY REFUNDS.

(a) EXTENSION OF TEMPORARY DUTY REDUCTIONS.—Each of the following headings of the Harmonized Tariff Schedule of the United States is amended by striking the date in the effective period column and inserting ''12/31/2014'':

(1) Heading 9902.51.11 (relating to fabrics of worsted wool).

(2) Heading 9902.51.13 (relating to yarn of combed wool).

(3) Heading 9902.51.14 (relating to wool fiber, waste, garnetted stock, combed wool, or wool top).

(4) Heading 9902.51.15 (relating to fabrics of combed wool).

(5) Heading 9902.51.16 (relating to fabrics of combed wool).

(b) EXTENSION OF DUTY REFUNDS AND WOOL RESEARCH TRUST FUND.—

(1) IN GENERAL.—Section 4002(c) of the Wool Suit and Textile Trade Extension Act of 2004 (Public Law 108–429; 118 Stat. 2603) is amended—

(A) in paragraph (3)(C), by striking ''2010'' and inserting ''2015''; and

(B) in paragraph (6)(A), by striking ''through 2009'' and inserting ''through 2014''.

(2) SUNSET.—Section 506(f) of the Trade and Development Act of 2000 (Public 106–200; 114 Stat. 303 (7 U.S.C. 7101 note)) is amended by striking ''2010'' and inserting ''2015''.

TITLE IV—EXTENSION OF TAX ADMINISTRATION PROVISIONS

SEC. 401. PERMANENT AUTHORITY FOR UNDERCOVER OPERATIONS.

(a) IN GENERAL.—Section 7608(c) (relating to rules relating to undercover operations) is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to operations conducted after the date of the enactment of this Act.

SEC. 402. PERMANENT AUTHORITY FOR DISCLOSURE OF INFORMATION RELATING TO TERRORIST ACTIVITIES.

(a) DISCLOSURE OF RETURN INFORMATION TO APPRISE APPROPRIATE OFFICIALS OF TERRORIST ACTIVITIES.—Subparagraph (C) of section 6103(i)(3) is amended by striking clause (iv).

(b) DISCLOSURE UPON REQUEST OF INFORMATION RELATING TO TERRORIST ACTIVITIES.—Paragraph (7) of section 6103(i) is amended by striking subparagraph (E).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to disclosures after the date of the enactment of this Act.

TITLE V—ADDITIONAL TAX RELIEF AND OTHER TAX PROVISIONS

Subtitle A—General Provisions

SEC. 501. $8,500 INCOME THRESHOLD USED TO CALCULATE REFUNDABLE PORTION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24(d) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR 2008.—Notwithstanding paragraph (3), in the case of any taxable year beginning in 2008, the dollar amount in effect for such taxable year under paragraph (1)(B)(i) shall be $8,500.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2007.

SEC. 502. PROVISIONS RELATED TO FILM AND TELEVISION PRODUCTIONS.

(a) EXTENSION OF EXPENSING RULES FOR QUALIFIED FILM AND TELEVISION PRODUCTIONS.—Section 181(f) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) MODIFICATION OF LIMITATION ON EXPENSING.—Subparagraph (A) of section 181(a)(2) is amended to read as follows:

''(A) IN GENERAL.—Paragraph (1) shall not apply to so much of the aggregate cost of any qualified film or television production as exceeds $15,000,000.''.

(c) MODIFICATIONS TO DEDUCTION FOR DOMESTIC ACTIVITIES.—

(1) DETERMINATION OF W–2 WAGES.—Paragraph (2) of section 199(b) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR QUALIFIED FILM.—In the case of a qualified film, such term shall include compensation for services performed in the United States by actors, production personnel, directors, and producers.''.

(2) DEFINITION OF QUALIFIED FILM.—Paragraph (6) of section 199(c) is amended by adding at the end the following: ''A qualified film shall include any copyrights, trademarks, or other intangibles with respect to such film. The methods and means of distributing a qualified film shall not affect the availability of the deduction under this section.''.

(3) PARTNERSHIPS.—Subparagraph (A) of section 199(d)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of each partner of a partnership, or shareholder of an S corporation, who owns (directly or indirectly) at least 20 percent of the capital interests in such partnership or of the stock of such S corporation—

''(I) such partner or shareholder shall be treated as having engaged directly in any film produced by such partnership or S corporation, and

''(II) such partnership or S corporation shall be treated as having engaged directly in any film produced by such partner or shareholder.''.

(d) CONFORMING AMENDMENT.—Section 181(d)(3)(A) is amended by striking ''actors'' and all that follows and inserting ''actors, production personnel, directors, and producers.''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to qualified film and television productions commencing after December 31, 2007.

(2) DEDUCTION.—The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 2007.

SEC. 503. EXEMPTION FROM EXCISE TAX FOR CERTAIN WOODEN ARROWS DESIGNED FOR USE BY CHILDREN.

(a) IN GENERAL.—Paragraph (2) of section 4161(b) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) EXEMPTION FOR CERTAIN WOODEN ARROW SHAFTS.—Subparagraph (A) shall not apply to any shaft consisting of all natural wood with no laminations or artificial means of enhancing the spine of such shaft (whether sold separately or incorporated as part of a finished or unfinished product) of a type used in the manufacture of any arrow which after its assembly—

''(i) measures 5/16 of an inch or less in diameter, and

''(ii) is not suitable for use with a bow described in paragraph (1)(A).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to shafts first sold after the date of enactment of this Act.

SEC. 504. INCOME AVERAGING FOR AMOUNTS RECEIVED IN CONNECTION WITH THE EXXON VALDEZ LITIGATION.

(a) INCOME AVERAGING OF AMOUNTS RECEIVED FROM THE EXXON VALDEZ LITIGATION.—For purposes of section 1301 of the Internal Revenue Code of 1986—

(1) any qualified taxpayer who receives any qualified settlement income in any taxable year shall be treated as engaged in a fishing business (determined without regard to the commercial nature of the business), and

(2) such qualified settlement income shall be treated as income attributable to such a fishing business for such taxable year.

(b) CONTRIBUTIONS OF AMOUNTS RECEIVED TO RETIREMENT ACCOUNTS.—

(1) IN GENERAL.—Any qualified taxpayer who receives qualified settlement income during the taxable year may, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of—

(A) $100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years pursuant to this subsection), or

(B) the amount of qualified settlement income received by the individual during the taxable year.

(2) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of paragraph (1), a qualified taxpayer shall be deemed to have made a contribution to an eligible retirement plan on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

(3) TREATMENT OF CONTRIBUTIONS TO ELIGIBLE RETIREMENT PLANS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income, then—

(A) except as provided in paragraph (4)—

(i) to the extent of such contribution, the qualified settlement income shall not be included in taxable income, and

(ii) for purposes of section 72 of such Code, such contribution shall not be considered to be investment in the contract,

(B) the qualified taxpayer shall, to the extent of the amount of the contribution, be treated—

(i) as having received the qualified settlement income—

(I) in the case of a contribution to an individual retirement plan (as defined under section 7701(a)(37) of such Code), in a distribution described in section 408(d)(3) of such Code, and

(II) in the case of any other eligible retirement plan, in an eligible rollover distribution (as defined under section 402(f)(2) of such Code), and

(ii) as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution,

(C) section 408(d)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts treated as a rollover under this paragraph, and

(D) section 408A(c)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts contributed to a Roth IRA (as defined under section 408A(b) of such Code) or a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code) under this paragraph.

(4) SPECIAL RULE FOR ROTH IRAS AND ROTH 401(k)S.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income to a Roth IRA (as defined under section 408A(b) of such Code) or as a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code), then—

(A) the qualified settlement income shall be includible in taxable income, and

(B) for purposes of section 72 of such Code, such contribution shall be considered to be investment in the contract.

(5) ELIGIBLE RETIREMENT PLAN.—For purpose of this subsection, the term ''eligible retirement plan'' has the meaning given such term under section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(c) TREATMENT OF QUALIFIED SETTLEMENT INCOME UNDER EMPLOYMENT TAXES.—

(1) SECA.—For purposes of chapter 2 of the Internal Revenue Code of 1986 and section 211 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as self-employment income.

(2) FICA.—For purposes of chapter 21 of the Internal Revenue Code of 1986 and section 209 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as wages.

(d) QUALIFIED TAXPAYER.—For purposes of this section, the term ''qualified taxpayer'' means—

(1) any individual who is a plaintiff in the civil action In re Exxon Valdez, No. 89–095–CV (HRH) (Consolidated) (D. Alaska); or

(2) any individual who is a beneficiary of the estate of such a plaintiff who—

(A) acquired the right to receive qualified settlement income from that plaintiff; and

(B) was the spouse or an immediate relative of that plaintiff.

(e) QUALIFIED SETTLEMENT INCOME.—For purposes of this section, the term ''qualified settlement income'' means any interest and punitive damage awards which are—

(1) otherwise includible in taxable income, and

(2) received (whether as lump sums or periodic payments) in connection with the civil action In re Exxon Valdez, No. 89–095–CV (HRH) (Consolidated) (D. Alaska) (whether pre- or post-judgment and whether related to a settlement or judgment).

SEC. 505. CERTAIN FARMING BUSINESS MACHINERY AND EQUIPMENT TREATED AS 5-YEAR PROPERTY.

(a) IN GENERAL.—Section 168(e)(3)(B) (defining 5-year property) is amended by striking ''and'' at the end of clause (v), by striking the period at the end of clause (vi)(III) and inserting '', and'', and by inserting after clause (vi) the following new clause:

''(vii) any machinery or equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) which is used in a farming business (as defined in section 263A(e)(4)), the original use of which commences with the taxpayer after December 31, 2008, and which is placed in service before January 1, 2010.''.

(b) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) (relating to special rule for certain property assigned to classes) is amended by inserting after the item relating to subparagraph (B)(iii) the following:

(B)(vii)	210''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2008.

SEC. 506. MODIFICATION OF PENALTY ON UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.

(a) IN GENERAL.—Subsection (a) of section 6694 is amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—If a tax return preparer—

''(A) prepares any return or claim of refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2), and

''(B) knew (or reasonably should have known) of the position,

such tax return preparer shall pay a penalty with respect to each such return or claim in an amount equal to the greater of $1,000 or 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, a position is described in this paragraph unless there is or was substantial authority for the position.

''(B) DISCLOSED POSITIONS.—If the position was disclosed as provided in section 6662(d)(2)(B)(ii)(I) and is not a position to which subparagraph (C) applies, the position is described in this paragraph unless there is a reasonable basis for the position.

''(C) TAX SHELTERS AND REPORTABLE TRANSACTIONS.—If the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies, the position is described in this paragraph unless it is reasonable to believe that the position would more likely than not be sustained on its merits.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply—

(1) in the case of a position other than a position described in subparagraph (C) of section 6694(a)(2) of the Internal Revenue Code of 1986 (as amended by this section), to returns prepared after May 25, 2007, and

(2) in the case of a position described in such subparagraph (C), to returns prepared for taxable years ending after the date of the enactment of this Act.

Subtitle B—Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008

SEC. 511. SHORT TITLE.

This subtitle may be cited as the ''Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008''.

SEC. 512. MENTAL HEALTH PARITY.

(a) AMENDMENTS TO ERISA.—Section 712 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a) is amended—

(1) in subsection (a), by adding at the end the following:

''(3) FINANCIAL REQUIREMENTS AND TREATMENT LIMITATIONS.—

''(A) IN GENERAL.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and mental health or substance use disorder benefits, such plan or coverage shall ensure that—

''(i) the financial requirements applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits covered by the plan (or coverage), and there are no separate cost sharing requirements that are applicable only with respect to mental health or substance use disorder benefits; and

''(ii) the treatment limitations applicable to such mental health or substance use disorder

benefits are no more restrictive than the predominant treatment limitations applied to substantially all medical and surgical benefits covered by the plan (or coverage) and there are no separate treatment limitations that are applicable only with respect to mental health or substance use disorder benefits.

''(B) DEFINITIONS.—In this paragraph:

''(i) FINANCIAL REQUIREMENT.—The term 'financial requirement' includes deductibles, copayments, coinsurance, and out-of-pocket expenses, but excludes an aggregate lifetime limit and an annual limit subject to paragraphs (1) and (2),

''(ii) PREDOMINANT.—A financial requirement or treatment limit is considered to be predominant if it is the most common or frequent of such type of limit or requirement.

''(iii) TREATMENT LIMITATION.—The term 'treatment limitation' includes limits on the frequency of treatment, number of visits, days of coverage, or other similar limits on the scope or duration of treatment.

''(4) AVAILABILITY OF PLAN INFORMATION.—The criteria for medical necessity determinations made under the plan with respect to mental health or substance use disorder benefits (or the health insurance coverage offered in connection with the plan with respect to such benefits) shall be made available by the plan administrator (or the health insurance issuer offering such coverage) in accordance with regulations to any current or potential participant, beneficiary, or contracting provider upon request. The reason for any denial under the plan (or coverage) of reimbursement or payment for services with respect to mental health or substance use disorder benefits in the case of any participant or beneficiary shall, on request or as otherwise required, be made available by the plan administrator (or the health insurance issuer offering such coverage) to the participant or beneficiary in accordance with regulations.

''(5) OUT-OF-NETWORK PROVIDERS.—In the case of a plan or coverage that provides both medical and surgical benefits and mental health or substance use disorder benefits, if the plan or coverage provides coverage for medical or surgical benefits provided by out-of-network providers, the plan or coverage shall provide coverage for mental health or substance use disorder benefits provided by out-of-network providers in a manner that is consistent with the requirements of this section.'';

(2) in subsection (b), by amending paragraph (2) to read as follows:

''(2) in the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides mental health or substance use disorder benefits, as affecting the terms and conditions of the plan or coverage relating to such benefits under the plan or coverage, except as provided in subsection (a).'';

(3) in subsection (c)—

(A) in paragraph (1)(B)—

(i) by inserting ''(or 1 in the case of an employer residing in a State that permits small groups to include a single individual)'' after ''at least 2'' the first place that such appears; and

(ii) by striking ''and who employs at least 2 employees on the first day of the plan year''; and

(B) by striking paragraph (2) and inserting the following:

''(2) COST EXEMPTION.—

''(A) IN GENERAL.—With respect to a group health plan (or health insurance coverage offered in connection with such a plan), if the application of this section to such plan (or coverage) results in an increase for the plan year involved of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits under the plan (as determined and certified under subparagraph (C)) by an amount that exceeds the applicable percentage described in subparagraph (B) of the actual total plan costs, the provisions of this section shall not apply to such plan (or coverage) during the following plan year, and such exemption shall apply to the plan (or coverage) for 1 plan year. An employer may elect to continue to apply mental health and substance use disorder parity pursuant to this section with respect to the group health plan (or coverage) involved regardless of any increase in total costs.

''(B) APPLICABLE PERCENTAGE.—With respect to a plan (or coverage), the applicable percentage described in this subparagraph shall be—

''(i) 2 percent in the case of the first plan year in which this section is applied; and

''(ii) 1 percent in the case of each subsequent plan year.

''(C) DETERMINATIONS BY ACTUARIES.—Determinations as to increases in actual costs under a plan (or coverage) for purposes of this section shall be made and certified by a qualified and licensed actuary who is a member in good standing of the American Academy of Actuaries. All such determinations shall be in a written report prepared by the actuary. The report, and all underlying documentation relied upon by the actuary, shall be maintained by the group health plan or health insurance issuer for a period of 6 years following the notification made under subparagraph (E).

''(D) 6-MONTH DETERMINATIONS.—If a group health plan (or a health insurance issuer offering coverage in connection with a group health plan) seeks an exemption under this paragraph, determinations under subparagraph (A) shall be made after such plan (or coverage) has complied with this section for the first 6 months of the plan year involved.

''(E) NOTIFICATION.—

''(i) IN GENERAL.—A group health plan (or a health insurance issuer offering coverage in connection with a group health plan) that, based upon a certification described under subparagraph (C), qualifies for an exemption under this paragraph, and elects to implement the exemption, shall promptly notify the Secretary, the appropriate State agencies, and participants and beneficiaries in the plan of such election.

''(ii) REQUIREMENT.—A notification to the Secretary under clause (i) shall include—

''(I) a description of the number of covered lives under the plan (or coverage) involved at the time of the notification, and as applicable, at the time of any prior election of the cost-exemption under this paragraph by such plan (or coverage);

''(II) for both the plan year upon which a cost exemption is sought and the year prior, a description of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits under the plan; and

''(III) for both the plan year upon which a cost exemption is sought and the year prior, the actual total costs of coverage with respect to mental health and substance use disorder benefits under the plan.

''(iii) CONFIDENTIALITY.—A notification to the Secretary under clause (i) shall be confidential. The Secretary shall make available, upon request and on not more than an annual basis, an anonymous itemization of such notifications, that includes—

''(I) a breakdown of States by the size and type of employers submitting such notification; and

''(II) a summary of the data received under clause (ii).

''(F) AUDITS BY APPROPRIATE AGENCIES.—To determine compliance with this paragraph, the Secretary may audit the books and records of a group health plan or health insurance issuer relating to an exemption, including any actuarial reports prepared pursuant to subparagraph (C), during the 6 year period following the notification of such exemption under subparagraph (E). A State agency receiving a notification under subparagraph (E) may also conduct such an audit with respect to an exemption covered by such notification.'';

(4) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to services for mental health conditions, as defined under the terms of the plan and in accordance with applicable Federal and State law.

''(5) SUBSTANCE USE DISORDER BENEFITS.—The term 'substance use disorder benefits' means benefits with respect to services for substance use disorders, as defined under the terms of the plan and in accordance with applicable Federal and State law.'';

(5) by striking subsection (f);

(6) by inserting after subsection (e) the following:

''(f) SECRETARY REPORT.—The Secretary shall, by January 1, 2012, and every two years thereafter, submit to the appropriate committees of Congress a report on compliance of group health plans (and health insurance coverage offered in connection with such plans) with the requirements of this section. Such report shall include the results of any surveys or audits on compliance of group health plans (and health insurance coverage offered in connection with such plans) with such requirements and an analysis of the reasons for any failures to comply.

''(g) NOTICE AND ASSISTANCE.—The Secretary, in cooperation with the Secretaries of Health and Human Services and Treasury, as appropriate, shall publish and widely disseminate guidance and information for group health plans, participants and beneficiaries, applicable State and local regulatory bodies, and the National Association of Insurance Commissioners concerning the requirements of this section and shall provide assistance concerning such requirements and the continued operation of applicable State law. Such guidance and information shall inform participants and beneficiaries of how they may obtain assistance under this section, including, where appropriate, assistance from State consumer and insurance agencies.'';

(7) by striking ''mental health benefits'' and inserting ''mental health and substance use disorder benefits'' each place it appears in subsections (a)(1)(B)(i), (a)(1)(C), (a)(2)(B)(i), and (a)(2)(C); and

(8) by striking ''mental health benefits'' and inserting ''mental health or substance use disorder benefits'' each place it appears (other than in any provision amended by the previous paragraph).

(b) AMENDMENTS TO PUBLIC HEALTH SERVICE ACT.—Section 2705 of the Public Health Service Act (42 U.S.C. 300gg–5) is amended—

(1) in subsection (a), by adding at the end the following:

''(3) FINANCIAL REQUIREMENTS AND TREATMENT LIMITATIONS.—

''(A) IN GENERAL.—In the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides both medical and surgical benefits and mental health or substance use disorder benefits, such plan or coverage shall ensure that—

''(i) the financial requirements applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits covered by the plan (or coverage), and there are no separate cost sharing requirements that are applicable only with respect to mental health or substance use disorder benefits; and

''(ii) the treatment limitations applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant treatment limitations applied to substantially all medical and surgical benefits covered by the plan (or coverage) and there are no separate treatment limitations that are applicable only with respect to mental health or substance use disorder benefits.

''(B) DEFINITIONS.—In this paragraph:

''(i) FINANCIAL REQUIREMENT.—The term 'financial requirement' includes deductibles, copayments, coinsurance, and out-of-pocket expenses, but excludes an aggregate lifetime limit and an annual limit subject to paragraphs (1) and (2).

''(ii) PREDOMINANT.—A financial requirement or treatment limit is considered to be predominant if it is the most common or frequent of such type of limit or requirement.

''(iii) TREATMENT LIMITATION.—The term 'treatment limitation' includes limits on the frequency of treatment, number of visits, days of coverage, or other similar limits on the scope or duration of treatment.

''(4) AVAILABILITY OF PLAN INFORMATION.—The criteria for medical necessity determinations made under the plan with respect to mental health or substance use disorder benefits (or the health insurance coverage offered in connection with the plan with respect to such benefits) shall be made available by the plan administrator (or the health insurance issuer offering such coverage) in accordance with regulations to any current or potential participant, beneficiary, or contracting provider upon request. The reason for any denial under the plan (or coverage) of reimbursement or payment for services with respect to mental health or substance use disorder benefits in the case of any participant or beneficiary shall, on request or as otherwise required, be made available by the plan administrator (or the health insurance issuer offering such coverage) to the participant or beneficiary in accordance with regulations.

''(5) OUT-OF-NETWORK PROVIDERS.—In the case of a plan or coverage that provides both medical and surgical benefits and mental health or substance use disorder benefits, if the plan or coverage provides coverage for medical or surgical benefits provided by out-of-network providers, the plan or coverage shall provide coverage for mental health or substance use disorder benefits provided by out-of-network providers in a manner that is consistent with the requirements of this section.'';

(2) in subsection (b), by amending paragraph (2) to read as follows:

''(2) in the case of a group health plan (or health insurance coverage offered in connection with such a plan) that provides mental health or substance use disorder benefits, as affecting the terms and conditions of the plan or coverage relating to such benefits under the plan or coverage, except as provided in subsection (a).'';

(3) in subsection (c)—

(A) in paragraph (1), by inserting before the period the following: ''(as defined in section 2791(e)(4), except that for purposes of this paragraph such term shall include employers with 1 employee in the case of an employer residing in a State that permits small groups to include a single individual)''; and

(B) by striking paragraph (2) and inserting the following:

''(2) COST EXEMPTION.—

''(A) IN GENERAL.—With respect to a group health plan (or health insurance coverage offered in connection with such a plan), if the application of this section to such plan (or coverage) results in an increase for the plan year involved of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits under the plan (as determined and certified under subparagraph (C)) by an amount that exceeds the applicable percentage described in subparagraph (B) of the actual total plan costs, the provisions of this section shall not apply to such plan (or coverage) during the following plan year, and such exemption shall apply to the plan (or coverage) for 1 plan year. An employer may elect to continue to apply mental health and substance use disorder parity pursuant to this section with respect to the group health plan (or coverage) involved regardless of any increase in total costs.

''(B) APPLICABLE PERCENTAGE.—With respect to a plan (or coverage), the applicable percentage described in this subparagraph shall be—

''(i) 2 percent in the case of the first plan year in which this section is applied; and

''(ii) 1 percent in the case of each subsequent plan year.

''(C) DETERMINATIONS BY ACTUARIES.—Determinations as to increases in actual costs under a plan (or coverage) for purposes of this section shall be made and certified by a qualified and licensed actuary who is a member in good standing of the American Academy of Actuaries. All such determinations shall be in a written report prepared by the actuary. The report, and all underlying documentation relied upon by the actuary, shall be maintained by the group health plan or health insurance issuer for a period of 6 years following the notification made under subparagraph (E).

''(D) 6-MONTH DETERMINATIONS.—If a group health plan (or a health insurance issuer offering coverage in connection with a group health plan) seeks an exemption under this paragraph, determinations under subparagraph (A) shall be made after such plan (or coverage) has complied with this section for the first 6 months of the plan year involved.

''(E) NOTIFICATION.—

''(i) IN GENERAL.—A group health plan (or a health insurance issuer offering coverage in connection with a group health plan) that, based upon a certification described under subparagraph (C), qualifies for an exemption under this paragraph, and elects to implement the exemption, shall promptly notify the Secretary, the appropriate State agencies, and participants and beneficiaries in the plan of such election.

''(ii) REQUIREMENT.—A notification to the Secretary under clause (i) shall include—

''(I) a description of the number of covered lives under the plan (or coverage) involved at the time of the notification, and as applicable, at the time of any prior election of the cost-exemption under this paragraph by such plan (or coverage);

''(II) for both the plan year upon which a cost exemption is sought and the year prior, a description of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits under the plan; and

''(III) for both the plan year upon which a cost exemption is sought and the year prior, the actual total costs of coverage with respect to mental health and substance use disorder benefits under the plan.

''(iii) CONFIDENTIALITY.—A notification to the Secretary under clause (i) shall be confidential. The Secretary shall make available, upon request and on not more than an annual basis, an anonymous itemization of such notifications, that includes—

''(I) a breakdown of States by the size and type of employers submitting such notification; and

''(II) a summary of the data received under clause (ii).

''(F) AUDITS BY APPROPRIATE AGENCIES.—To determine compliance with this paragraph, the Secretary may audit the books and records of a group health plan or health insurance issuer relating to an exemption, including any actuarial reports prepared pursuant to subparagraph (C), during the 6 year period following the notification of such exemption under subparagraph (E). A State agency receiving a notification under subparagraph (E) may also conduct such an audit with respect to an exemption covered by such notification.'';

(4) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to services for mental health conditions, as defined under the terms of the plan and in accordance with applicable Federal and State law.

''(5) SUBSTANCE USE DISORDER BENEFITS.—The term 'substance use disorder benefits' means benefits with respect to services for substance use disorders, as defined under the terms of the plan and in accordance with applicable Federal and State law.'';

(5) by striking subsection (f);

(6) by striking ''mental health benefits'' and inserting ''mental health and substance use disorder benefits'' each place it appears in subsections (a)(1)(B)(i), (a)(1)(C), (a)(2)(B)(i), and (a)(2)(C); and

(7) by striking ''mental health benefits'' and inserting ''mental health or substance use disorder benefits'' each place it appears (other than in any provision amended by the previous paragraph).

(c) AMENDMENTS TO INTERNAL REVENUE CODE.—Section 9812 of the Internal Revenue Code of 1986 is amended—

(1) in subsection (a), by adding at the end the following:

''(3) FINANCIAL REQUIREMENTS AND TREATMENT LIMITATIONS.—

''(A) IN GENERAL.—In the case of a group health plan that provides both medical and surgical benefits and mental health or substance use disorder benefits, such plan shall ensure that—

''(i) the financial requirements applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements applied to substantially all medical and surgical benefits covered by the plan, and there are no separate cost sharing requirements that are applicable only with respect to mental health or substance use disorder benefits; and

''(ii) the treatment limitations applicable to such mental health or substance use disorder benefits are no more restrictive than the predominant treatment limitations applied to substantially all medical and surgical benefits covered by the plan and there are no separate treatment limitations that are applicable only with respect to mental health or substance use disorder benefits.

''(B) DEFINITIONS.—In this paragraph:

''(i) FINANCIAL REQUIREMENT.—The term 'financial requirement' includes deductibles, copayments, coinsurance, and out-of-pocket expenses, but excludes an aggregate lifetime limit and an annual limit subject to paragraphs (1) and (2),

''(ii) PREDOMINANT.—A financial requirement or treatment limit is considered to be predominant if it is the most common or frequent of such type of limit or requirement.

''(iii) TREATMENT LIMITATION.—The term 'treatment limitation' includes limits on the frequency of treatment, number of visits, days of coverage, or other similar limits on the scope or duration of treatment.

''(4) AVAILABILITY OF PLAN INFORMATION.—The criteria for medical necessity determinations made under the plan with respect to mental health or substance use disorder benefits shall be made available by the plan administrator in accordance with regulations to any current or potential participant, beneficiary, or contracting provider upon request. The reason for any denial under the plan of reimbursement or payment for services with respect to mental health or substance use disorder benefits in the case of any participant or beneficiary shall, on request or as otherwise required, be made available by the plan administrator to the participant or beneficiary in accordance with regulations.

''(5) OUT-OF-NETWORK PROVIDERS.—In the case of a plan that provides both medical and surgical benefits and mental health or substance use disorder benefits, if the plan provides coverage for medical or surgical benefits provided by out-of-network providers, the plan shall provide coverage for mental health or substance use disorder benefits provided by out-of-network providers in a manner that is consistent with the requirements of this section.'';

(2) in subsection (b), by amending paragraph (2) to read as follows:

''(2) in the case of a group health plan that provides mental health or substance use disorder benefits, as affecting the terms and conditions of the plan relating to such benefits under the plan, except as provided in subsection (a).'';

(3) in subsection (c)—

(A) by amending paragraph (1) to read as follows:

''(1) SMALL EMPLOYER EXEMPTION.—

''(A) IN GENERAL.—This section shall not apply to any group health plan for any plan year of a small employer.

''(B) SMALL EMPLOYER.—For purposes of subparagraph (A), the term 'small employer' means, with respect to a calendar year and a plan year, an employer who employed an average of at least 2 (or 1 in the case of an employer residing in a State that permits small groups to include a single individual) but not more than 50 employees on business days during the preceding calendar year. For purposes of the preceding sentence, all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 employer and rules similar to rules of subparagraphs (B) and (C) of section 4980D(d)(2) shall apply.''; and

(B) by striking paragraph (2) and inserting the following:

''(2) COST EXEMPTION.—

''(A) IN GENERAL.—With respect to a group health plan, if the application of this section to such plan results in an increase for the plan year involved of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits under the plan (as determined and certified under subparagraph (C)) by an amount that exceeds the applicable percentage described in subparagraph (B) of the actual total plan costs, the provisions of this section shall not apply to such plan during the following plan year, and such exemption shall apply to the plan for 1 plan year. An employer may elect to continue to apply mental health and substance use disorder parity pursuant to this section with respect to the group health plan involved regardless of any increase in total costs.

''(B) APPLICABLE PERCENTAGE.—With respect to a plan, the applicable percentage described in this subparagraph shall be—

''(i) 2 percent in the case of the first plan year in which this section is applied; and

''(ii) 1 percent in the case of each subsequent plan year.

''(C) DETERMINATIONS BY ACTUARIES.—Determinations as to increases in actual costs under a plan for purposes of this section shall be made and certified by a qualified and licensed actuary who is a member in good standing of the American Academy of Actuaries. All such determinations shall be in a written report prepared by the actuary. The report, and all underlying documentation relied upon by the actuary, shall be maintained by the group health plan for a period of 6 years following the notification made under subparagraph (E).

''(D) 6-MONTH DETERMINATIONS.—If a group health plan seeks an exemption under this paragraph, determinations under subparagraph (A) shall be made after such plan has complied with this section for the first 6 months of the plan year involved.

''(E) NOTIFICATION.—

''(i) IN GENERAL.—A group health plan that, based upon a certification described under subparagraph (C), qualifies for an exemption under this paragraph, and elects to implement the exemption, shall promptly notify the Secretary, the appropriate State agencies, and participants and beneficiaries in the plan of such election.

''(ii) REQUIREMENT.—A notification to the Secretary under clause (i) shall include—

''(I) a description of the number of covered lives under the plan involved at the time of the notification, and as applicable, at the time of any prior election of the cost-exemption under this paragraph by such plan;

''(II) for both the plan year upon which a cost exemption is sought and the year prior, a description of the actual total costs of coverage with respect to medical and surgical benefits and mental health and substance use disorder benefits under the plan; and

''(III) for both the plan year upon which a cost exemption is sought and the year prior, the actual total costs of coverage with respect to mental health and substance use disorder benefits under the plan.

''(iii) CONFIDENTIALITY.—A notification to the Secretary under clause (i) shall be confidential. The Secretary shall make available, upon request and on not more than an annual basis, an anonymous itemization of such notifications, that includes—

''(I) a breakdown of States by the size and type of employers submitting such notification; and

''(II) a summary of the data received under clause (ii).

''(F) AUDITS BY APPROPRIATE AGENCIES.—To determine compliance with this paragraph, the Secretary may audit the books and records of a group health plan relating to an exemption, including any actuarial reports prepared pursuant to subparagraph (C), during the 6 year period following the notification of such exemption under subparagraph (E). A State agency receiving a notification under subparagraph (E) may also conduct such an audit with respect to an exemption covered by such notification.'';

(4) in subsection (e), by striking paragraph (4) and inserting the following:

''(4) MENTAL HEALTH BENEFITS.—The term 'mental health benefits' means benefits with respect to services for mental health conditions, as defined under the terms of the plan and in accordance with applicable Federal and State law.

''(5) SUBSTANCE USE DISORDER BENEFITS.—The term 'substance use disorder benefits' means benefits with respect to services for substance use disorders, as defined under the terms of the plan and in accordance with applicable Federal and State law.'';

(5) by striking subsection (f);

(6) by striking ''mental health benefits'' and inserting ''mental health and substance use disorder benefits'' each place it appears in subsections (a)(1)(B)(i), (a)(1)(C), (a)(2)(B)(i), and (a)(2)(C); and

(7) by striking ''mental health benefits'' and inserting ''mental health or substance use disorder benefits'' each place it appears (other than in any provision amended by the previous paragraph).

(d) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Secretaries of Labor, Health and Human Services, and the Treasury shall issue regulations to carry out the amendments made by subsections (a), (b), and (c), respectively.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to group health plans for plan years beginning after the date that is 1 year after the date of enactment of this Act, regardless of whether regulations have been issued to carry out such amendments by such effective date, except that the amendments made by subsections (a)(5), (b)(5), and (c)(5), relating to striking of certain sunset provisions, shall take effect on January 1, 2009.

(2) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the later of—

(A) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(B) January 1, 2009.

For purposes of subparagraph (A), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

(f) ASSURING COORDINATION.—The Secretary of Health and Human Services, the Secretary of Labor, and the Secretary of the Treasury may ensure, through the execution or revision of an interagency memorandum of understanding among such Secretaries, that—

(1) regulations, rulings, and interpretations issued by such Secretaries relating to the same matter over which two or more such Secretaries have responsibility under this section (and the amendments made by this section) are administered so as to have the same effect at all times; and

(2) coordination of policies relating to enforcing the same requirements through such Secretaries in order to have a coordinated enforcement strategy that avoids duplication of enforcement efforts and assigns priorities in enforcement.

(g) CONFORMING CLERICAL AMENDMENTS.—

(1) ERISA HEADING.—

(A) IN GENERAL.—The heading of section 712 of the Employee Retirement Income Security Act of 1974 is amended to read as follows:

''SEC. 712. PARITY IN MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS.''.

(B) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act is amended by striking the item relating to section 712 and inserting the following new item:

''Sec. 712. Parity in mental health and substance use disorder benefits.''.

(2) PHSA HEADING.—The heading of section 2705 of the Public Health Service Act is amended to read as follows:

''SEC. 2705. PARITY IN MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS.''.

(3) IRC HEADING.—

(A) IN GENERAL.—The heading of section 9812 of the Internal Revenue Code of 1986 is amended to read as follows:

''SEC. 9812. PARITY IN MENTAL HEALTH AND SUBSTANCE USE DISORDER BENEFITS.''.

(B) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 100 of such Code is amended by striking the item relating to section 9812 and inserting the following new item:

''Sec. 9812. Parity in mental health and substance use disorder benefits.''.

(h) GAO STUDY ON COVERAGE AND EXCLUSION OF MENTAL HEALTH AND SUBSTANCE USE DISORDER DIAGNOSES.—

(1) IN GENERAL.—The Comptroller General of the United States shall conduct a study that analyzes the specific rates, patterns, and trends in coverage and exclusion of specific mental health and substance use disorder diagnoses by health plans and health insurance. The study shall include an analysis of—

(A) specific coverage rates for all mental health conditions and substance use disorders;

(B) which diagnoses are most commonly covered or excluded;

(C) whether implementation of this Act has affected trends in coverage or exclusion of such diagnoses; and

(D) the impact of covering or excluding specific diagnoses on participants' and enrollees' health, their health care coverage, and the costs of delivering health care.

(2) REPORTS.—Not later than 3 years after the date of the enactment of this Act, and 2 years after the date of submission the first report under this paragraph, the Comptroller General shall submit to Congress a report on the results of the study conducted under paragraph (1).

TITLE VI—OTHER PROVISIONS

SEC. 601. SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION PROGRAM.

(a) REAUTHORIZATION OF THE SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT OF 2000.—The Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 500 note; Public Law 106–393) is amended by striking sections 1 through 403 and inserting the following:

"SECTION 1. SHORT TITLE.

''This Act may be cited as the 'Secure Rural Schools and Community Self-Determination Act of 2000'.

"SEC. 2. PURPOSES.

''The purposes of this Act are—

''(1) to stabilize and transition payments to counties to provide funding for schools and roads that supplements other available funds;

''(2) to make additional investments in, and create additional employment opportunities through, projects that—

''(A)(i) improve the maintenance of existing infrastructure;

''(ii) implement stewardship objectives that enhance forest ecosystems; and

''(iii) restore and improve land health and water quality;

''(B) enjoy broad-based support; and

''(C) have objectives that may include—

''(i) road, trail, and infrastructure maintenance or obliteration;

''(ii) soil productivity improvement;

''(iii) improvements in forest ecosystem health;

''(iv) watershed restoration and maintenance;

''(v) the restoration, maintenance, and improvement of wildlife and fish habitat;

''(vi) the control of noxious and exotic weeds; and

''(vii) the reestablishment of native species; and

''(3) to improve cooperative relationships among—

''(A) the people that use and care for Federal land; and

''(B) the agencies that manage the Federal land.

"SEC. 3. DEFINITIONS.

''In this Act:

''(1) ADJUSTED SHARE.—The term 'adjusted share' means the number equal to the quotient obtained by dividing—

''(A) the number equal to the quotient obtained by dividing—

''(i) the base share for the eligible county; by

''(ii) the income adjustment for the eligible county; by

''(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (8)(A) for all eligible counties.

''(2) BASE SHARE.—The term 'base share' means the number equal to the average of—

''(A) the quotient obtained by dividing—

''(i) the number of acres of Federal land described in paragraph (7)(A) in each eligible county; by

''(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

''(B) the quotient obtained by dividing—

''(i) the amount equal to the average of the 3 highest 25-percent payments and safety net payments made to each eligible State for each eligible county during the eligibility period; by

''(ii) the amount equal to the sum of the amounts calculated under clause (i) and paragraph (9)(B)(i) for all eligible counties in all eligible States during the eligibility period.

''(3) COUNTY PAYMENT.—The term 'county payment' means the payment for an eligible county calculated under section 101(b).

''(4) ELIGIBLE COUNTY.—The term 'eligible county' means any county that—

''(A) contains Federal land (as defined in paragraph (7)); and

''(B) elects to receive a share of the State payment or the county payment under section 102(b).

''(5) ELIGIBILITY PERIOD.—The term 'eligibility period' means fiscal year 1986 through fiscal year 1999.

''(6) ELIGIBLE STATE.—The term 'eligible State' means a State or territory of the United States that received a 25-percent payment for 1 or more fiscal years of the eligibility period.

''(7) FEDERAL LAND.—The term 'Federal land' means—

''(A) land within the National Forest System, as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1609(a)) exclusive of the National Grasslands and land utilization projects designated as National Grasslands administered pursuant to the Act of July 22, 1937 (7 U.S.C. 1010–1012); and

''(B) such portions of the revested Oregon and California Railroad and reconveyed Coos Bay Wagon Road grant land as are or may hereafter come under the jurisdiction of the Department of the Interior, which have heretofore or may hereafter be classified as timberlands, and power-site land valuable for timber, that shall be managed, except as provided in the former section 3 of the Act of August 28, 1937 (50 Stat. 875; 43 U.S.C. 1181c), for permanent forest production.

''(8) 50-PERCENT ADJUSTED SHARE.—The term '50-percent adjusted share' means the number equal to the quotient obtained by dividing—

''(A) the number equal to the quotient obtained by dividing—

''(i) the 50-percent base share for the eligible county; by

''(ii) the income adjustment for the eligible county; by

''(B) the number equal to the sum of the quotients obtained under subparagraph (A) and paragraph (1)(A) for all eligible counties.

''(9) 50-PERCENT BASE SHARE.—The term '50-percent base share' means the number equal to the average of—

''(A) the quotient obtained by dividing—

''(i) the number of acres of Federal land described in paragraph (7)(B) in each eligible county; by

''(ii) the total number acres of Federal land in all eligible counties in all eligible States; and

''(B) the quotient obtained by dividing—

''(i) the amount equal to the average of the 3 highest 50-percent payments made to each eligible county during the eligibility period; by

''(ii) the amount equal to the sum of the amounts calculated under clause (i) and paragraph (2)(B)(i) for all eligible counties in all eligible States during the eligibility period.

''(10) 50-PERCENT PAYMENT.—The term '50-percent payment' means the payment that is the sum of the 50-percent share otherwise paid to a county pursuant to title II of the Act of August 28, 1937 (chapter 876; 50 Stat. 875; 43 U.S.C. 1181f), and the payment made to a county pursuant to the Act of May 24, 1939 (chapter 144; 53 Stat. 753; 43 U.S.C. 1181f–1 et seq.).

''(11) FULL FUNDING AMOUNT.—The term 'full funding amount' means—

''(A) $500,000,000 for fiscal year 2008; and

''(B) for fiscal year 2009 and each fiscal year thereafter, the amount that is equal to 90 percent of the full funding amount for the preceding fiscal year.

''(12) INCOME ADJUSTMENT.—The term 'income adjustment' means the square of the quotient obtained by dividing—

''(A) the per capita personal income for each eligible county; by

''(B) the median per capita personal income of all eligible counties.

''(13) PER CAPITA PERSONAL INCOME.—The term 'per capita personal income' means the most recent per capita personal income data, as determined by the Bureau of Economic Analysis.

''(14) SAFETY NET PAYMENTS.—The term 'safety net payments' means the special payment amounts paid to States and counties required by section 13982 or 13983 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 16 U.S.C. 500 note; 43 U.S.C. 1181f note).

''(15) SECRETARY CONCERNED.—The term 'Secretary concerned' means—

''(A) the Secretary of Agriculture or the designee of the Secretary of Agriculture with respect to the Federal land described in paragraph (7)(A); and

''(B) the Secretary of the Interior or the designee of the Secretary of the Interior with respect to the Federal land described in paragraph (7)(B).

''(16) STATE PAYMENT.—The term 'State payment' means the payment for an eligible State calculated under section 101(a).

''(17) 25-PERCENT PAYMENT.—The term '25-percent payment' means the payment to States required by the sixth paragraph under the heading of 'FOREST SERVICE' in the Act of May 23, 1908 (35 Stat. 260; 16 U.S.C. 500), and section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

"TITLE I—SECURE PAYMENTS FOR STATES AND COUNTIES CONTAINING FEDERAL LAND

"SEC. 101. SECURE PAYMENTS FOR STATES CONTAINING FEDERAL LAND.

''(a) STATE PAYMENT.—For each of fiscal years 2008 through 2011, the Secretary of Agriculture shall calculate for each eligible State an amount equal to the sum of the products obtained by multiplying—

''(1) the adjusted share for each eligible county within the eligible State; by

''(2) the full funding amount for the fiscal year.

''(b) COUNTY PAYMENT.—For each of fiscal years 2008 through 2011, the Secretary of the Interior shall calculate for each eligible county that received a 50-percent payment during the eligibility period an amount equal to the product obtained by multiplying—

''(1) the 50-percent adjusted share for the eligible county; by

''(2) the full funding amount for the fiscal year.

"SEC. 102. PAYMENTS TO STATES AND COUNTIES.

''(a) PAYMENT AMOUNTS.—Except as provided in section 103, the Secretary of the Treasury shall pay to—

''(1) a State or territory of the United States an amount equal to the sum of the amounts elected under subsection (b) by each county within the State or territory for—

''(A) if the county is eligible for the 25-percent payment, the share of the 25-percent payment; or

''(B) the share of the State payment of the eligible county; and

''(2) a county an amount equal to the amount elected under subsection (b) by each county for—

''(A) if the county is eligible for the 50-percent payment, the 50-percent payment; or

''(B) the county payment for the eligible county.

''(b) ELECTION TO RECEIVE PAYMENT AMOUNT.—

''(1) ELECTION; SUBMISSION OF RESULTS.—

''(A) IN GENERAL.—The election to receive a share of the State payment, the county payment, a share of the State payment and the county payment, a share of the 25-percent payment, the 50-percent payment, or a share of the 25-percent payment and the 50-percent payment, as applicable, shall be made at the discretion of each affected county by August 1, 2008 (or as soon thereafter as the Secretary concerned determines is practicable), and August 1 of each second fiscal year thereafter, in accordance with paragraph (2), and transmitted to the Secretary concerned by the Governor of each eligible State.

''(B) FAILURE TO TRANSMIT.—If an election for an affected county is not transmitted to the Secretary concerned by the date specified under subparagraph (A), the affected county shall be

considered to have elected to receive a share of the State payment, the county payment, or a share of the State payment and the county payment, as applicable.

''(2) DURATION OF ELECTION.—

''(A) IN GENERAL.—A county election to receive a share of the 25-percent payment or 50-percent payment, as applicable, shall be effective for 2 fiscal years.

''(B) FULL FUNDING AMOUNT.—If a county elects to receive a share of the State payment or the county payment, the election shall be effective for all subsequent fiscal years through fiscal year 2011.

''(3) SOURCE OF PAYMENT AMOUNTS.—The payment to an eligible State or eligible county under this section for a fiscal year shall be derived from—

''(A) any amounts that are appropriated to carry out this Act;

''(B) any revenues, fees, penalties, or miscellaneous receipts, exclusive of deposits to any relevant trust fund, special account, or permanent operating funds, received by the Federal Government from activities by the Bureau of Land Management or the Forest Service on the applicable Federal land; and

''(C) to the extent of any shortfall, out of any amounts in the Treasury of the United States not otherwise appropriated.

''(c) DISTRIBUTION AND EXPENDITURE OF PAYMENTS.—

''(1) DISTRIBUTION METHOD.—A State that receives a payment under subsection (a) for Federal land described in section 3(7)(A) shall distribute the appropriate payment amount among the appropriate counties in the State in accordance with—

''(A) the Act of May 23, 1908 (16 U.S.C. 500); and

''(B) section 13 of the Act of March 1, 1911 (36 Stat. 963; 16 U.S.C. 500).

''(2) EXPENDITURE PURPOSES.—Subject to subsection (d), payments received by a State under subsection (a) and distributed to counties in accordance with paragraph (1) shall be expended as required by the laws referred to in paragraph (1).

''(d) EXPENDITURE RULES FOR ELIGIBLE COUNTIES.—

''(1) ALLOCATIONS.—

''(A) USE OF PORTION IN SAME MANNER AS 25-PERCENT PAYMENT OR 50-PERCENT PAYMENT, AS APPLICABLE.—Except as provided in paragraph (3)(B), if an eligible county elects to receive its share of the State payment or the county payment, not less than 80 percent, but not more than 85 percent, of the funds shall be expended in the same manner in which the 25-percent payments or 50-percent payment, as applicable, are required to be expended.

''(B) ELECTION AS TO USE OF BALANCE.—Except as provided in subparagraph (C), an eligible county shall elect to do 1 or more of the following with the balance of any funds not expended pursuant to subparagraph (A):

''(i) Reserve any portion of the balance for projects in accordance with title II.

''(ii) Reserve not more than 7 percent of the total share for the eligible county of the State payment or the county payment for projects in accordance with title III.

''(iii) Return the portion of the balance not reserved under clauses (i) and (ii) to the Treasury of the United States.

''(C) COUNTIES WITH MODEST DISTRIBUTIONS.—In the case of each eligible county to which more than $100,000, but less than $350,000, is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county, with respect to the balance of any funds not expended pursuant to subparagraph (A) for that fiscal year, shall—

''(i) reserve any portion of the balance for—

''(I) carrying out projects under title II;

''(II) carrying out projects under title III; or

''(III) a combination of the purposes described in subclauses (I) and (II); or

''(ii) return the portion of the balance not reserved under clause (i) to the Treasury of the United States.

''(2) DISTRIBUTION OF FUNDS.—

''(A) IN GENERAL.—Funds reserved by an eligible county under subparagraph (B)(i) or (C)(i) of paragraph (1) for carrying out projects under title II shall be deposited in a special account in the Treasury of the United States.

''(B) AVAILABILITY.—Amounts deposited under subparagraph (A) shall—

''(i) be available for expenditure by the Secretary concerned, without further appropriation; and

''(ii) remain available until expended in accordance with title II.

''(3) ELECTION.—

''(A) NOTIFICATION.—

''(i) IN GENERAL.—An eligible county shall notify the Secretary concerned of an election by the eligible county under this subsection not later than September 30, 2008 (or as soon thereafter as the Secretary concerned determines is practicable), and each September 30 thereafter for each succeeding fiscal year.

''(ii) FAILURE TO ELECT.—Except as provided in subparagraph (B), if the eligible county fails to make an election by the date specified in clause (i), the eligible county shall—

''(I) be considered to have elected to expend 85 percent of the funds in accordance with paragraph (1)(A); and

''(II) return the balance to the Treasury of the United States.

''(B) COUNTIES WITH MINOR DISTRIBUTIONS.—In the case of each eligible county to which less than $100,000 is distributed for any fiscal year pursuant to either or both of paragraphs (1)(B) and (2)(B) of subsection (a), the eligible county may elect to expend all the funds in the same manner in which the 25-percent payments or 50-percent payments, as applicable, are required to be expended.

''(e) TIME FOR PAYMENT.—The payments required under this section for a fiscal year shall be made as soon as practicable after the end of that fiscal year.

"SEC. 103. TRANSITION PAYMENTS TO STATES.

''(a) DEFINITIONS.—In this section:

''(1) ADJUSTED AMOUNT.—The term 'adjusted amount' means, with respect to a covered State—

''(A) for fiscal year 2008, 90 percent of—

''(i) the sum of the amounts paid for fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2008; and

''(ii) the sum of the amounts paid for fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2008;

''(B) for fiscal year 2009, 81 percent of—

''(i) the sum of the amounts paid for fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2009; and

''(ii) the sum of the amounts paid for fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2009; and

''(C) for fiscal year 2010, 73 percent of—

''(i) the sum of the amounts paid for fiscal year 2006 under section 102(a)(2) (as in effect on September 29, 2006) for the eligible counties in the covered State that have elected under section 102(b) to receive a share of the State payment for fiscal year 2010; and

''(ii) the sum of the amounts paid for fiscal year 2006 under section 103(a)(2) (as in effect on September 29, 2006) for the eligible counties in the State of Oregon that have elected under section 102(b) to receive the county payment for fiscal year 2010.

''(2) COVERED STATE.—The term 'covered State' means each of the States of California, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington.

''(b) TRANSITION PAYMENTS.—For each of fiscal years 2008 through 2010, in lieu of the payment amounts that otherwise would have been made under paragraphs (1)(B) and (2)(B) of section 102(a), the Secretary of the Treasury shall pay the adjusted amount to each covered State and the eligible counties within the covered State, as applicable.

''(c) DISTRIBUTION OF ADJUSTED AMOUNT.—Except as provided in subsection (d), it is the intent of Congress that the method of distributing the payments under subsection (b) among the counties in the covered States for each of fiscal years 2008 through 2010 be in the same proportion that the payments were distributed to the eligible counties in fiscal year 2006.

''(d) DISTRIBUTION OF PAYMENTS IN CALIFORNIA.—The following payments shall be distributed among the eligible counties in the State of California in the same proportion that payments under section 102(a)(2) (as in effect on September 29, 2006) were distributed to the eligible counties for fiscal year 2006:

''(1) Payments to the State of California under subsection (b).

''(2) The shares of the eligible counties of the State payment for California under section 102 for fiscal year 2011.

''(e) TREATMENT OF PAYMENTS.—For purposes of this Act, any payment made under subsection (b) shall be considered to be a payment made under section 102(a).

"TITLE II—SPECIAL PROJECTS ON FEDERAL LAND

"SEC. 201. DEFINITIONS.

''In this title:

''(1) PARTICIPATING COUNTY.—The term 'participating county' means an eligible county that elects under section 102(d) to expend a portion of the Federal funds received under section 102 in accordance with this title.

''(2) PROJECT FUNDS.—The term 'project funds' means all funds an eligible county elects under section 102(d) to reserve for expenditure in accordance with this title.

''(3) RESOURCE ADVISORY COMMITTEE.—The term 'resource advisory committee' means—

''(A) an advisory committee established by the Secretary concerned under section 205; or

''(B) an advisory committee determined by the Secretary concerned to meet the requirements of section 205.

''(4) RESOURCE MANAGEMENT PLAN.—The term 'resource management plan' means—

''(A) a land use plan prepared by the Bureau of Land Management for units of the Federal land described in section 3(7)(B) pursuant to section 202 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712); or

''(B) a land and resource management plan prepared by the Forest Service for units of the National Forest System pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1604).

"SEC. 202. GENERAL LIMITATION ON USE OF PROJECT FUNDS.

''(a) LIMITATION.—Project funds shall be expended solely on projects that meet the requirements of this title.

''(b) AUTHORIZED USES.—Project funds may be used by the Secretary concerned for the purpose of entering into and implementing cooperative agreements with willing Federal agencies, State and local governments, private and nonprofit entities, and landowners for protection, restoration, and enhancement of fish and wildlife habitat, and other resource objectives consistent with the purposes of this Act on Federal land and on non-Federal land where projects would benefit the resources on Federal land.

"SEC. 203. SUBMISSION OF PROJECT PROPOSALS.

''(a) SUBMISSION OF PROJECT PROPOSALS TO SECRETARY CONCERNED.—

''(1) PROJECTS FUNDED USING PROJECT FUNDS.—Not later than September 30 for fiscal year 2008 (or as soon thereafter as the Secretary concerned determines is practicable), and each September 30 thereafter for each succeeding fiscal year through fiscal year 2011, each resource advisory committee shall submit to the Secretary concerned a description of any projects that the resource advisory committee proposes the Secretary undertake using any project funds reserved by eligible counties in the area in which the resource advisory committee has geographic jurisdiction.

''(2) PROJECTS FUNDED USING OTHER FUNDS.—A resource advisory committee may submit to the Secretary concerned a description of any projects that the committee proposes the Secretary undertake using funds from State or local governments, or from the private sector, other than project funds and funds appropriated and otherwise available to do similar work.

''(3) JOINT PROJECTS.—Participating counties or other persons may propose to pool project funds or other funds, described in paragraph (2), and jointly propose a project or group of projects to a resource advisory committee established under section 205.

''(b) REQUIRED DESCRIPTION OF PROJECTS.—In submitting proposed projects to the Secretary concerned under subsection (a), a resource advisory committee shall include in the description of each proposed project the following information:

''(1) The purpose of the project and a description of how the project will meet the purposes of this title.

''(2) The anticipated duration of the project.

''(3) The anticipated cost of the project.

''(4) The proposed source of funding for the project, whether project funds or other funds.

''(5)(A) Expected outcomes, including how the project will meet or exceed desired ecological conditions, maintenance objectives, or stewardship objectives.

''(B) An estimate of the amount of any timber, forage, and other commodities and other economic activity, including jobs generated, if any, anticipated as part of the project.

''(6) A detailed monitoring plan, including funding needs and sources, that—

''(A) tracks and identifies the positive or negative impacts of the project, implementation, and provides for validation monitoring; and

''(B) includes an assessment of the following:

''(i) Whether or not the project met or exceeded desired ecological conditions; created local employment or training opportunities, including summer youth jobs programs such as the Youth Conservation Corps where appropriate.

''(ii) Whether the project improved the use of, or added value to, any products removed from land consistent with the purposes of this title.

''(7) An assessment that the project is to be in the public interest.

''(c) AUTHORIZED PROJECTS.—Projects proposed under subsection (a) shall be consistent with section 2.

"SEC. 204. EVALUATION AND APPROVAL OF PROJECTS BY SECRETARY CONCERNED.

''(a) CONDITIONS FOR APPROVAL OF PROPOSED PROJECT.—The Secretary concerned may make a decision to approve a project submitted by a resource advisory committee under section 203 only if the proposed project satisfies each of the following conditions:

''(1) The project complies with all applicable Federal laws (including regulations).

''(2) The project is consistent with the applicable resource management plan and with any watershed or subsequent plan developed pursuant to the resource management plan and approved by the Secretary concerned.

''(3) The project has been approved by the resource advisory committee in accordance with section 205, including the procedures issued under subsection (e) of that section.

''(4) A project description has been submitted by the resource advisory committee to the Secretary concerned in accordance with section 203.

''(5) The project will improve the maintenance of existing infrastructure, implement stewardship objectives that enhance forest ecosystems, and restore and improve land health and water quality.

''(b) ENVIRONMENTAL REVIEWS.—

''(1) REQUEST FOR PAYMENT BY COUNTY.—The Secretary concerned may request the resource advisory committee submitting a proposed project to agree to the use of project funds to pay for any environmental review, consultation, or compliance with applicable environmental laws required in connection with the project.

''(2) CONDUCT OF ENVIRONMENTAL REVIEW.—If a payment is requested under paragraph (1) and the resource advisory committee agrees to the expenditure of funds for this purpose, the Secretary concerned shall conduct environmental review, consultation, or other compliance responsibilities in accordance with Federal laws (including regulations).

''(3) EFFECT OF REFUSAL TO PAY.—

''(A) IN GENERAL.—If a resource advisory committee does not agree to the expenditure of funds under paragraph (1), the project shall be deemed withdrawn from further consideration by the Secretary concerned pursuant to this title.

''(B) EFFECT OF WITHDRAWAL.—A withdrawal under subparagraph (A) shall be deemed to be a rejection of the project for purposes of section 207(c).

''(c) DECISIONS OF SECRETARY CONCERNED.—

''(1) REJECTION OF PROJECTS.—

''(A) IN GENERAL.—A decision by the Secretary concerned to reject a proposed project shall be at the sole discretion of the Secretary concerned.

''(B) NO ADMINISTRATIVE APPEAL OR JUDICIAL REVIEW.—Notwithstanding any other provision of law, a decision by the Secretary concerned to reject a proposed project shall not be subject to administrative appeal or judicial review.

''(C) NOTICE OF REJECTION.—Not later than 30 days after the date on which the Secretary concerned makes the rejection decision, the Secretary concerned shall notify in writing the resource advisory committee that submitted the proposed project of the rejection and the reasons for rejection.

''(2) NOTICE OF PROJECT APPROVAL.—The Secretary concerned shall publish in the Federal Register notice of each project approved under subsection (a) if the notice would be required had the project originated with the Secretary.

''(d) SOURCE AND CONDUCT OF PROJECT.—Once the Secretary concerned accepts a project for review under section 203, the acceptance shall be deemed a Federal action for all purposes.

''(e) IMPLEMENTATION OF APPROVED PROJECTS.—

''(1) COOPERATION.—Notwithstanding chapter 63 of title 31, United States Code, using project funds the Secretary concerned may enter into contracts, grants, and cooperative agreements with States and local governments, private and nonprofit entities, and landowners and other persons to assist the Secretary in carrying out an approved project.

''(2) BEST VALUE CONTRACTING.—

''(A) IN GENERAL.—For any project involving a contract authorized by paragraph (1) the Secretary concerned may elect a source for performance of the contract on a best value basis.

''(B) FACTORS.—The Secretary concerned shall determine best value based on such factors as—

''(i) the technical demands and complexity of the work to be done;

''(ii)(I) the ecological objectives of the project; and

''(II) the sensitivity of the resources being treated;

''(iii) the past experience by the contractor with the type of work being done, using the type of equipment proposed for the project, and meeting or exceeding desired ecological conditions; and

''(iv) the commitment of the contractor to hiring highly qualified workers and local residents.

''(3) MERCHANTABLE TIMBER CONTRACTING PILOT PROGRAM.—

''(A) ESTABLISHMENT.—The Secretary concerned shall establish a pilot program to implement a certain percentage of approved projects involving the sale of merchantable timber using separate contracts for—

''(i) the harvesting or collection of merchantable timber; and

''(ii) the sale of the timber.

''(B) ANNUAL PERCENTAGES.—Under the pilot program, the Secretary concerned shall ensure that, on a nationwide basis, not less than the following percentage of all approved projects involving the sale of merchantable timber are implemented using separate contracts:

''(i) For fiscal year 2008, 35 percent.

''(ii) For fiscal year 2009, 45 percent.

''(iii) For each of fiscal years 2010 and 2011, 50 percent.

''(C) INCLUSION IN PILOT PROGRAM.—The decision whether to use separate contracts to implement a project involving the sale of merchantable timber shall be made by the Secretary concerned after the approval of the project under this title.

''(D) ASSISTANCE.—

''(i) IN GENERAL.—The Secretary concerned may use funds from any appropriated account available to the Secretary for the Federal land to assist in the administration of projects conducted under the pilot program.

''(ii) MAXIMUM AMOUNT OF ASSISTANCE.—The total amount obligated under this subparagraph may not exceed $1,000,000 for any fiscal year during which the pilot program is in effect.

''(E) REVIEW AND REPORT.—

''(i) INITIAL REPORT.—Not later than September 30, 2010, the Comptroller General shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives a report assessing the pilot program.

''(ii) ANNUAL REPORT.—The Secretary concerned shall submit to the Committees on Agriculture, Nutrition, and Forestry and Energy and Natural Resources of the Senate and the Committees on Agriculture and Natural Resources of the House of Representatives an annual report describing the results of the pilot program.

''(f) REQUIREMENTS FOR PROJECT FUNDS.—The Secretary shall ensure that at least 50 percent of all project funds be used for projects that are primarily dedicated—

''(1) to road maintenance, decommissioning, or obliteration; or

''(2) to restoration of streams and watersheds.

"SEC. 205. RESOURCE ADVISORY COMMITTEES.

''(a) ESTABLISHMENT AND PURPOSE OF RESOURCE ADVISORY COMMITTEES.—

''(1) ESTABLISHMENT.—The Secretary concerned shall establish and maintain resource advisory committees to perform the duties in subsection (b), except as provided in paragraph (4).

''(2) PURPOSE.—The purpose of a resource advisory committee shall be—

''(A) to improve collaborative relationships; and

''(B) to provide advice and recommendations to the land management agencies consistent with the purposes of this title.

''(3) ACCESS TO RESOURCE ADVISORY COMMITTEES.—To ensure that each unit of Federal land has access to a resource advisory committee, and that there is sufficient interest in participation on a committee to ensure that membership can be balanced in terms of the points of view represented and the functions to be performed, the

Secretary concerned may, establish resource advisory committees for part of, or 1 or more, units of Federal land.

''(4) EXISTING ADVISORY COMMITTEES.—

''(A) IN GENERAL.—An advisory committee that meets the requirements of this section, a resource advisory committee established before September 29, 2006, or an advisory committee determined by the Secretary concerned before September 29, 2006, to meet the requirements of this section may be deemed by the Secretary concerned to be a resource advisory committee for the purposes of this title.

''(B) CHARTER.—A charter for a committee described in subparagraph (A) that was filed on or before September 29, 2006, shall be considered to be filed for purposes of this Act.

''(C) BUREAU OF LAND MANAGEMENT ADVISORY COMMITTEES.—The Secretary of the Interior may deem a resource advisory committee meeting the requirements of subpart 1784 of part 1780 of title 43, Code of Federal Regulations, as a resource advisory committee for the purposes of this title.

''(b) DUTIES.—A resource advisory committee shall—

''(1) review projects proposed under this title by participating counties and other persons;

''(2) propose projects and funding to the Secretary concerned under section 203;

''(3) provide early and continuous coordination with appropriate land management agency officials in recommending projects consistent with purposes of this Act under this title;

''(4) provide frequent opportunities for citizens, organizations, tribes, land management agencies, and other interested parties to participate openly and meaningfully, beginning at the early stages of the project development process under this title;

''(5)(A) monitor projects that have been approved under section 204; and

''(B) advise the designated Federal official on the progress of the monitoring efforts under subparagraph (A); and

''(6) make recommendations to the Secretary concerned for any appropriate changes or adjustments to the projects being monitored by the resource advisory committee.

''(c) APPOINTMENT BY THE SECRETARY.—

''(1) APPOINTMENT AND TERM.—

''(A) IN GENERAL.—The Secretary concerned, shall appoint the members of resource advisory committees for a term of 4 years beginning on the date of appointment.

''(B) REAPPOINTMENT.—The Secretary concerned may reappoint members to subsequent 4-year terms.

''(2) BASIC REQUIREMENTS.—The Secretary concerned shall ensure that each resource advisory committee established meets the requirements of subsection (d).

''(3) INITIAL APPOINTMENT.—Not later than 180 days after the date of the enactment of this Act, the Secretary concerned shall make initial appointments to the resource advisory committees.

''(4) VACANCIES.—The Secretary concerned shall make appointments to fill vacancies on any resource advisory committee as soon as practicable after the vacancy has occurred.

''(5) COMPENSATION.—Members of the resource advisory committees shall not receive any compensation.

''(d) COMPOSITION OF ADVISORY COMMITTEE.—

''(1) NUMBER.—Each resource advisory committee shall be comprised of 15 members.

''(2) COMMUNITY INTERESTS REPRESENTED.—Committee members shall be representative of the interests of the following 3 categories:

''(A) 5 persons that—

''(i) represent organized labor or non-timber forest product harvester groups;

''(ii) represent developed outdoor recreation, off highway vehicle users, or commercial recreation activities;

''(iii) represent—

''(I) energy and mineral development interests; or

''(II) commercial or recreational fishing interests;

''(iv) represent the commercial timber industry; or

''(v) hold Federal grazing or other land use permits, or represent nonindustrial private forest land owners, within the area for which the committee is organized.

''(B) 5 persons that represent—

''(i) nationally recognized environmental organizations;

''(ii) regionally or locally recognized environmental organizations;

''(iii) dispersed recreational activities;

''(iv) archaeological and historical interests; or

''(v) nationally or regionally recognized wild horse and burro interest groups, wildlife or hunting organizations, or watershed associations.

''(C) 5 persons that—

''(i) hold State elected office (or a designee);

''(ii) hold county or local elected office;

''(iii) represent American Indian tribes within or adjacent to the area for which the committee is organized;

''(iv) are school officials or teachers; or

''(v) represent the affected public at large.

''(3) BALANCED REPRESENTATION.—In appointing committee members from the 3 categories in paragraph (2), the Secretary concerned shall provide for balanced and broad representation from within each category.

''(4) GEOGRAPHIC DISTRIBUTION.—The members of a resource advisory committee shall reside within the State in which the committee has jurisdiction and, to extent practicable, the Secretary concerned shall ensure local representation in each category in paragraph (2).

''(5) CHAIRPERSON.—A majority on each resource advisory committee shall select the chairperson of the committee.

''(e) APPROVAL PROCEDURES.—

''(1) IN GENERAL.—Subject to paragraph (3), each resource advisory committee shall establish procedures for proposing projects to the Secretary concerned under this title.

''(2) QUORUM.—A quorum must be present to constitute an official meeting of the committee.

''(3) APPROVAL BY MAJORITY OF MEMBERS.—A project may be proposed by a resource advisory committee to the Secretary concerned under section 203(a), if the project has been approved by a majority of members of the committee from each of the 3 categories in subsection (d)(2).

''(f) OTHER COMMITTEE AUTHORITIES AND REQUIREMENTS.—

''(1) STAFF ASSISTANCE.—A resource advisory committee may submit to the Secretary concerned a request for periodic staff assistance from Federal employees under the jurisdiction of the Secretary.

''(2) MEETINGS.—All meetings of a resource advisory committee shall be announced at least 1 week in advance in a local newspaper of record and shall be open to the public.

''(3) RECORDS.—A resource advisory committee shall maintain records of the meetings of the committee and make the records available for public inspection.

''SEC. 206. USE OF PROJECT FUNDS.

''(a) AGREEMENT REGARDING SCHEDULE AND COST OF PROJECT.—

''(1) AGREEMENT BETWEEN PARTIES.—The Secretary concerned may carry out a project submitted by a resource advisory committee under section 203(a) using project funds or other funds described in section 203(a)(2), if, as soon as practicable after the issuance of a decision document for the project and the exhaustion of all administrative appeals and judicial review of the project decision, the Secretary concerned and the resource advisory committee enter into an agreement addressing, at a minimum, the following:

''(A) The schedule for completing the project.

''(B) The total cost of the project, including the level of agency overhead to be assessed against the project.

''(C) For a multiyear project, the estimated cost of the project for each of the fiscal years in which it will be carried out.

''(D) The remedies for failure of the Secretary concerned to comply with the terms of the agreement consistent with current Federal law.

''(2) LIMITED USE OF FEDERAL FUNDS.—The Secretary concerned may decide, at the sole discretion of the Secretary concerned, to cover the costs of a portion of an approved project using Federal funds appropriated or otherwise available to the Secretary for the same purposes as the project.

''(b) TRANSFER OF PROJECT FUNDS.—

''(1) INITIAL TRANSFER REQUIRED.—As soon as practicable after the agreement is reached under subsection (a) with regard to a project to be funded in whole or in part using project funds, or other funds described in section 203(a)(2), the Secretary concerned shall transfer to the applicable unit of National Forest System land or Bureau of Land Management District an amount of project funds equal to—

''(A) in the case of a project to be completed in a single fiscal year, the total amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2); or

''(B) in the case of a multiyear project, the amount specified in the agreement to be paid using project funds, or other funds described in section 203(a)(2) for the first fiscal year.

''(2) CONDITION ON PROJECT COMMENCEMENT.—The unit of National Forest System land or Bureau of Land Management District concerned, shall not commence a project until the project funds, or other funds described in section 203(a)(2) required to be transferred under paragraph (1) for the project, have been made available by the Secretary concerned.

''(3) SUBSEQUENT TRANSFERS FOR MULTIYEAR PROJECTS.—

''(A) IN GENERAL.—For the second and subsequent fiscal years of a multiyear project to be funded in whole or in part using project funds, the unit of National Forest System land or Bureau of Land Management District concerned shall use the amount of project funds required to continue the project in that fiscal year according to the agreement entered into under subsection (a).

''(B) SUSPENSION OF WORK.—The Secretary concerned shall suspend work on the project if the project funds required by the agreement in the second and subsequent fiscal years are not available.

''SEC. 207. AVAILABILITY OF PROJECT FUNDS.

''(a) SUBMISSION OF PROPOSED PROJECTS TO OBLIGATE FUNDS.—By September 30, 2008 (or as soon thereafter as the Secretary concerned determines is practicable), and each September 30 thereafter for each succeeding fiscal year through fiscal year 2011, a resource advisory committee shall submit to the Secretary concerned pursuant to section 203(a)(1) a sufficient number of project proposals that, if approved, would result in the obligation of at least the full amount of the project funds reserved by the participating county in the preceding fiscal year.

''(b) USE OR TRANSFER OF UNOBLIGATED FUNDS.—Subject to section 208, if a resource advisory committee fails to comply with subsection (a) for a fiscal year, any project funds reserved by the participating county in the preceding fiscal year and remaining unobligated shall be available for use as part of the project submissions in the next fiscal year.

''(c) EFFECT OF REJECTION OF PROJECTS.—Subject to section 208, any project funds reserved by a participating county in the preceding fiscal year that are unobligated at the end of a fiscal year because the Secretary concerned has rejected one or more proposed projects shall be available for use as part of the project submissions in the next fiscal year.

''(d) EFFECT OF COURT ORDERS.—

''(1) IN GENERAL.—If an approved project under this Act is enjoined or prohibited by a

Federal court, the Secretary concerned shall return the unobligated project funds related to the project to the participating county or counties that reserved the funds.

''(2) EXPENDITURE OF FUNDS.—The returned funds shall be available for the county to expend in the same manner as the funds reserved by the county under subparagraph (B) or (C)(i) of section 102(d)(1).

''SEC. 208. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title shall terminate on September 30, 2011.

''(b) DEPOSITS IN TREASURY.—Any project funds not obligated by September 30, 2012, shall be deposited in the Treasury of the United States.

''TITLE III—COUNTY FUNDS

''SEC. 301. DEFINITIONS.

''In this title:

''(1) COUNTY FUNDS.—The term 'county funds' means all funds an eligible county elects under section 102(d) to reserve for expenditure in accordance with this title.

''(2) PARTICIPATING COUNTY.—The term 'participating county' means an eligible county that elects under section 102(d) to expend a portion of the Federal funds received under section 102 in accordance with this title.

''SEC. 302. USE.

''(a) AUTHORIZED USES.—A participating county, including any applicable agencies of the participating county, shall use county funds, in accordance with this title, only—

''(1) to carry out activities under the Firewise Communities program to provide to homeowners in fire-sensitive ecosystems education on, and assistance with implementing, techniques in home siting, home construction, and home landscaping that can increase the protection of people and property from wildfires;

''(2) to reimburse the participating county for search and rescue and other emergency services, including firefighting, that are—

''(A) performed on Federal land after the date on which the use was approved under subsection (b);

''(B) paid for by the participating county; and

''(3) to develop community wildfire protection plans in coordination with the appropriate Secretary concerned.

''(b) PROPOSALS.—A participating county shall use county funds for a use described in subsection (a) only after a 45-day public comment period, at the beginning of which the participating county shall—

''(1) publish in any publications of local record a proposal that describes the proposed use of the county funds; and

''(2) submit the proposal to any resource advisory committee established under section 205 for the participating county.

''SEC. 303. CERTIFICATION.

''(a) IN GENERAL.—Not later than February 1 of the year after the year in which any county funds were expended by a participating county, the appropriate official of the participating county shall submit to the Secretary concerned a certification that the county funds expended in the applicable year have been used for the uses authorized under section 302(a), including a description of the amounts expended and the uses for which the amounts were expended.

''(b) REVIEW.—The Secretary concerned shall review the certifications submitted under subsection (a) as the Secretary concerned determines to be appropriate.

''SEC. 304. TERMINATION OF AUTHORITY.

''(a) IN GENERAL.—The authority to initiate projects under this title terminates on September 30, 2011.

''(b) AVAILABILITY.—Any county funds not obligated by September 30, 2012, shall be returned to the Treasury of the United States.

''TITLE IV—MISCELLANEOUS PROVISIONS

''SEC. 401. REGULATIONS.

''The Secretary of Agriculture and the Secretary of the Interior shall issue regulations to carry out the purposes of this Act.

''SEC. 402. AUTHORIZATION OF APPROPRIATIONS.

''There are authorized to be appropriated such sums as are necessary to carry out this Act for each of fiscal years 2008 through 2011.

''SEC. 403. TREATMENT OF FUNDS AND REVENUES.

''(a) RELATION TO OTHER APPROPRIATIONS.—Funds made available under section 402 and funds made available to a Secretary concerned under section 206 shall be in addition to any other annual appropriations for the Forest Service and the Bureau of Land Management.

''(b) DEPOSIT OF REVENUES AND OTHER FUNDS.—All revenues generated from projects pursuant to title II, including any interest accrued from the revenues, shall be deposited in the Treasury of the United States.''.

(b) FOREST RECEIPT PAYMENTS TO ELIGIBLE STATES AND COUNTIES.—

(1) ACT OF MAY 23, 1908.—The sixth paragraph under the heading ''FOREST SERVICE'' in the Act of May 23, 1908 (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(2) WEEKS LAW.—Section 13 of the Act of March 1, 1911 (commonly known as the ''Weeks Law'') (16 U.S.C. 500) is amended in the first sentence by striking ''twenty-five percentum'' and all that follows through ''shall be paid'' and inserting the following: ''an amount equal to the annual average of 25 percent of all amounts received for the applicable fiscal year and each of the preceding 6 fiscal years from each national forest shall be paid''.

(c) PAYMENTS IN LIEU OF TAXES.—

(1) IN GENERAL.—Section 6906 of title 31, United States Code, is amended to read as follows:

''§ 6906. Funding

''For each of fiscal years 2008 through 2012—

''(1) each county or other eligible unit of local government shall be entitled to payment under this chapter; and

''(2) sums shall be made available to the Secretary of the Interior for obligation or expenditure in accordance with this chapter.''.

(2) CONFORMING AMENDMENT.—The table of sections for chapter 69 of title 31, United States Code, is amended by striking the item relating to section 6906 and inserting the following:

''6906. Funding.''.

(3) BUDGET SCOREKEEPING.—

(A) IN GENERAL.—Notwithstanding the Budget Scorekeeping Guidelines and the accompanying list of programs and accounts set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105–217, the section in this title regarding Payments in Lieu of Taxes shall be treated in the baseline for purposes of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (as in effect prior to September 30, 2002), and by the Chairmen of the House and Senate Budget Committees, as appropriate, for purposes of budget enforcement in the House and Senate, and under the Congressional Budget Act of 1974 as if Payment in Lieu of Taxes (14–1114–0–1–806) were an account designated as Appropriated Entitlements and Mandatories for Fiscal Year 1997 in the joint explanatory statement of the committee of conference accompanying Conference Report 105–217.

(B) EFFECTIVE DATE.—This paragraph shall remain in effect for the fiscal years to which the entitlement in section 6906 of title 31, United States Code (as amended by paragraph (1)), applies.

SEC. 602. TRANSFER TO ABANDONED MINE RECLAMATION FUND.

Subparagraph (C) of section 402(i)(1) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(i)(1)) is amended by striking ''and $9,000,000 on October 1, 2009'' and inserting ''$9,000,000 on October 1, 2009, and $9,000,000 on October 1, 2010''.

TITLE VII—DISASTER RELIEF

Subtitle A—Heartland and Hurricane Ike Disaster Relief

SEC. 701. SHORT TITLE.

This subtitle may be cited as the ''Heartland Disaster Tax Relief Act of 2008''.

SEC. 702. TEMPORARY TAX RELIEF FOR AREAS DAMAGED BY 2008 MIDWESTERN SEVERE STORMS, TORNADOS, AND FLOODING.

(a) IN GENERAL.—Subject to the modifications described in this section, the following provisions of or relating to the Internal Revenue Code of 1986 shall apply to any Midwestern disaster area in addition to the areas to which such provisions otherwise apply:

(1) GO ZONE BENEFITS.—

(A) Section 1400N (relating to tax benefits) other than subsections (b), (d), (e), (i), (j), (m), and (o) thereof.

(B) Section 1400O (relating to education tax benefits).

(C) Section 1400P (relating to housing tax benefits).

(D) Section 1400Q (relating to special rules for use of retirement funds).

(E) Section 1400R(a) (relating to employee retention credit for employers).

(F) Section 1400S (relating to additional tax relief) other than subsection (d) thereof.

(G) Section 1400T (relating to special rules for mortgage revenue bonds).

(2) OTHER BENEFITS INCLUDED IN KATRINA EMERGENCY TAX RELIEF ACT OF 2005.—Sections 302, 303, 304, 401, and 405 of the Katrina Emergency Tax Relief Act of 2005.

(b) MIDWESTERN DISASTER AREA.—

(1) IN GENERAL.—For purposes of this section and for applying the substitutions described in subsections (d) and (e), the term ''Midwestern disaster area'' means an area—

(A) with respect to which a major disaster has been declared by the President on or after May 20, 2008, and before August 1, 2008, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of severe storms, tornados, or flooding occurring in any of the States of Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, and Wisconsin, and

(B) determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to such severe storms, tornados, or flooding.

(2) CERTAIN BENEFITS AVAILABLE TO AREAS ELIGIBLE ONLY FOR PUBLIC ASSISTANCE.—For purposes of applying this section to benefits under the following provisions, paragraph (1) shall be applied without regard to subparagraph (B):

(A) Sections 1400Q, 1400S(b), and 1400S(d) of the Internal Revenue Code of 1986.

(B) Sections 302, 401, and 405 of the Katrina Emergency Tax Relief Act of 2005.

(c) REFERENCES.—

(1) AREA.—Any reference in such provisions to the Hurricane Katrina disaster area or the Gulf Opportunity Zone shall be treated as a reference to any Midwestern disaster area and any reference to the Hurricane Katrina disaster area or the Gulf Opportunity Zone within a State shall be treated as a reference to all Midwestern disaster areas within the State.

(2) ITEMS ATTRIBUTABLE TO DISASTER.—Any reference in such provisions to any loss, damage, or other item attributable to Hurricane Katrina shall be treated as a reference to any loss, damage, or other item attributable to the severe storms, tornados, or flooding giving rise

to any Presidential declaration described in subsection (b)(1)(A).

(3) APPLICABLE DISASTER DATE.—For purposes of applying the substitutions described in subsections (d) and (e), the term ''applicable disaster date'' means, with respect to any Midwestern disaster area, the date on which the severe storms, tornados, or flooding giving rise to the Presidential declaration described in subsection (b)(1)(A) occurred.

(d) MODIFICATIONS TO 1986 CODE.—The following provisions of the Internal Revenue Code of 1986 shall be applied with the following modifications:

(1) TAX-EXEMPT BOND FINANCING.—Section 1400N(a)—

(A) by substituting ''qualified Midwestern disaster area bond'' for ''qualified Gulf Opportunity Zone Bond'' each place it appears, except that in determining whether a bond is a qualified Midwestern disaster area bond—

(i) paragraph (2)(A)(i) shall be applied by only treating costs as qualified project costs if—

(I) in the case of a project involving a private business use (as defined in section 141(b)(6)), either the person using the property suffered a loss in a trade or business attributable to the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A) or is a person designated for purposes of this section by the Governor of the State in which the project is located as a person carrying on a trade or business replacing a trade or business with respect to which another person suffered such a loss, and

(II) in the case of a project relating to public utility property, the project involves repair or reconstruction of public utility property damaged by such severe storms, tornados, or flooding, and

(ii) paragraph (2)(A)(ii) shall be applied by treating an issue as a qualified mortgage issue only if 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of the issue are to be used to provide financing for mortgagors who suffered damages to their principal residences attributable to such severe storms, tornados, or flooding.

(B) by substituting ''any State in which a Midwestern disaster area is located'' for ''the State of Alabama, Louisiana, or Mississippi'' in paragraph (2)(B),

(C) by substituting ''designated for purposes of this section (on the basis of providing assistance to areas in the order in which such assistance is most needed)'' for ''designated for purposes of this section'' in paragraph (2)(C),

(D) by substituting ''January 1, 2013'' for ''January 1, 2011'' in paragraph (2)(D),

(E) in paragraph (3)(A)—

(i) by substituting ''$1,000'' for ''$2,500'', and

(ii) by substituting ''before the earliest applicable disaster date for Midwestern disaster areas within the State'' for ''before August 28, 2005'',

(F) by substituting ''qualified Midwestern disaster area repair or construction'' for ''qualified GO Zone repair or construction'' each place it appears,

(G) by substituting ''after the date of the enactment of the Heartland Disaster Tax Relief Act of 2008 and before January 1, 2013'' for ''after the date of the enactment of this paragraph and before January 1, 2011'' in paragraph (7)(C), and

(H) by disregarding paragraph (8) thereof.

(2) LOW-INCOME HOUSING CREDIT.—Section 1400N(c)—

(A) only with respect to calendar years 2008, 2009, and 2010,

(B) by substituting ''Disaster Recovery Assistance housing amount'' for ''Gulf Opportunity housing amount'' each place it appears,

(C) in paragraph (1)(B)—

(i) by substituting ''$8.00'' for ''$18.00'', and

(ii) by substituting ''before the earliest applicable disaster date for Midwestern disaster areas within the State'' for ''before August 28, 2005'', and

(D) determined without regard to paragraphs (2), (3), (4), (5), and (6) thereof.

(3) EXPENSING FOR CERTAIN DEMOLITION AND CLEAN-UP COSTS.—Section 1400N(f)—

(A) by substituting ''qualified Disaster Recovery Assistance clean-up cost'' for ''qualified Gulf Opportunity Zone clean-up cost'' each place it appears,

(B) by substituting ''beginning on the applicable disaster date and ending on December 31, 2010'' for ''beginning on August 28, 2005, and ending on December 31, 2007'' in paragraph (2), and

(C) by treating costs as qualified Disaster Recovery Assistance clean-up costs only if the removal of debris or demolition of any structure was necessary due to damage attributable to the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(4) EXTENSION OF EXPENSING FOR ENVIRONMENTAL REMEDIATION COSTS.—Section 1400N(g)—

(A) by substituting ''the applicable disaster date'' for ''August 28, 2005'' each place it appears,

(B) by substituting ''January 1, 2011'' for ''January 1, 2008'' in paragraph (1),

(C) by substituting ''December 31, 2010'' for ''December 31, 2007'' in paragraph (1), and

(D) by treating a site as a qualified contaminated site only if the release (or threat of release) or disposal of a hazardous substance at the site was attributable to the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(5) INCREASE IN REHABILITATION CREDIT.—Section 1400N(h), as amended by this Act—

(A) by substituting ''the applicable disaster date'' for ''August 28, 2005'',

(B) by substituting ''December 31, 2011'' for ''December 31, 2009'' in paragraph (1), and

(C) by only applying such subsection to qualified rehabilitation expenditures with respect to any building or structure which was damaged or destroyed as a result of the severe storms, tornados, or flooding giving rise to any Presidential declaration described in subsection (b)(1)(A).

(6) TREATMENT OF NET OPERATING LOSSES ATTRIBUTABLE TO DISASTER LOSSES.—Section 1400N(k)—

(A) by substituting ''qualified Disaster Recovery Assistance loss'' for ''qualified Gulf Opportunity Zone loss'' each place it appears,

(B) by substituting ''after the day before the applicable disaster date, and before January 1, 2011'' for ''after August 27, 2005, and before January 1, 2008'' each place it appears,

(C) by substituting ''the applicable disaster date'' for ''August 28, 2005'' in paragraph (2)(B)(ii)(I),

(D) by substituting ''qualified Disaster Recovery Assistance property'' for ''qualified Gulf Opportunity Zone property'' in paragraph (2)(B)(iv), and

(E) by substituting ''qualified Disaster Recovery Assistance casualty loss'' for ''qualified Gulf Opportunity Zone casualty loss'' each place it appears.

(7) CREDIT TO HOLDERS OF TAX CREDIT BONDS.—Section 1400N(l)—

(A) by substituting ''Midwestern tax credit bond'' for ''Gulf tax credit bond'' each place it appears,

(B) by substituting ''any State in which a Midwestern disaster area is located or any instrumentality of the State'' for ''the State of Alabama, Louisiana, or Mississippi'' in paragraph (4)(A)(i),

(C) by substituting ''after December 31, 2008 and before January 1, 2010'' for ''after December 31, 2005, and before January 1, 2007'',

(D) by substituting ''shall not exceed $100,000,000 for any State with an aggregate population located in all Midwestern disaster areas within the State of at least 2,000,000, $50,000,000 for any State with an aggregate population located in all Midwestern disaster areas within the State of at least 1,000,000 but less than 2,000,000, and zero for any other State. The population of a State within any area shall be determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before the earliest applicable disaster date for Midwestern disaster areas within the State.'' for ''shall not exceed'' and all that follows in paragraph (4)(C), and

(E) by substituting ''the earliest applicable disaster date for Midwestern disaster areas within the State'' for ''August 28, 2005'' in paragraph (5)(A).

(8) EDUCATION TAX BENEFITS.—Section 1400O, by substituting ''2008 or 2009'' for ''2005 or 2006''.

(9) HOUSING TAX BENEFITS.—Section 1400P, by substituting ''the applicable disaster date'' for ''August 28, 2005'' in subsection (c)(1).

(10) SPECIAL RULES FOR USE OF RETIREMENT FUNDS.—Section 1400Q—

(A) by substituting ''qualified Disaster Recovery Assistance distribution'' for ''qualified hurricane distribution'' each place it appears,

(B) by substituting ''on or after the applicable disaster date and before January 1, 2010'' for ''on or after August 25, 2005, and before January 1, 2007'' in subsection (a)(4)(A)(i),

(C) by substituting ''the applicable disaster date'' for ''August 28, 2005'' in subsections (a)(4)(A)(i) and (c)(3)(B),

(D) by disregarding clauses (ii) and (iii) of subsection (a)(4)(A) thereof,

(E) by substituting ''qualified storm damage distribution'' for ''qualified Katrina distribution'' each place it appears,

(F) by substituting ''after the date which is 6 months before the applicable disaster date and before the date which is the day after the applicable disaster date'' for ''after February 28, 2005, and before August 29, 2005'' in subsection (b)(2)(B)(ii),

(G) by substituting ''the Midwestern disaster area, but not so purchased or constructed on account of severe storms, tornados, or flooding giving rise to the designation of the area as a disaster area'' for ''the Hurricane Katrina disaster area, but not so purchased or constructed on account of Hurricane Katrina'' in subsection (b)(2)(B)(iii),

(H) by substituting ''beginning on the applicable disaster date and ending on the date which is 5 months after the date of the enactment of the Heartland Disaster Tax Relief Act of 2008'' for ''beginning on August 25, 2005, and ending on February 28, 2006'' in subsection (b)(3)(A),

(I) by substituting ''qualified storm damage individual'' for ''qualified Hurricane Katrina individual'' each place it appears,

(J) by substituting ''December 31, 2009'' for ''December 31, 2006'' in subsection (c)(2)(A),

(K) by disregarding subparagraphs (C) and (D) of subsection (c)(3) thereof,

(L) by substituting ''beginning on the date of the enactment of the Heartland Disaster Tax Relief Act of 2008 and ending on December 31, 2009'' for ''beginning on September 24, 2005, and ending on December 31, 2006'' in subsection (c)(4)(A)(i),

(M) by substituting ''the applicable disaster date'' for ''August 25, 2005'' in subsection (c)(4)(A)(ii), and

(N) by substituting ''January 1, 2010'' for ''January 1, 2007'' in subsection (d)(2)(A)(ii).

(11) EMPLOYEE RETENTION CREDIT FOR EMPLOYERS AFFECTED BY SEVERE STORMS, TORNADOS, AND FLOODING.—Section 1400R(a)—

(A) by substituting ''the applicable disaster date'' for ''August 28, 2005'' each place it appears,

(B) by substituting ''January 1, 2009'' for ''January 1, 2006'' both places it appears, and

(C) only with respect to eligible employers who employed an average of not more than 200 employees on business days during the taxable year before the applicable disaster date.

(12) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—Section 1400S(a), by substituting the following paragraph for paragraph (4) thereof:

''(4) QUALIFIED CONTRIBUTIONS.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'qualified contribution' means any charitable contribution (as defined in section 170(c)) if—

''(i) such contribution—

''(I) is paid during the period beginning on the earliest applicable disaster date for all States and ending on December 31, 2008, in cash to an organization described in section 170(b)(1)(A), and

''(II) is made for relief efforts in 1 or more Midwestern disaster areas,

''(ii) the taxpayer obtains from such organization contemporaneous written acknowledgment (within the meaning of section 170(f)(8)) that such contribution was used (or is to be used) for relief efforts in 1 or more Midwestern disaster areas, and

''(iii) the taxpayer has elected the application of this subsection with respect to such contribution.

''(B) EXCEPTION.—Such term shall not include a contribution by a donor if the contribution is—

''(i) to an organization described in section 509(a)(3), or

''(ii) for establishment of a new, or maintenance of an existing, donor advised fund (as defined in section 4966(d)(2)).

''(C) APPLICATION OF ELECTION TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, the election under subparagraph (A)(iii) shall be made separately by each partner or shareholder.''.

(13) SUSPENSION OF CERTAIN LIMITATIONS ON PERSONAL CASUALTY LOSSES.—Section 1400S(b)(1), by substituting ''the applicable disaster date'' for ''August 25, 2005''.

(14) SPECIAL RULE FOR DETERMINING EARNED INCOME.—Section 1400S(d)—

(A) by treating an individual as a qualified individual if such individual's principal place of abode on the applicable disaster date was located in a Midwestern disaster area,

(B) by treating the applicable disaster date with respect to any such individual as the applicable date for purposes of such subsection, and

(C) by treating an area as described in paragraph (2)(B)(ii) thereof if the area is a Midwestern disaster area only by reason of subsection (b)(2) of this section (relating to areas eligible only for public assistance).

(15) ADJUSTMENTS REGARDING TAXPAYER AND DEPENDENCY STATUS.—Section 1400S(e), by substituting ''2008 or 2009'' for ''2005 or 2006''.

(e) MODIFICATIONS TO KATRINA EMERGENCY TAX RELIEF ACT OF 2005.—The following provisions of the Katrina Emergency Tax Relief Act of 2005 shall be applied with the following modifications:

(1) ADDITIONAL EXEMPTION FOR HOUSING DISPLACED INDIVIDUAL.—Section 302—

(A) by substituting ''2008 or 2009'' for ''2005 or 2006'' in subsection (a) thereof,

(B) by substituting ''Midwestern displaced individual'' for ''Hurricane Katrina displaced individual'' each place it appears, and

(C) by treating an area as a core disaster area for purposes of applying subsection (c) thereof if the area is a Midwestern disaster area without regard to subsection (b)(2) of this section (relating to areas eligible only for public assistance).

(2) INCREASE IN STANDARD MILEAGE RATE.—Section 303, by substituting ''beginning on the applicable disaster date and ending on December 31, 2008'' for ''beginning on August 25, 2005, and ending on December 31, 2006''.

(3) MILEAGE REIMBURSEMENTS FOR CHARITABLE VOLUNTEERS.—Section 304—

(A) by substituting ''beginning on the applicable disaster date and ending on December 31, 2008'' for ''beginning on August 25, 2005, and ending on December 31, 2006'' in subsection (a), and

(B) by substituting ''the applicable disaster date'' for ''August 25, 2005'' in subsection (a).

(4) EXCLUSION OF CERTAIN CANCELLATION OF INDEBTEDNESS INCOME.—Section 401—

(A) by treating an individual whose principal place of abode on the applicable disaster date was in a Midwestern disaster area (determined without regard to subsection (b)(2) of this section) as an individual described in subsection (b)(1) thereof, and by treating an individual whose principal place of abode on the applicable disaster date was in a Midwestern disaster area solely by reason of subsection (b)(2) of this section as an individual described in subsection (b)(2) thereof,

(B) by substituting ''the applicable disaster date'' for ''August 28, 2005'' both places it appears, and

(C) by substituting ''January 1, 2010'' for ''January 1, 2007'' in subsection (e).

(5) EXTENSION OF REPLACEMENT PERIOD FOR NONRECOGNITION OF GAIN.—Section 405, by substituting ''on or after the applicable disaster date'' for ''on or after August 25, 2005''.

SEC. 703. REPORTING REQUIREMENTS RELATING TO DISASTER RELIEF CONTRIBUTIONS.

(a) IN GENERAL.—Section 6033(b) (relating to returns of certain organizations described in section 501(c)(3)) is amended by striking ''and'' at the end of paragraph (13), by redesignating paragraph (14) as paragraph (15), and by adding after paragraph (13) the following new paragraph:

''(14) such information as the Secretary may require with respect to disaster relief activities, including the amount and use of qualified contributions to which section 1400S(a) applies, and''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to returns the due date for which (determined without regard to any extension) occurs after December 31, 2008.

SEC. 704. TEMPORARY TAX-EXEMPT BOND FINANCING AND LOW-INCOME HOUSING TAX RELIEF FOR AREAS DAMAGED BY HURRICANE IKE.

(a) TAX-EXEMPT BOND FINANCING.—Section 1400N(a) of the Internal Revenue Code of 1986 shall apply to any Hurricane Ike disaster area in addition to any other area referenced in such section, but with the following modifications:

(1) By substituting ''qualified Hurricane Ike disaster area bond'' for ''qualified Gulf Opportunity Zone Bond'' each place it appears, except that in determining whether a bond is a qualified Hurricane Ike disaster area bond—

(A) paragraph (2)(A)(i) shall be applied by only treating costs as qualified project costs if—

(i) in the case of a project involving a private business use (as defined in section 141(b)(6)), either the person using the property suffered a loss in a trade or business attributable to Hurricane Ike or is a person designated for purposes of this section by the Governor of the State in which the project is located as a person carrying on a trade or business replacing a trade or business with respect to which another person suffered such a loss, and

(ii) in the case of a project relating to public utility property, the project involves repair or reconstruction of public utility property damaged by Hurricane Ike, and

(B) paragraph (2)(A)(ii) shall be applied by treating an issue as a qualified mortgage issue only if 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of the issue are to be used to provide financing for mortgagors who suffered damages to their principal residences attributable to Hurricane Ike.

(2) By substituting ''any State in which any Hurricane Ike disaster area is located'' for ''the State of Alabama, Louisiana, or Mississippi'' in paragraph (2)(B).

(3) By substituting ''designated for purposes of this section (on the basis of providing assistance to areas in the order in which such assistance is most needed)'' for ''designated for purposes of this section'' in paragraph (2)(C).

(4) By substituting ''January 1, 2013'' for ''January 1, 2011'' in paragraph (2)(D).

(5) By substituting the following for subparagraph (A) of paragraph (3):

''(A) AGGREGATE AMOUNT DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under this subsection with respect to any State shall not exceed the product of $2,000 multiplied by the portion of the State population which is in—

''(i) in the case of Texas, the counties of Brazoria, Chambers, Galveston, Jefferson, and Orange, and

''(ii) in the case of Louisiana, the parishes of Calcasieu and Cameron,

(as determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before September 13, 2008).''.

(6) By substituting ''qualified Hurricane Ike disaster area repair or construction'' for ''qualified GO Zone repair or construction'' each place it appears.

(7) By substituting ''after the date of the enactment of the Heartland Disaster Tax Relief Act of 2008 and before January 1, 2013'' for ''after the date of the enactment of this paragraph and before January 1, 2011'' in paragraph (7)(C).

(8) By disregarding paragraph (8) thereof.

(9) By substituting ''any Hurricane Ike disaster area'' for ''the Gulf Opportunity Zone'' each place it appears.

(b) LOW-INCOME HOUSING CREDIT.—Section 1400N(c) of the Internal Revenue Code of 1986 shall apply to any Hurricane Ike disaster area in addition to any other area referenced in such section, but with the following modifications:

(1) Only with respect to calendar years 2008, 2009, and 2010.

(2) By substituting ''any Hurricane Ike disaster area'' for ''the Gulf Opportunity Zone'' each place it appears.

(3) By substituting ''Hurricane Ike Recovery Assistance housing amount'' for ''Gulf Opportunity housing amount'' each place it appears.

(4) By substituting the following for subparagraph (B) of paragraph (1):

''(B) HURRICANE IKE HOUSING AMOUNT.—For purposes of subparagraph (A), the term 'Hurricane Ike housing amount' means, for any calendar year, the amount equal to the product of $16.00 multiplied by the portion of the State population which is in—

''(i) in the case of Texas, the counties of Brazoria, Chambers, Galveston, Jefferson, and Orange, and

''(ii) in the case of Louisiana, the parishes of Calcasieu and Cameron,

(as determined on the basis of the most recent census estimate of resident population released by the Bureau of Census before September 13, 2008).''.

(5) Determined without regard to paragraphs (2), (3), (4), (5), and (6) thereof.

(c) HURRICANE IKE DISASTER AREA.—For purposes of this section and for applying the substitutions described in subsections (a) and (b), the term ''Hurricane Ike disaster area'' means an area in the State of Texas or Louisiana—

(1) with respect to which a major disaster has been declared by the President on September 13, 2008, under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act by reason of Hurricane Ike, and

(2) determined by the President to warrant individual or individual and public assistance from the Federal Government under such Act with respect to damages attributable to Hurricane Ike.

Subtitle B—National Disaster Relief

SEC. 706. LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.

(a) WAIVER OF ADJUSTED GROSS INCOME LIMITATION.—

(1) IN GENERAL.—Subsection (h) of section 165 is amended by redesignating paragraphs (3) and

(4) as paragraphs (4) and (5), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) SPECIAL RULE FOR LOSSES IN FEDERALLY DECLARED DISASTERS.—

''(A) IN GENERAL.—If an individual has a net disaster loss for any taxable year, the amount determined under paragraph (2)(A)(ii) shall be the sum of—

''(i) such net disaster loss, and

''(ii) so much of the excess referred to in the matter preceding clause (i) of paragraph (2)(A) (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual.

''(B) NET DISASTER LOSS.—For purposes of subparagraph (A), the term 'net disaster loss' means the excess of—

''(i) the personal casualty losses—

''(I) attributable to a federally declared disaster occurring before January 1, 2010, and

''(II) occurring in a disaster area, over

''(ii) personal casualty gains.

''(C) FEDERALLY DECLARED DISASTER.—For purposes of this paragraph—

''(i) FEDERALLY DECLARED DISASTER.—The term 'federally declared disaster' means any disaster subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

''(ii) DISASTER AREA.—The term 'disaster area' means the area so determined to warrant such assistance.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 165(h)(4)(B) (as so redesignated) is amended by striking ''paragraph (2)'' and inserting ''paragraphs (2) and (3)''.

(B) Section 165(i)(1) is amended by striking ''loss'' and all that follows through ''Act'' and inserting ''loss occurring in a disaster area (as defined by clause (ii) of subsection (h)(3)(C)) and attributable to a federally declared disaster (as defined by clause (i) of such subsection)''.

(C) Section 165(i)(4) is amended by striking ''Presidentially declared disaster (as defined by section 1033(h)(3))'' and inserting ''federally declared disaster (as defined by subsection (h)(3)(C)(i)''.

(D)(i) So much of subsection (h) of section 1033 as precedes subparagraph (A) of paragraph (1) thereof is amended to read as follows:

''(h) SPECIAL RULES FOR PROPERTY DAMAGED BY FEDERALLY DECLARED DISASTERS.—

''(1) PRINCIPAL RESIDENCES.—If the taxpayer's principal residence or any of its contents is located in a disaster area and is compulsorily or involuntarily converted as a result of a federally declared disaster—''.

(ii) Paragraph (2) of section 1033(h) is amended by striking ''investment'' and all that follows through ''disaster'' and inserting ''investment located in a disaster area and compulsorily or involuntarily converted as a result of a federally declared disaster''.

(iii) Paragraph (3) of section 1033(h) is amended to read as follows:

''(3) FEDERALLY DECLARED DISASTER; DISASTER AREA.—The terms ''federally declared disaster'' and ''disaster area'' shall have the respective meaning given such terms by section 165(h)(3)(C).''.

(iv) Section 139(c)(2) is amended to read as follows:

''(2) federally declared disaster (as defined by section 165(h)(3)(C)(i)),''.

(v) Subclause (II) of section 172(b)(1)(F)(ii) is amended by striking ''Presidentially declared disasters (as defined in section 1033(h)(3))'' and inserting ''federally declared disasters (as defined by subsection (h)(3)(C)(i))''.

(vi) Subclause (III) of section 172(b)(1)(F)(ii) is amended by striking ''Presidentially declared disasters'' and inserting ''federally declared disasters''.

(vii) Subsection (a) of section 7508A is amended by striking ''Presidentially declared disaster (as defined in section 1033(h)(3))'' and inserting ''federally declared disaster (as defined by section 165(h)(3)(C)(i))''.

(b) INCREASE IN STANDARD DEDUCTION BY DISASTER CASUALTY LOSS.—

(1) IN GENERAL.—Paragraph (1) of section 63(c), as amended by the Housing Assistance Tax Act of 2008, is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting '', and'', and by adding at the end the following new subparagraph:

''(D) the disaster loss deduction.''.

(2) DISASTER LOSS DEDUCTION.—Subsection (c) of section 63, as amended by the Housing Assistance Tax Act of 2008, is amended by adding at the end the following new paragraph:

''(8) DISASTER LOSS DEDUCTION.—For the purposes of paragraph (1), the term 'disaster loss deduction' means the net disaster loss (as defined in section 165(h)(3)(B)).''.

(3) ALLOWANCE IN COMPUTING ALTERNATIVE MINIMUM TAXABLE INCOME.—Subparagraph (E) of section 56(b)(1) is amended by adding at the end the following new sentence: ''The preceding sentence shall not apply to so much of the standard deduction as is determined under section 63(c)(1)(D).''.

(c) INCREASE IN LIMITATION ON INDIVIDUAL LOSS PER CASUALTY.—Paragraph (1) of section 165(h) is amended by striking ''$100'' and inserting ''$500 ($100 for taxable years beginning after December 31, 2009)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to disasters declared in taxable years beginning after December 31, 2007.

(2) INCREASE IN LIMITATION ON INDIVIDUAL LOSS PER CASUALTY.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2008.

SEC. 707. EXPENSING OF QUALIFIED DISASTER EXPENSES.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by inserting after section 198 the following new section:

''SEC. 198A. EXPENSING OF QUALIFIED DISASTER EXPENSES.

''(a) IN GENERAL.—A taxpayer may elect to treat any qualified disaster expenses which are paid or incurred by the taxpayer as an expense which is not chargeable to capital account. Any expense which is so treated shall be allowed as a deduction for the taxable year in which it is paid or incurred.

''(b) QUALIFIED DISASTER EXPENSE.—For purposes of this section, the term 'qualified disaster expense' means any expenditure—

''(1) which is paid or incurred in connection with a trade or business or with business-related property,

''(2) which is—

''(A) for the abatement or control of hazardous substances that were released on account of a federally declared disaster occurring before January 1, 2010,

''(B) for the removal of debris from, or the demolition of structures on, real property which is business-related property damaged or destroyed as a result of a federally declared disaster occurring before such date, or

''(C) for the repair of business-related property damaged as a result of a federally declared disaster occurring before such date, and

''(3) which is otherwise chargeable to capital account.

''(c) OTHER DEFINITIONS.—For purposes of this section—

''(1) BUSINESS-RELATED PROPERTY.—The term 'business-related property' means property—

''(A) held by the taxpayer for use in a trade or business or for the production of income, or

''(B) described in section 1221(a)(1) in the hands of the taxpayer.

''(2) FEDERALLY DECLARED DISASTER.—The term 'federally declared disaster' has the meaning given such term by section 165(h)(3)(C)(i).

''(d) DEDUCTION RECAPTURED AS ORDINARY INCOME ON SALE, ETC.—Solely for purposes of section 1245, in the case of property to which a qualified disaster expense would have been capitalized but for this section—

''(1) the deduction allowed by this section for such expense shall be treated as a deduction for depreciation, and

''(2) such property (if not otherwise section 1245 property) shall be treated as section 1245 property solely for purposes of applying section 1245 to such deduction.

''(e) COORDINATION WITH OTHER PROVISIONS.—Sections 198, 280B, and 468 shall not apply to amounts which are treated as expenses under this section.

''(f) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) CLERICAL AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after the item relating to section 198 the following new item:

''Sec. 198A. Expensing of Qualified Disaster Expenses.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2007 in connection with disaster declared after such date.

SEC. 708. NET OPERATING LOSSES ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.

(a) IN GENERAL.—Paragraph (1) of section 172(b) is amended by adding at the end the following new subparagraph:

''(J) CERTAIN LOSSES ATTRIBUTABLE FEDERALLY DECLARED DISASTERS.—In the case of a taxpayer who has a qualified disaster loss (as defined in subsection (j)), such loss shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss.''.

(b) QUALIFIED DISASTER LOSS.—Section 172 is amended by redesignating subsections (j) and (k) as subsections (k) and (l), respectively, and by inserting after subsection (i) the following new subsection:

''(j) RULES RELATING TO QUALIFIED DISASTER LOSSES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified disaster loss' means the lesser of—

''(A) the sum of—

''(i) the losses allowable under section 165 for the taxable year—

''(I) attributable to a federally declared disaster (as defined in section 165(h)(3)(C)(i)) occurring before January 1, 2010, and

''(II) occurring in a disaster area (as defined in section 165(h)(3)(C)(ii)), and

''(ii) the deduction for the taxable year for qualified disaster expenses which is allowable under section 198A(a) or which would be so allowable if not otherwise treated as an expense, or

''(B) the net operating loss for such taxable year.

''(2) COORDINATION WITH SUBSECTION (b)(2).—For purposes of applying subsection (b)(2), a qualified disaster loss for any taxable year shall be treated in a manner similar to the manner in which a specified liability loss is treated.

''(3) ELECTION.—Any taxpayer entitled to a 5-year carryback under subsection (b)(1)(J) from any loss year may elect to have the carryback period with respect to such loss year determined without regard to subsection (b)(1)(J). Such election shall be made in such manner as may be prescribed by the Secretary and shall be made by the due date (including extensions of time) for filing the taxpayer's return for the taxable year of the net operating loss. Such election, once made for any taxable year, shall be irrevocable for such taxable year.

''(4) EXCLUSION.—The term 'qualified disaster loss' shall not include any loss with respect to any property described in section 1400N(p)(3).''.

(c) LOSS DEDUCTION ALLOWED IN COMPUTING ALTERNATIVE MINIMUM TAXABLE INCOME.—Subsection (d) of section 56 is amended by adding at the end the following new paragraph:

''(3) NET OPERATING LOSS ATTRIBUTABLE TO FEDERALLY DECLARED DISASTERS.—In the case of a taxpayer which has a qualified disaster loss (as defined by section 172(b)(1)(J)) for the taxable year, paragraph (1) shall be applied by increasing the amount determined under subparagraph (A)(ii)(I) thereof by the sum of the carrybacks and carryovers of such loss.''.

(d) CONFORMING AMENDMENTS.—

(1) Clause (ii) of section 172(b)(1)(F) is amended by inserting ''or qualified disaster loss (as defined in subsection (j))'' before the period at the end of the last sentence.

(2) Paragraph (1) of section 172(i) is amended by adding at the end the following new flush sentence:

''Such term shall not include any qualified disaster loss (as defined in subsection (j)).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to losses arising in taxable years beginning after December 31, 2007, in connection with disasters declared after such date.

SEC. 709. WAIVER OF CERTAIN MORTGAGE REVENUE BOND REQUIREMENTS FOLLOWING FEDERALLY DECLARED DISASTERS.

(a) IN GENERAL.—Subsection (k) of section 143 is amended by adding at the end the following new paragraph:

''(12) SPECIAL RULES FOR RESIDENCES DESTROYED IN FEDERALLY DECLARED DISASTERS.—

''(A) PRINCIPAL RESIDENCE DESTROYED.—At the election of the taxpayer, if the principal residence (within the meaning of section 121) of such taxpayer is—

''(i) rendered unsafe for use as a residence by reason of a federally declared disaster occurring before January 1, 2010, or

''(ii) demolished or relocated by reason of an order of the government of a State or political subdivision thereof on account of a federally declared disaster occurring before such date,

then, for the 2-year period beginning on the date of the disaster declaration, subsection (d)(1) shall not apply with respect to such taxpayer and subsection (e) shall be applied by substituting '110' for '90' in paragraph (1) thereof.

''(B) PRINCIPAL RESIDENCE DAMAGED.—

''(i) IN GENERAL.—At the election of the taxpayer, if the principal residence (within the meaning of section 121) of such taxpayer was damaged as the result of a federally declared disaster occurring before January 1, 2010, any owner-financing provided in connection with the repair or reconstruction of such residence shall be treated as a qualified rehabilitation loan.

''(ii) LIMITATION.—The aggregate owner-financing to which clause (i) applies shall not exceed the lesser of—

''(I) the cost of such repair or reconstruction, or

''(II) $150,000.

''(C) FEDERALLY DECLARED DISASTER.—For purposes of this paragraph, the term 'federally declared disaster' has the meaning given such term by section 165(h)(3)(C)(i).

''(D) ELECTION; DENIAL OF DOUBLE BENEFIT.—

''(i) ELECTION.—An election under this paragraph may not be revoked except with the consent of the Secretary.

''(ii) DENIAL OF DOUBLE BENEFIT.—If a taxpayer elects the application of this paragraph, paragraph (11) shall not apply with respect to the purchase or financing of any residence by such taxpayer.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to disasters occurring after December 31, 2007.

SEC. 710. SPECIAL DEPRECIATION ALLOWANCE FOR QUALIFIED DISASTER PROPERTY.

(a) IN GENERAL.—Section 168, as amended by this Act, is amended by adding at the end the following new subsection:

''(n) SPECIAL ALLOWANCE FOR QUALIFIED DISASTER ASSISTANCE PROPERTY.—

''(1) IN GENERAL.—In the case of any qualified disaster assistance property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of the qualified disaster assistance property, and

''(B) the adjusted basis of the qualified disaster assistance property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED DISASTER ASSISTANCE PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified disaster assistance property' means any property—

''(i)(I) which is described in subsection (k)(2)(A)(i), or

''(II) which is nonresidential real property or residential rental property,

''(ii) substantially all of the use of which is—

''(I) in a disaster area with respect to a federally declared disaster occurring before January 1, 2010, and

''(II) in the active conduct of a trade or business by the taxpayer in such disaster area,

''(iii) which—

''(I) rehabilitates property damaged, or replaces property destroyed or condemned, as a result of such federally declared disaster, except that, for purposes of this clause, property shall be treated as replacing property destroyed or condemned if, as part of an integrated plan, such property replaces property which is included in a continuous area which includes real property destroyed or condemned, and

''(II) is similar in nature to, and located in the same county as, the property being rehabilitated or replaced,

''(iv) the original use of which in such disaster area commences with an eligible taxpayer on or after the applicable disaster date,

''(v) which is acquired by such eligible taxpayer by purchase (as defined in section 179(d)) on or after the applicable disaster date, but only if no written binding contract for the acquisition was in effect before such date, and

''(vi) which is placed in service by such eligible taxpayer on or before the date which is the last day of the third calendar year following the applicable disaster date (the fourth calendar year in the case of nonresidential real property and residential rental property).

''(B) EXCEPTIONS.—

''(i) OTHER BONUS DEPRECIATION PROPERTY.—The term 'qualified disaster assistance property' shall not include—

''(I) any property to which subsection (k) (determined without regard to paragraph (4)), (l), or (m) applies,

''(II) any property to which section 1400N(d) applies, and

''(III) any property described in section 1400N(p)(3).

''(ii) ALTERNATIVE DEPRECIATION PROPERTY.—The term 'qualified disaster assistance property' shall not include any property to which the alternative depreciation system under subsection (g) applies, determined without regard to paragraph (7) of subsection (g) (relating to election to have system apply).

''(iii) TAX-EXEMPT BOND FINANCED PROPERTY.—Such term shall not include any property any portion of which is financed with the proceeds of any obligation the interest on which is exempt from tax under section 103.

''(iv) QUALIFIED REVITALIZATION BUILDINGS.—Such term shall not include any qualified revitalization building with respect to which the taxpayer has elected the application of paragraph (1) or (2) of section 1400I(a).

''(v) ELECTION OUT.—If a taxpayer makes an election under this clause with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(C) SPECIAL RULES.—For purposes of this subsection, rules similar to the rules of subparagraph (E) of subsection (k)(2) shall apply, except that such subparagraph shall be applied—

''(i) by substituting 'the applicable disaster date' for 'December 31, 2007' each place it appears therein,

''(ii) without regard to 'and before January 1, 2009' in clause (i) thereof, and

''(iii) by substituting 'qualified disaster assistance property' for 'qualified property' in clause (iv) thereof.

''(D) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—For purposes of this subsection, rules similar to the rules of subsection (k)(2)(G) shall apply.

''(3) OTHER DEFINITIONS.—For purposes of this subsection—

''(A) APPLICABLE DISASTER DATE.—The term 'applicable disaster date' means, with respect to any federally declared disaster, the date on which such federally declared disaster occurs.

''(B) FEDERALLY DECLARED DISASTER.—The term 'federally declared disaster' has the meaning given such term under section 165(h)(3)(C)(i).

''(C) DISASTER AREA.—The term 'disaster area' has the meaning given such term under section 165(h)(3)(C)(ii).

''(D) ELIGIBLE TAXPAYER.—The term 'eligible taxpayer' means a taxpayer who has suffered an economic loss attributable to a federally declared disaster.

''(4) RECAPTURE.—For purposes of this subsection, rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified disaster assistance property which ceases to be qualified disaster assistance property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007, with respect disasters declared after such date.

SEC. 711. INCREASED EXPENSING FOR QUALIFIED DISASTER ASSISTANCE PROPERTY.

(a) IN GENERAL.—Section 179 is amended by adding at the end the following new subsection:

''(e) SPECIAL RULES FOR QUALIFIED DISASTER ASSISTANCE PROPERTY.—

''(1) IN GENERAL.—For purposes of this section—

''(A) the dollar amount in effect under subsection (b)(1) for the taxable year shall be increased by the lesser of—

''(i) $100,000, or

''(ii) the cost of qualified section 179 disaster assistance property placed in service during the taxable year, and

''(B) the dollar amount in effect under subsection (b)(2) for the taxable year shall be increased by the lesser of—

''(i) $600,000, or

''(ii) the cost of qualified section 179 disaster assistance property placed in service during the taxable year.

''(2) QUALIFIED SECTION 179 DISASTER ASSISTANCE PROPERTY.—For purposes of this subsection, the term 'qualified section 179 disaster assistance property' means section 179 property (as defined in subsection (d)) which is qualified disaster assistance property (as defined in section 168(n)(2)).

''(3) COORDINATION WITH EMPOWERMENT ZONES AND RENEWAL COMMUNITIES.—For purposes of sections 1397A and 1400J, qualified section 179 disaster assistance property shall not be treated as qualified zone property or qualified renewal property, unless the taxpayer elects not to take such qualified section 179 disaster assistance property into account for purposes of this subsection.

''(4) RECAPTURE.—For purposes of this subsection, rules similar to the rules under subsection (d)(10) shall apply with respect to any qualified section 179 disaster assistance property which ceases to be qualified section 179 disaster assistance property.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007, with respect disasters declared after such date.

SEC. 712. COORDINATION WITH HEARTLAND DISASTER RELIEF.

The amendments made by this subtitle, other than the amendments made by sections 706(a)(2), 710, and 711, shall not apply to any disaster described in section 702(c)(1)(A), or to any expenditure or loss resulting from such disaster.

TITLE VIII—SPENDING REDUCTIONS AND APPROPRIATE REVENUE RAISERS FOR NEW TAX RELIEF POLICY

SEC. 801. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

(a) IN GENERAL.—Subpart B of part II of subchapter E of chapter 1 is amended by inserting after section 457 the following new section:

''SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

''(a) IN GENERAL.—Any compensation which is deferred under a nonqualified deferred compensation plan of a nonqualified entity shall be includible in gross income when there is no substantial risk of forfeiture of the rights to such compensation.

''(b) NONQUALIFIED ENTITY.—For purposes of this section, the term 'nonqualified entity' means—

''(1) any foreign corporation unless substantially all of its income is—

''(A) effectively connected with the conduct of a trade or business in the United States, or

''(B) subject to a comprehensive foreign income tax, and

''(2) any partnership unless substantially all of its income is allocated to persons other than—

''(A) foreign persons with respect to whom such income is not subject to a comprehensive foreign income tax, and

''(B) organizations which are exempt from tax under this title.

''(c) DETERMINABILITY OF AMOUNTS OF COMPENSATION.—

''(1) IN GENERAL.—If the amount of any compensation is not determinable at the time that such compensation is otherwise includible in gross income under subsection (a)—

''(A) such amount shall be so includible in gross income when determinable, and

''(B) the tax imposed under this chapter for the taxable year in which such compensation is includible in gross income shall be increased by the sum of—

''(i) the amount of interest determined under paragraph (2), and

''(ii) an amount equal to 20 percent of the amount of such compensation.

''(2) INTEREST.—For purposes of paragraph (1)(B)(i), the interest determined under this paragraph for any taxable year is the amount of interest at the underpayment rate under section 6621 plus 1 percentage point on the underpayments that would have occurred had the deferred compensation been includible in gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture.

''(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) SUBSTANTIAL RISK OF FORFEITURE.—

''(A) IN GENERAL.—The rights of a person to compensation shall be treated as subject to a substantial risk of forfeiture only if such person's rights to such compensation are conditioned upon the future performance of substantial services by any individual.

''(B) EXCEPTION FOR COMPENSATION BASED ON GAIN RECOGNIZED ON AN INVESTMENT ASSET.—

''(i) IN GENERAL.—To the extent provided in regulations prescribed by the Secretary, if compensation is determined solely by reference to the amount of gain recognized on the disposition of an investment asset, such compensation shall be treated as subject to a substantial risk of forfeiture until the date of such disposition.

''(ii) INVESTMENT ASSET.—For purposes of clause (i), the term 'investment asset' means any single asset (other than an investment fund or similar entity)—

''(I) acquired directly by an investment fund or similar entity,

''(II) with respect to which such entity does not (nor does any person related to such entity) participate in the active management of such asset (or if such asset is an interest in an entity, in the active management of the activities of such entity), and

''(III) substantially all of any gain on the disposition of which (other than such deferred compensation) is allocated to investors in such entity.

''(iii) COORDINATION WITH SPECIAL RULE.—Paragraph (3)(B) shall not apply to any compensation to which clause (i) applies.

''(2) COMPREHENSIVE FOREIGN INCOME TAX.—The term 'comprehensive foreign income tax' means, with respect to any foreign person, the income tax of a foreign country if—

''(A) such person is eligible for the benefits of a comprehensive income tax treaty between such foreign country and the United States, or

''(B) such person demonstrates to the satisfaction of the Secretary that such foreign country has a comprehensive income tax.

''(3) NONQUALIFIED DEFERRED COMPENSATION PLAN.—

''(A) IN GENERAL.—The term 'nonqualified deferred compensation plan' has the meaning given such term under section 409A(d), except that such term shall include any plan that provides a right to compensation based on the appreciation in value of a specified number of equity units of the service recipient.

''(B) EXCEPTION.—Compensation shall not be treated as deferred for purposes of this section if the service provider receives payment of such compensation not later than 12 months after the end of the taxable year of the service recipient during which the right to the payment of such compensation is no longer subject to a substantial risk of forfeiture.

''(4) EXCEPTION FOR CERTAIN COMPENSATION WITH RESPECT TO EFFECTIVELY CONNECTED INCOME.—In the case a foreign corporation with income which is taxable under section 882, this section shall not apply to compensation which, had such compensation had been paid in cash on the date that such compensation ceased to be subject to a substantial risk of forfeiture, would have been deductible by such foreign corporation against such income.

''(5) APPLICATION OF RULES.—Rules similar to the rules of paragraphs (5) and (6) of section 409A(d) shall apply.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations disregarding a substantial risk of forfeiture in cases where necessary to carry out the purposes of this section.''.

(b) CONFORMING AMENDMENT.—Section 26(b)(2), as amended by the Housing Assistance Tax Act of 2008, is amended by striking ''and'' at the end of subparagraph (V), by striking the period at the end of subparagraph (W) and inserting '', and'', and by adding at the end the following new subparagraph:

''(X) section 457A(c)(1)(B) (relating to determinability of amounts of compensation).''.

(c) CLERICAL AMENDMENT.—The table of sections of subpart B of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 457 the following new item:

''Sec. 457A. Nonqualified deferred compensation from certain tax indifferent parties.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to amounts deferred which are attributable to services performed after December 31, 2008.

(2) APPLICATION TO EXISTING DEFERRALS.—In the case of any amount deferred to which the amendments made by this section do not apply solely by reason of the fact that the amount is attributable to services performed before January 1, 2009, to the extent such amount is not includible in gross income in a taxable year beginning before 2018, such amounts shall be includible in gross income in the later of—

(A) the last taxable year beginning before 2018, or

(B) the taxable year in which there is no substantial risk of forfeiture of the rights to such compensation (determined in the same manner as determined for purposes of section 457A of the Internal Revenue Code of 1986, as added by this section).

(3) ACCELERATED PAYMENTS.—No later than 120 days after the date of the enactment of this Act, the Secretary shall issue guidance providing a limited period of time during which a nonqualified deferred compensation arrangement attributable to services performed on or before December 31, 2008, may, without violating the requirements of section 409A(a) of the Internal Revenue Code of 1986, be amended to conform the date of distribution to the date the amounts are required to be included in income.

(4) CERTAIN BACK-TO-BACK ARRANGEMENTS.—If the taxpayer is also a service recipient and maintains one or more nonqualified deferred compensation arrangements for its service providers under which any amount is attributable to services performed on or before December 31, 2008, the guidance issued under paragraph (4) shall permit such arrangements to be amended to conform the dates of distribution under such arrangement to the date amounts are required to be included in the income of such taxpayer under this subsection.

(5) ACCELERATED PAYMENT NOT TREATED AS MATERIAL MODIFICATION.—Any amendment to a nonqualified deferred compensation arrangement made pursuant to paragraph (4) or (5) shall not be treated as a material modification of the arrangement for purposes of section 409A of the Internal Revenue Code of 1986.

Amend the title so as to read: ''An Act to provide authority for the Federal Government to purchase and insure certain types of troubled assets for the purposes of providing stability to and preventing disruption in the economy and financial system and protecting taxpayers, to amend the Internal Revenue Code of 1986 to provide incentives for energy production and conservation, to extend certain expiring provisions, to provide individual income tax relief, and for other purpose''.

MOTION OFFERED BY MR. FRANK OF MASSACHUSETTS

The text of the motion is as follows:

Mr. Frank of Massachusetts moves that the House concur in the Senate amendments.

The SPEAKER pro tempore. Pursuant to House Resolution 1525, the motion shall be debatable for 90 minutes, with 60 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services, and 30 minutes equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

The gentleman from Massachusetts (Mr. FRANK) and the gentleman from

Alabama (Mr. BACHUS) each will control 30 minutes; and the gentleman from New York (Mr. RANGEL) and the gentleman from Louisiana (Mr. MCCRERY) each will control 15 minutes.

The Chair recognizes the gentleman from Massachusetts.

GENERAL LEAVE

Mr. FRANK of Massachusetts. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and add extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from New York.

Mr. RANGEL. Madam Speaker, today is a historic day in the United States Congress as the President has called on us to meet the challenge of the failure of the mortgage market, and our failure to do that would not only cause a crisis in the United States but throughout the world.

□ 1045

Seven hundred billion dollars we've asked to expose the taxpayers to from an administration that all I've heard in the last 8 years is that we have to keep government out of the free market, that government and regulations would strangle our economy.

And the fact is that in such a short period of time, had it not been for BARNEY FRANK and people on the other side of the aisle in trying to do the best we can, we leave here with a heavy conscience that if we do nothing then the sacrifice will be felt by employees, their thrift accounts, their savings accounts, and small businesses.

So, in a sense, we have a political gun at our heads that we can't afford to say that we know better, and so most of us have agreed that Secretary Paulson and economists have given us fair warning.

Now, that's enough and it's complicated enough, but then we have had the threat of tax bills that expire at the end of the year. Companies that have relied on tax credits, individuals who relied on it, expire. And four times we sent energy bills to the other body, and four times they've ignored it.

Included in these bills, of course, has always been disaster relief, and all of us believe these people should get it; mental health parity, which God knows all of us that have any sensitivity recognize that this inequity has to be taken care of; and of course, the alternative minimum tax, that no Member in this House or the other body can ever explain to taxpayers why this over $60 billion burden should fall on their shoulders because the Congress didn't think far enough ahead in order to adjust this tax for inflation.

And so in a sense, Madam Speaker, we're being told that the burden would fall on 25 million people by the Senate, by our constituents and the country and entire world, by the administration if we don't have this $700 billion rescue bill. And I just hope and pray that sometime historically we might be able to regain the power that we used to have in the House, introduce bills, have hearings, and fully understand what we're doing rather than having to yield to the threat of disaster, whether it's fiscal or whether it's tax liability.

I see JOHN TANNER walking on the floor, and I do want to say that he's an outstanding member of our committee. He's been talking about the deficit for a long time, and his contribution to this package, I'd like to point out, has made him a proud member of our committee and the Congress.

I reserve the balance of my time.

Mr. MCCRERY. Madam Speaker, I yield myself so much time as I may consume, and it won't be much.

Madam Speaker, a little over 20 years ago, I made my first speech on the floor of the House of Representatives. Today could very well be my last speech on the floor of the House. I hope it's not. I hope we come back in a lame duck session to consider pending trade legislation, but this could be my last speech. And I had a real stemwinder prepared, Madam Speaker, but unfortunately, we only have 15 minutes of time that Ways and Means controls, and I have many more speakers than I have time.

So, with the Speaker's indulgence, I will submit my remarks for the RECORD.

Madam Speaker, on May 5, 1988, during Floor debate on a defense authorization bill, I rose as a freshman Member to address this House for the very first time, urging my colleagues to support an amendment in the name of fiscal responsibility. My very first words on the Floor that day warned of the dangers of the growing national debt. Over the two decades since, I've made scores of speeches and cast more than 11,000 votes in this historic chamber, representing the hard-working taxpayers of Louisiana to the best of my ability.

While I certainly hope we can return in November to complete action on our unfinished trade agenda, Madam Speaker, I rise today for what may be my final Floor speech as a Member of this body. As someone who has spent his entire career fighting for smaller government, freer markets, and greater economic liberty for all Americans, it is sadly ironic that I speak today in favor of a plan that, on its surface, appears to run counter to those principles.

Indeed, Madam Speaker, this proposal seems to undermine the very foundations of capitalism, upending the economic incentives that drive entrepreneurial risk-taking. In America, we rightly celebrate our freedom to succeed in economic ventures. But in America, we're also supposed to be free to fail in those ventures, without expectation of a bailout from fellow taxpayers.

By rushing in with $700 billion in taxpayer dollars to address the current crisis, I fear we are greatly increasing the moral hazard associated with economic risk-taking. I resent the level of government interference in the private market we see in this bill, and I hope it does not set a precedent that Congress follows in the future.

Despite my grave concerns about this proposal, Madam Speaker, the weight of the evidence says we need to act—not to bail out the Wall Street titans, but instead to stabilize the credit markets upon which Main Street depends.

Over recent weeks, I have listened carefully to experts on all sides of this issue, to constituents with a variety of strongly-held views, and to the voice of the U.S. Senate, which passed this emergency plan on Wednesday by a 74–25 vote. On balance, I am convinced that the Treasury Secretary needs to have appropriate authority to halt our Nation's slide into what could become a profound and extended economic downturn. If that were to occur and our financial markets were to collapse, I believe it could open the door to even more government interference in the private marketplace and to even less economic freedom for all Americans.

We must not let that happen. The stakes are simply too high, and the risks to our economy, and our freedoms, are just too great. The circumstances are exigent, Madam Speaker, and, in my judgment, we need to act now.

In addition to three tax provisions contained in the financial rescue portion of the bill—provisions dealing with the treatment of executive compensation, capital losses incurred by banks holding preferred stock in Fannie Mae and Freddie Mac, and the tax exclusion for forgiven debt on home mortgages—the bill before us also includes the Senate's comprehensive tax extenders package. This is a positive development, Madam Speaker, because the Senate's tax package provides more than $107 billion in net tax relief to U.S. families and businesses.

With enactment of this bill, we will finally resolve the tax dispute that has divided Republicans and Democrats for the entirety of the 110th Congress, delaying action on the AMT patch and other tax extenders, including a variety of energy-related tax incentives.

Over the past 2 years, Republicans have insisted that we should not have to raise taxes to prevent the tax increases that would result from the scheduled expiration of existing tax law. Democrats, meanwhile, have insisted that the House's paygo rules require us to find offsets for extensions of expired or expiring tax law.

This comprehensive package—previously approved as a free-standing bill by the other body by an overwhelming vote of 93 to 2—represents a bipartisan compromise, much like the financial rescue plan to which it has been attached. It contains extenders provisions that are not fully offset—as many Democrats would prefer—but contains more offsets than many Republicans would like, including some on domestic oil and gas producers that I find particularly troubling.

It is certainly not a perfect package, Madam Speaker, but with adjournment looming, it is the only package that can pass both chambers and actually be enacted into law.

Specifically, this package will protect millions of middle-class taxpayers from falling victim to the AMT in 2008. It provides more than $48 billion in tax relief by extending through

2009 various expired and expiring provisions affecting U.S. families and businesses. And it contains an $18 billion package of energy-related tax incentives, including the creation of a new tax credit for plug-in electric vehicles.

The package also contains a set of disaster-related tax relief provisions, including both nationwide tax relief and targeted tax relief for the victims of this summer's Midwestern storms and for victims of Hurricane Ike in Louisiana and Texas. Finally, the Senate's comprehensive tax package contains several non-tax provisions of significant interest to many Members on both sides of the aisle, including mental health parity and a reauthorization of the Secure Rural Schools program.

All in all, this is a good, bipartisan package of tax proposals, Madam Speaker, and I think its inclusion improves the overall financial rescue package before us by providing important tax relief to our nation's families and businesses at a critical time for our economy.

So today, I will cast my vote for this economic stabilization plan, sobered by the reality that our failure to act could have unprecedented, catastrophic consequences for our country and the economic freedoms for which I've long fought as a Member of this great institution.

I yield 3 minutes to the distinguished minority whip, Mr. BLUNT of Missouri.

Mr. BLUNT. I thank the gentleman for yielding, Madam Speaker.

I'm glad we're here at this work today. I do think that the bill has improved and the situation has clarified from Monday. We need to come together. We need to get this work done. It's incredibly important. It seems to me that two significant things have happened: one, the changes in the bill that others will talk about and I will talk about a little bit; and two, the changes at the Securities and Exchange Commission and the Accounting Standards Board that have set forth a new way to evaluate these assets that are causing so much trouble in the marketplace.

Now, where I live, nobody talks about illiquid assets. They talk about mortgages. They talk about how to pay the bills. They talk about whether they can borrow money or not, and at the end of the day, Madam Speaker, that's what this bill is about.

It's not about Wall Street. It's about Main Street. It's not a bailout. It's a situation where American taxpayers are going to invest money in a way that ensures they have a return. I think with the work we've done here, we've not only ensured that they're likely is never likely to be a question of return, but beyond that, if at the end of 5 years taxpayers would appear have lost any money, the President will propose and Congress will act on a set of recommendations that go back to the agencies that participated and say we're going to recover whatever was lost.

This is a chance where American taxpayers are investing in their own future. This is an opportunity where people are helping stabilize a market. We saw a bank purchase this week where it looked like the government would have to be part of the purchase, but after the government came in and said here's how we're going to work to stabilize the situation, suddenly there's a market and suddenly that purchase is much different than it would have been without government participation.

This bill allows that kind of stabilization. This bill protects taxpayers. This bill has every known oversight mechanism ever conceived of by government in it now. None of those were asked for initially by the administration but they're all there now, a special Inspector General, a board that sets policy, a congressional oversight group, GAO with special authority, ultimate transparency.

This is a bill the taxpayers can look at and say this is well beyond the proposal that came to the Congress. It has a transparency. It has the oversight. It has the guarantees that taxpayers should ask for, but it also has lots of options, options that weren't in the original proposal, not just to loan money, not just to purchase mortgages and other securities, but to set up an insurance plan so if that's one of the things that would make more sense in certain areas it can be used.

It's a critical moment.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. MCCRERY. I yield the gentleman an additional 30 seconds.

Mr. BLUNT. I'd like to put in the RECORD, Madam Speaker, a letter I received from the Secretary of the Treasury talking about the rules and regulations that they will pursue that will assure that eligible financial institutions must be established and regulated to have significant operations in the United States. It's not talking about foreign banks. Also requiring that—in the letter that they will set up rules and regulations so that people participating in this program won't benefit from this program.

DEPARTMENT OF THE TREASURY,
Washington, DC, October 2, 2008.

Hon. ROY BLUNT,
House of Representatives,
Washington, DC.

DEAR MR. BLUNT: I am writing regarding the Emergency Economic Stabilization Act of 2008.

The Act requires that eligible financial institutions must be established and regulated and have significant operations in the United States. Furthermore, it is the intention of the Department of the Treasury that all mortgages or mortgage-related assets purchased in the Troubled Asset Relief Program will be based on or related to properties in the United States.

The Act requires the Department of the Treasury to prevent unjust enrichment of financial institutions selling troubled assets into the Troubled Asset Relief Program, including preventing the sale of a troubled asset to the Treasury at a higher price than what the seller paid to purchase the asset. The Act specifies a single exemption for troubled assets acquired in a merger or acquisition or a purchase of assets from a financial institution that is established and regulated in the United States and that is in conservatorship, receivership or bankruptcy. The Department of the Treasury believes this exemption is important to encouraging healthy institutions to pursue acquisitions of struggling institutions. Such acquisitions help to protect depositors, taxpayers and the financial system.

The Department of the Treasury will issue regulations or guidelines necessary to address and manage or to prohibit conflicts of interest that may arise in connection with the administration and execution of the authorities provided under the Act as soon as practicable after the date of enactment.

Sincerely,

HENRY M. PAULSON, Jr.

Mr. RANGEL. Madam Speaker, I ask unanimous consent that I be allowed to say farewell to my friend JIM MCCRERY without having it attributed to the allotted time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RANGEL. I had no idea that we would be coming back here and I would have this opportunity, but for some of us being Members of Congress, and especially members of the Ways and Means Committee, it has been a special privilege.

This historic committee, however, has had its ups and downs with partisanship, the likes of which we had not seen on the committee or in the House of Representatives.

I hardly knew JIM MCCRERY during the years he was on the committee because the other side was dominated by one personality, but as soon as things changed and I had the opportunity to meet and talk with him as the ranking member, I not only found a scholar and a gentleman, but I found someone who loved his country and Congress more than he loved the partisanship.

It wasn't as though we have been able to resolve many of the crises that exist in our committee, but the one thing that he did do, and it will continue after he leaves us, is to create a climate where we had a degree of respect for each other and especially when we needed that respect, when we disagree and our parties disagree.

His legacy, even though he leaves, will continue to know that in this House no matter how frank we are politically, we still can be civil. We still can get things done, and even when we're not successful, we can work in such a manner that other people following us would know that we can disagree without being disagreeable.

So, JIM, I speak for all of the Democrats on the committee, for the tone, for your congeniality, for your humor, for the wisdom that you contributed, and I know that it's been awkward for your party and mine at times to do the things that we wanted to do. We started off dealing with the Secretary Treasurer and we promised him we'd do the world. Unfortunately, we didn't check with our leadership on a lot of things that we thought we could do.

But we will continue to do that, and I do hope that the lessons that you taught so many of us will continue long after you're gone.

Madam Speaker, at this time, I yield 1 minute to the distinguished chairman of the Health Subcommittee, who's worked hard on the overall bill before us today, Chairman PETE STARK from California.

Mr. STARK. Thank you, Mr. Chairman, and unfortunately, I have to urge my colleagues to vote ''no'' on this bill.

Somebody in the press not so long ago earlier this week said eight out of 10 of my colleagues know nothing about economics or banking, and this bill shows that he was quite right.

This bill does nothing but bail out Wall Street and large corporate America. It spends $800 billion that the taxpayers will end up having to pay for, and it does nothing for middle Americans.

Is there a crisis in this country? Yes, there is, but there is not a crisis for those people who have been working, trying to pay their bills. There's not a crisis for your average community bank who has no problem with liquidity. There is not a crisis for your credit cards being unable to work.

That's Paulson's way to scare us, as Colin Powell tried to scare us some years ago by saying if we didn't vote for an ill-conceived war we'd see terrorists on the streets.

We're getting the same kind of misinformation now, the same kind of rush to judgment to tell you that a crisis will occur. It won't. Vote ''no.'' Come back and help work on a bill that will help all Americans.

Mr. MCCRERY. Madam Speaker, I want to first say how much I appreciate the very kind words of the gentleman from New York and appreciate very much the opportunity to have worked with him over the last couple of years. He has been more than gracious to me and to all the members of the committee, and so his words were heartfelt, and I very much appreciate them.

With that, I yield 2½ minutes to the gentleman from North Carolina (Mr. COBLE).

Mr. COBLE. I thank my friend from Louisiana for yielding.

Last week, I voted ''no'' on this bill for two reasons. Number one, I don't like to hurriedly vote on significant legislation. I'd rather do it thoroughly and deliberately.

The second reason, my telephone calls and e-mails were overwhelming in opposition against the bill. On Monday I voted ''no.''

The telephone calls and e-mails continued to be overwhelming, but guess what: Then in favor of the bill. Now I'm not exclusively dictated by telephone calls and e-mails, but neither do I dismiss them, Madam Speaker.

□ 1100

And I weighed this very carefully. And by having waited, I think we did improve the bill.

The increase of the FDIC threshold to $250,000, a good move; the AMT patch that will affect favorably 21 million middle class families, a good move; SEC, I am told, Madam Speaker, is addressing or has addressed the mark-to-market issue, a good approach. Compelling arguments can be proffered on both sides of this issue, but I believe, Madam Speaker, that inaction is not an option.

I don't believe the sky is falling. I was told that earlier and I refuted it. And I think when I disagree with the sky falling charge, that's not irregular for me to refute it.

Now, this vote for me, I am voting ''aye'' today, and it may be politically damaging. And the sky may fall tomorrow, but it will fall upon my head; it won't fall upon anyone else's, and no one else will be adversely affected.

I believe that the limited access to credit—and in many instances no access to credit—can certainly contribute to a crisis. And we can put on blinders and go one way or the other, but I think this is a bill that must be addressed today, it must be addressed in a positive way, both sides of the aisle. My friends to the left, my friends on this side have done a good job, I think, in crafting it, and I am pleased to announce that I am voting ''aye'' when the vote is called later.

I thank the gentleman for having yielded to me.

Mr. RANGEL. Madam Speaker, I yield 1 minute to Mr. NEAL, an outstanding member of the Ways and Means Committee who has done a great job for all of us.

Mr. NEAL of Massachusetts. First, let me thank Congressman FRANK; he did a good job under very difficult circumstances, as did Mr. RANGEL with the tax extenders that are part of this bill.

This is imperfect legislation, like much legislation that comes to the floor of this House, but we need to pass it today.

The national principle here is at stake. If there's a hurricane in Louisiana, we all come to the aid of the American family. If there's a forest fire in California, we all come to the aid of the American family. If there's a blizzard in New England, we all come to the aid of the American family. And that's precisely what this legislation does today.

Next week, when people are having difficulty getting a car loan, trying to refinance their mortgage or looking at their 401(k) plan, we acknowledge that they are all members of the American family, and we attempt today to come to their aid.

There is relief here for alternative minimum tax victims; 25 million people will benefit. Twelve thousand businesses are waiting for incentives for the R&D credit. Four million families and three million teachers are waiting for their deductions for education expenses. Thirteen million children in low-income families can finally claim the child tax credit.

This is a piece of legislation that helps the American family.

Mr. MCCRERY. Madam Speaker, it's a pleasure to yield 2 minutes to the distinguished gentleman from Michigan, the ranking member on the Health Subcommittee of the Ways and Means Committee, Mr. CAMP.

Mr. CAMP of Michigan. Madam Speaker, I also want to commend the gentleman from Louisiana for his leadership, for his thoughtful approach to issues, for his service to the Ways and Means Committee and to the Congress, and especially for his friendship.

I rise in support of the Senate amendment to H.R. 1424. Is this better than the original Paulson proposal? Yes. Is this bill perfect? Hardly. And this bill is better, especially for taxpayers.

The bill resolves the remaining tax items before the Congress. After months of delay, the House will finally do what Republicans called for back in June, pass an AMT patch without increasing taxes. Without the patch, more than 25 million American families would pay an additional $62 billion in taxes. We must provide this relief sooner rather than later, and I'm pleased this will finally be done without raising taxes.

By passing this bill today, Congress will extend for 2 years the wide array of important tax credits and deductions so many families and employers rely on. We are reaffirming to the auto industry and consumers that incentives for the purchase of alternative fuel vehicles will remain law. This is something I have pushed for hard in the House. And this new plug-in credit, like the hybrid credit that I offered in 2005, will spur consumer demand for alternative vehicles and lessen our dependence on foreign oil.

With this bill, we are providing certainty to businesses that are investing heavily in research and development. The Senate amendment extends the R&D credit through 2009 and increases the alternative simplified credit. This is a step in the right direction. We must make the credit permanent to attract high-tech businesses and compete in today's global economy and to keep jobs here in America. Myself and Mr. LEVIN, my colleague from Michigan, have championed legislation to do just that, and I look forward to making this goal a reality in the next Congress.

Madam Speaker, I urge my colleagues, Republican and Democrat, to support this legislation so that Congress can provide stability to our financial system and give American workers and businesses the tax relief they so desperately need and deserve.

Mr. RANGEL. Madam Speaker, there is no one in this House that cares more about the tax burden that we're putting on the next generation and the children that follow than the gentleman from Tennessee (Mr. TANNER). He has made a great contribution in improving this bill, and he continues to be a watchdog of the deficit that this administration has taken us in.

I yield 2 minutes to the gentleman.

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Chairman, I, too, want to join you in thanking Mr. MCCRERY for his work here. I have enjoyed working with you very much, JIM.

I want to speak about section 134 of the bill. But before I do, I've just got to say that some of us in this body are so thoroughly disgusted with the other body right now in the way this bill has been handled. We've found that it doesn't take a lot of political courage to spend somebody else's money that can't vote. And we had, from our committee, the extender package paid for or offset by people who didn't object to the offsets. And because of the Senate rules—or the other body's rules and the ability for some over there to object to a unanimous consent request—they sent it back over here on top of a must-pass bill that is unpaid for and one of the reasons we're in the shape we're in right now. And so I just had to express utter disgust and frustration with the way that it was handled in the other body.

Now, as it comes to the bill, when the Secretary came over here with the bill, it was a bailout; it was public risk and private gain. By the wisdom of the body here, we put section 134 of the recoupment clause in which now makes it private risk and public gain, which is the way it ought to be. It is now a situation where we're not talking about bailing out Wall Street or the high flyers. If, at the end of the day, there is a shortfall in the Treasury of the United States, then they will be assessed that shortfall and the Treasury will be made whole by section 134 of the recoupment clause.

What the bill does now is it attempts to protect all Americans who have an IRA, a 401(k), or part of a State or local government pension plan. That's why I'm going to vote ''yes'' even though I am so thoroughly disgusted with what the Senate put on it.

Mr. MCCRERY. Madam Speaker, may I inquire as to the remaining time on each side.

The SPEAKER pro tempore. The gentleman from Louisiana has 6½ minutes remaining; the gentleman from New York has 7 minutes remaining.

Mr. MCCRERY. Madam Speaker, I yield 2 minutes to the distinguished gentleman from California, a member of the Ways and Means Committee, Mr. NUNES.

Mr. NUNES. Madam Speaker, our economy has slowed to a crawl and American workers are worried about their jobs. These conditions are clear arguments for action by our government, and action should be taken.

The question each of us needs to ask ourselves is whether or not the Paulson plan is the best course of action. In my view, it's not. I made no secret of my frustration and disapproval for the sense of panic instilled upon the public by Wall Street insiders and some of our Nation's elected leaders.

Madam Speaker, this is not a time for panic; it's a time for leadership and it's a time for deliberation. Congress must not be confined to a timetable dictated by alarmists who see the government money as their only backstop again, irresponsible lending. Investors take risks, sometimes the risks they take are reckless. Taxpayers must not be liable for Wall Street risk-taking.

Madam Speaker, the American people do not accept the allegation that we have only two alternatives before us: passage of this bill or another Great Depression. There are other options if congressional leaders had the courage to allow this democracy to function. We could debate these issues.

We need to make certain that our Nation's lending institutions are the strongest in the world and that our constituents have confidence that they have a safe place to put their money. One way to accomplish this is to let the Fed purchase preferred shares with warrants. This would infuse capital into the market, freeing up banks to make loans and extend credit.

The plan that I and others have proposed to this Congress is in sharp contrast to the Paulson plan and offers real protection to the taxpayer. Why do we need to give $700 billion to one man to play hedge fund god from the gilded offices of the United States Treasury? If the Secretary wants to run a hedge fund, he should go back to Wall Street.

This Congress must not hand over such an enormous amount of money; it is simply wrong. It's irresponsible. Listen to all the pundits, all the financial wizards, the holier-than-thou capitalists from our Nation's leading institutions; they sound like they belong to the Soviet Politburo. When the markets are riding high, they want us to leave them alone. When the market crashed, they want to us nationalize their debt.

Madam Speaker, I urge my colleagues to vote ''no.'' However, if this bill passes, it is my hope that the administration will focus first on shoring up our Nation's lending institutions.

Mr. RANGEL. At this time, I yield 1 minute to Mr. BLUMENAUER of Oregon, one of the outstanding members of our committee, the Ways and Means Committee.

Mr. BLUMENAUER. I appreciate the gentleman's courtesy and his leadership. And thanks to the leadership of Mr. FRANK, Speaker PELOSI and the House Republicans, we have part of this bill before us today that is somewhat better, but it sadly adds $150 billion of largely unpaid for tax breaks, frustrating for me because many of these provisions like alternative energy too credits and secure rural schools are provisions I fought for for years and are very important.

Madam Speaker, as members of the public and Congress learn more about these problems and the solutions, I must say I have never seen more diametrically opposed opinions, and even people explaining about the facts in their business. But if this bill passes, which it appears that it will today, it ignores the underlying problem of a housing market in free-fall, and it ignores the plight of six million homeowners who are facing foreclosure in the next 2 years.

If there was ever a time to give the same bankruptcy protection to American homeowners that Donald Trump will get the next time he takes bankruptcy for his casinos and for his fourth vacation home, that time is now. It needs to be in this legislation, and I'm sadly disappointed that it is not. In makes long term recovery harder and more painful.

Mr. MCCRERY. I yield 2 minutes to the gentleman from Tennessee, a distinguished Member of this House, Mr. WAMP.

Mr. WAMP. Madam Speaker, nobody in east Tennessee hates the fact more than me that I'm going to vote ''yes'' today after voting ''no'' on Monday. Monday, I cast a blue collar vote for the American people, shook the foundations of Wall Street, demanding more accountability. But today, I'm going to cast a red, white and blue collar vote with my hand over my heart for this country because things are really bad and we don't have any choice. We're out of choices, our backs are up against the wall.

All week we fought for some improvements. And the increase in the FDIC limits from $100,000 to $250,000 is an improvement. The mark-to-market changes which will allow these mortgage-backed securities to move and free up liquidity will help a lot because small business people can't meet their payroll. This month, many of them in east Tennessee are not going to be able to meet their payroll. Pension funds in east Tennessee, thousands and tens of thousands of people I represent are upside down and it's happening fast. The cost of inaction is greater than the cost of this bill.

The $700 billion is a loan. Warren Buffet said Wednesday night it's a good business deal, he would take it, the government is going to get their money back. He knows more about this than anybody in this House, to be honest with you. He feels good about it. I don't like this at all. As a matter of fact, I hate it. It's disgusting that we would ever be brought to this floor to have to cast this vote, but we're out of options. We don't have a month to rewrite a new bill.

Things are critical. We don't even have gas at the stations in east Tennessee. Economic anxiety is hurting the families. I've been listening to small business people all week long and they said, thanks for voting ''no'' on Monday and thanks for standing up for us, but you've got to do something.

Congress has to act. We're out of options. Hold your hand over your heart and vote ''yes.''

Mr. RANGEL. Madam Speaker, Mr. JOHN LEWIS is a subcommittee chairman on the Ways and Means Committee and sometimes described as ''the conscience of the Congress.'' I regret I only have 1 minute to yield to him at this time.

Mr. LEWIS of Georgia. Madam Speaker, I want to thank my chairman for yielding.

Madam Speaker, I have decided that the cost of doing nothing is greater than the cost of doing something.

The fear that is gripping Wall Street has the power to shut down Main Street. We cannot and we must not allow this to happen. The people are afraid. Their retirement savings are slipping away. Small businesses have no sales, no credit, and are closing their doors. People cannot get loans, they're losing their lines of credit. We must act. Now is the time to act. We must do something.

I do not see this as a blank check. In a few months, we will have a new President and a new Congress. We must hold the feet of these financial institutions to the fire. It is with this assurance that I will vote ''yes'' on this legislation.

The SPEAKER pro tempore. The gentleman from Louisiana has 2½ minutes remaining.

Mr. MCCRERY. Madam Speaker, I yield 2 minutes to the distinguished gentleman from Texas, a member of the Ways and Means Committee, Mr. BRADY.

Mr. BRADY of Texas. Thank you, JIM MCCRERY, for your leadership throughout the years on this issue and so many other important ones.

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Congress must act. Our Nation faces the fiercest financial crisis in our lifetime, and for lawmakers entrusted with America's prosperity to stand by and do nothing, that's no longer an option.

I don't like this bill any more than my constituents do. The thought of our interfering in the marketplace, of spending taxpayer dollars for irresponsible Wall Street firms, it makes my constituents angry and me too. But the fact of the matter is these bad loans have infected too much of America's economy and they threaten the world's economy as well. And make no mistake, if these Wall Street financial companies go down, our businesses and families in Texas are pulled down with them.

Families in my district are already watching their life savings disappear before their eyes. I met a Texas worker. She only had $15,000 in her savings; she lost $8,000 of it over the past 2 weeks. I talked to a woman who stopped me in my car as I was leaving my neighborhood, and she said she and her husband have a small business. Their good customers can't get the credit to buy their products anymore. For the first time in 17 years since they started their business, she is truly frightened. And I ask myself why should our local families, why should our local communities pay the price in lost jobs and lost savings because of Wall Street greed? Haven't these Wall Street companies caused enough damage?

This is not my solution. This is not the only solution. America faces tough times. We're going to have to come right back in November, in my opinion, and bring about the reforms to stop this from happening again. But I am going to vote ''yes'' again to pull this Nation back from its economic brink and protect the families and jobs and small businesses in Texas.

Mr. RANGEL. Madam Speaker, I would like to yield to Mr. KIND of Wisconsin for 1½ minutes.

Mr. KIND. I thank my good friend for his courtesy and his leadership on this issue.

Madam Speaker, we have before us today, because of our friends in the Senate, the granddaddy of all jams. They took an incredibly important economic rescue plan and loaded it up with a bunch of extraneous, unrelated items that weren't paid for. They're in essence holding a gun to our head today daring us to vote ''no.'' But, unfortunately, we gave them that gun last Monday because of the failure of this Chamber to act. And the credit markets are continuing to freeze up, and my concern is unless we take action today, many innocent people back home and throughout America will suffer the consequences.

The plan we have before us today, the rescue plan, is vastly different from the original one sent to us by the administration. Today it's about protecting Main Street, not Wall Street. It's about protecting the American taxpayer, not CEOs' salaries. We have included in here important oversight, transparency, accountability provisions to protect the American people. And time is of the essence. But at some point and some time, we have to have the political will and the courage to start paying for things again in this country so we do not leave a legacy of debt for our children and grandchildren. We won't accomplish that today, but time is of the essence and we must move this rescue plan forward to avert a much wider disaster tomorrow.

Mr. MCCRERY. Madam Speaker, I reserve the balance of my time.

Mr. RANGEL. Madam Speaker, at this time, to Mr. PASCRELL from New Jersey, a great member of the Ways and Means Committee, I would like to yield 1½ minutes.

Mr. PASCRELL. Madam Speaker, if we had approved the legislation on Monday, we would not have been able to pass the tax extenders package, which includes business and energy tax extenders. The AMT patch, we all worked hard on that across the aisle, whether you wanted to pay for it or not was the debate, and the additional disaster assistance as well as mental health parity. I think these are important.

Alexander Hamilton, my idol, was very clear that there are immutable principles of moral obligation. Monday I voted ''no,'' and I know that the enemy of the good is the perfect. But since Monday we have improved certain parts of the bill. And there is some junk in this bill. There are no two ways about it. But that is not unique on this bill.

So to help the American people, I am now supporting today's financial package. And it's really the McCrery-Rangel team that got me to this point.

You guys have worked closely together. You are a good model and example for what we should be doing.

I pray that I'm doing the right thing. I believe so in my heart. God bless this country. We will prevail.

Madam Speaker, the legislation we have before us today arises at a vital time when Americans are suffering under a rapidly failing financial market and collapsing housing market.

My "no" vote on Monday was among one of the most difficult votes I have had to cast in my 12 years as a Member of Congress.

My goal in Congress has always been to fight for the best interest of ordinary Americans—to fight for the American worker, the American small business owner, the people who make up the heart and soul of our nation.

I thought of them when I voted "no" on Monday because that bill fell short of helping those people who are suffering the most from this financial crisis.

Today, I stand before you far from assured that this legislation is a s good as it can be but understanding that we cannot stand back and allow our financial markets, credit markets, housing market, pension plans, and small businesses to collapse under the weight of the errors made by Wall Street.

Lead by Speaker PELOSI and Chairman FRANK we have taken an inadequate 2½ page proposal and developed a more substantial bipartisan piece of legislation which we present today.

I support the addition of the increase to the Federal Deposit Insurance Corporation, FDIC. It is exactly the type of bottomup, community approach we need to put liquidity back in to Wall Street.

Furthermore, if we had approved the bill on Monday we would not have been able to pass this tax extenders package that includes business and energy tax extenders, an AMT patch, additional disaster assistance as well as mental health parity.

I am certainly disappointed that these provisions are not paid for but it would be unconscionable to allow the American people to suffer without this tax relief.

Today's bill is not perfect but we have done what we needed to do for the American people. In truth if you gave every Member of Congress a chance to draft a proposal to address this crisis we would have 435 bills in front of us today—the enemy of the good is the perfect.

Since Monday we have improved this bill to help the American people and therefore I am supporting today's financial rescue package. I urge all my colleagues from both sides of the aisle to vote "yes" on Emergency Economic Stabilization Act of 2008.

Mr. MCCRERY. Madam Speaker, I reserve the balance of my time.

Mr. RANGEL. Madam Speaker, at the Speaker's request, I would like to yield 1 minute to Mr. SHERMAN of California.

Mr. SHERMAN. Madam Speaker, I thank the gentleman for 1 minute. I can't possibly in that minute describe the problems with this bill. I hope people will pick up the blue paper that I'm distributing.

But what they have done to the bill is they have added special tax breaks for those who import bows and arrows, and those who import wool, thus displacing American products as part of the economic recovery package. That's why it's not the economic recovery package. It's the pork-laden, earmark-laden Wall Street bailout bill. It is a bill that will send hundreds of billions of dollars not for bad investment decisions made in America but to buy toxic assets currently in the safes in London and Riyadh, Saudi Arabia, and Beijing. It is a bill that will allow million-dollar-a-month salaries, and $5 million-a-month salaries, to be paid to executives who have driven their firms into the ground and now need a taxpayer bailout. It is a bill that provides for an oversight board that critiques, but cannot stop anything.

Vote ''no'' now. We will stay in town and write a good bill.

Mr. MCCRERY. Madam Speaker, I yield myself the balance of my time.

Madam Speaker, the bill before us today, certainly the tax portion of the bill today, represents a compromise. These extensions of expiring provisions of the Tax Code have been bandied about here in the House back, over in the Senate, back and forth all year long, including the patch on the alternative minimum tax. I'm gratified that we were able to come together to present the tax extenders in this package because I believe very strongly in the overwhelming majority of those provisions. I think they're good, sound tax policy. Members of this House have voted for all of them many times over.

So, Madam Speaker, I encourage a ''yea'' vote on this bill, especially for the tax extenders.

Mr. RANGEL. Madam Speaker, I would like to yield the balance of my time to the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. I thank the chairman for yielding.

Madam Speaker, this is not a rescue package solely for Wall Street nor is it for New York City nor for New York State. In fact, I would argue with you, all of my colleagues, that it will take many years for New York City and New York State to recover from the downturn of Wall Street.

This is more about our country, about the United States, and our economic woes today. It's about 401(K) plans, about investment plans of my mother on 65th Street in Woodside, Queens. She saw that decline just a few days ago. This is about all of our constituents who have seen a loss over the past few days. It's about the health of our entire economy. And ladies and gentlemen, my colleagues, this is not just the United States. The entire world is looking at us today and looking to see us vote in favor of this bill.

Would we like the luxury of more time to hold more hearings and have more due process? Of course we would. We'd like to have months to do that. But we simply don't have the time. We don't have that luxury. We cannot afford that.

What we have to do, ladies and gentlemen, is do the right thing and vote in favor of this package.

The SPEAKER pro tempore. The gentleman from Massachusetts is recognized.

Mr. FRANK of Massachusetts. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, we have limited time here, and I want to explain to the Members that I will be devoting most of my time to colloquy with Members who have serious concerns about this bill.

I believe this bill has a great deal more in it in a number of areas, including in particular avoiding foreclosures, than people have recognized. I at this point will insert into the RECORD under General Leave a letter from the American Banker, in which Sheila Bair, who is one of the best regulators we have ever had, who has been using her authority over the mortgages she inherited through the IndyMac failure to really provide foreclosure relief, and she says in this: ''The provision would allow the Treasury Department to provide credit guarantees and enhancements on whole loans.'' Ms. Bair said in an interview Thursday, ''They can have so much bigger bang for their buck.'' She asked us to put this in. We put it in. It may be obscure, but it in and of itself will lead to a great deal of help for people with mortgages.

What I will be doing, Madam Speaker, during this debate is yielding time for colloquies to Members who are seeking clarification of points in the bill, many of them involving what is very powerful language, although not everything we would have liked, to mitigate foreclosures. I will say that I have spoken to the people at the Department of Treasury, including yesterday morning the Secretary himself, and I will be making commitments today about how we believe this bill will be interpreted, and I will be making no commitments that I have not explained to the Treasury, that the staff of the Financial Services Committee which has done such wonderful work has not discussed with the Treasury. So we will be, as I said, working with Members to clarify some parts of this bill because I do not think it is fully appreciated that it has a good deal more in it for the foreclosure issue and some other issues than has been recognized.

[From American Banker, Oct. 3, 2008]

BAIR: HOW TO GET MORE BANG FOR BAILOUT BUCK

(By Rob Blackwell)

WASHINGTON.—Of all the provisions in the bill designed to stabilize the financial markets, one of its most potent is not getting enough attention, according to Federal Deposit Insurance Corp. Chairman Sheila Bair.

The provision would allow the Treasury Department to provide credit guarantees and enhancements on whole loans. If it were used, it would allow the government to increase modifications and stabilize home prices at a much smaller cost than buying the loans themselves, Ms. Bair said in an interview Thursday.

''They can have so much bigger bang for their buck,'' she said. ''You don't have an initial cash outlay, you can leave them in the private sector, you can do the servicing in the private sector, and you can condition them on some type of modification protocol, which would get the mortgages restructured faster.''

The provision, a single sentence in the 451-page bill, has attracted little attention from analysts and industry representatives. Instead, they have focused on the crux of the bill, which would allow the Treasury to buy and hold up to $700 billion of troubled assets.

The bill would give the Treasury secretary the power to ''use loan guarantees and credit enhancements to facilitate loan modifications to prevent avoidable foreclosures.''

How that would work remains unclear. In theory, the Treasury could guarantee certain types of loans—option adjustable-rate mortgages, for example—and require lenders that want to use the insurance to engage in loan modifications first. If the reworked loan performed, the government would never be involved, but if the loan later defaulted, the government would take a certain amount of the loss.

Though she is supportive of the $700 billion buyout facility, Ms. Bair said the provision, added at the behest of the FDIC, could provide a critical alternative.

''It will be another tool they have in their toolkit, and it will be cheaper,'' she said. ''You can provide credit support to $100 billion worth of mortgages with no up-front cash outlay. The exposure would be less than buying those mortgages directly.''

During her two-year tenure, the FDIC has moved from the background to the forefront of the housing crisis. In the past week alone it has handled the largest failure of all time—the $309 billion-asset Washington Mutual Inc.—with no cost to the government. It also invoked the systemic risk exception for the first time in the agency's history to facilitate a deal to sell most of Wachovia Corp. to Citigroup Inc.

Ms. Bair said regulators had no choice but to use the exception, which was created in 1991 and required the approval of the Federal Reserve Board and the Treasury.

''We all felt that preventive action was needed,'' she said. ''It was a potential failure, driven primarily by market confidence issues.''

Ms. Bair has also been working to help pass the bailout bill. After the House unexpectedly defeated the legislation Monday, lawmakers scrambled for provisions to bring more Republicans on board. The most notable addition would increase deposit insurance to $250,000 per depositor per institution.

That provision would reassure nervous depositors that the banking system is stable, Ms. Bair said, and it gets to the heart of the problem: a lack of confidence among consumers, bankers, and businesses.

''Raising the deposit insurance limit to $250,000 is designed to address that problem

of public confidence,'' she said. ''Expanding that safety net for a period of time, I think, will help with the Main Street depositor and also provide help for banks.''

The coverage hike would take effect immediately and would expire Dec. 31, 2009. The bill explicitly says banks should not face a premium hike as a result. Analysts argue that Congress would have to make the higher limit permanent. Ms. Bair would not take a position, except to say the FDIC should have the power to raise premiums if the increase becomes permanent.

''It's a question for Congress,'' she said. ''It could be destabilizing if they lift it in 2009, but the trade-off would be that banks would have to start paying premiums.''

Overall, she said, she hopes the legislation will help ease fears among financial institutions, some of which have become worried about lending to each other.

''There is a confidence issue,'' Ms. Bair said. ''Originally, liquidity issues were tied to capital adequacy. Now I think liquidity issues are tied to just uncertainty. . . . We are asking Main Street to have confidence in the banking system. Well, I would ask the banks to have confidence in the banking system and lend to each other.''

She said a freeze on credit is only making the situation worse.

''We acknowledge that some individual banks have challenges, but overall they still have strong capital, and they've built up their loan loss reserves,'' she said. ''We shouldn't be freezing up and panicking.''

Though some have argued the bailout bill does not go to the heart of the issue, Ms. Bair was unequivocal in saying she thought the buyout facility would help the situation.

''The reason for the liquidity issue is you have an asset on the balance sheet where the cash flow suggests one valuation, but if you have to sell it, you will be taking a steep loss because the market is seizing up,'' she said. ''So we will be providing a vehicle for moving those assets off balance sheet for a price other than a rock-bottom distressed price. We are capable of letting the government hold the asset for a while before it's sold which will help ease downward pressure on asset valuations. It absolutely should help.''

But she acknowledged some concern that the legislation did not do enough to help struggling borrowers.

Ms. Bair was at the forefront last year in warning that lenders and servicers needed to systematically lock in low, starter rates so that borrowers could continue making their mortgage payments on time. More defaults would lead to increased foreclosures, which would cause further deterioration in the housing market. Few took her advice, and the housing market continued to sink.

If more lenders had modified loans, she said the situation would still be bad, but not as dramatic.

''We were going to have these problems no matter what, but I do think it would be less of an impact,'' she said.

But Ms. Bair said she did not understand why Congress is not doing more to assist borrowers in the bailout legislation. Lawmakers debated forcing more servicers to engage in systematic modifications, but ultimately did not do so.

''I don't understand it,'' she said. ''The borrowers here that are losing their houses have been this politically powerless group. From the get go, politically, for whatever reason, they were put in a category of they got over their head and were an unsympathetic group to deal with. That is not the case with all of them.''

OCTOBER 2, 2008.

DEAR REPRESENTATIVE: We were profoundly disappointed with the House vote on Monday rejecting bipartisan economic recovery legislation. We are writing today to urge the House to act now to pass the Emergency Economic Stabilization Act to bring stability to credit markets.

The impact of the House action was painfully demonstrated Monday when the stock market lost $1.2 trillion as the Dow Jones Industrial Average fell 777.8 points, the largest single-day point drop in American history. Virtually every American witnessed their retirement, investment and savings accounts decline steeply.

Further, the evaporation of credit is affecting businesses of all sizes and consumers and we run the risk of further declines in housing values. If Congress fails to act, credit markets will tighten further. Our associations' members will find it more difficult—if not impossible—to secure credit to finance their operations, and members' employees will find it harder to get mortgages, secure auto loans, and borrow money to send their children to college.

Americans rely on credit and liquid markets to make our economy function, and we will continue to see our economy and the well-being of all Americans impacted unless the House acts. Significant bipartisan cooperation has produced a strong financial rescue plan with strong taxpayer protections to help stabilize the financial system and prevent a meltdown of our capital markets.

The Senate has passed this legislation by a 3 to 1 margin. We urge you to address this crisis by voting to support this critically-needed measure.

Sincerely,

Advanced Medical Technology Association; Air Conditioning Contractors of America; The Aluminum Association; American Apparel & Footwear Association; American Bankers Association; American Beverage Association; American Boiler Manufacturers Association; and American Business Conference.

American Chemistry Council; American Concrete Pressure Pipe Association; American Financial Services Association; American Forest & Paper Association; American Gas Association; American Hotel & Lodging Association; American Insurance Association; and American Meat Institute.

American Rental Association; American Road & Transportation Builders Association; American Trucking Associations; Associated Builders and Contractors, Inc.; Associated Equipment Distributors; Associated General Contractors of America; Association of Equipment Manufacturers; and Association of International Automobile Manufacturers.

Business Roundtable; Chamber of Commerce of the U.S.; Consumer Bankers Association; Consumer Mortgage Coalition; Edison Electric Institute; Equipment Leasing and Finance Association; Financial Services Forum; and The Financial Services Roundtable.

Food Marketing Institute; Housing Policy Council; Independent Community Bankers of America; Independent Electrical Contractors, Inc.; Independent Petroleum Association of America; International Dairy Foods Association; Information Technology Industry Council; and International Franchise Association.

Minority Business RoundTable; Mortgage Bankers Association; National Association of Chain Drug Stores; National Association of Electrical Distributors; National Association of Homebuilders; National Association of Manufacturers; National Association of Plumbing, Heating, and Cooling Contractors; and National Association of Real Estate Investment Managers.

National Association of Realtors; National Association of Wholesaler-Distributors; National Electrical Contractors Association; National Electrical Manufacturers Association; National Federation of Independent Business; National Restaurant Association; National Retail Federation; and National Roofing Contractors Association.

National Rural Electric Cooperative Association; NPES—The Association for Suppliers of Printing, Publishing and Converting Technologies; Printing Industries of America; The Real Estate Roundtable; Reinsurance Association of America; Retail Industry Leaders Association; Securities Industry and Financial Markets Association; and Software & Information Industry Association.

[From the Boston Globe, Oct. 3, 2008]

NATIONAL UPHEAVAL, LOCAL SHUDDERS—CREDIT WOES CONVULSE PLANS OF CITIES, TOWNS

(By John C. Drake)

Springfield Mayor Domenic Sarno said the city has been waiting a long time to repair sidewalks and tear down abandoned buildings in his financially beleaguered city. Now residents will have to wait a little longer.

With the crisis on Wall Street, the first-term mayor's promises to pay for improvements on Springfield's streets are on hold because raising money by floating municipal bonds in this climate is prohibitively expensive, he said.

It is the kind of problem facing dozens of communities, say officials. Like a hurricane swirling offshore, the financial crisis is barreling down on Massachusetts cities and towns, but no one knows yet how bad the damage could be.

Local leaders this week have been nervously eyeing bailout negotiations on Capitol Hill, the freezing bond markets, their falling pension fund values, and the State House, where Governor Deval Patrick may eventually decide to seek local aid cuts.

The moribund credit markets are making it difficult to pay for capital projects such as road work, because credit is either unavailable or rates are too high, local officials and municipal finance observers say. ''I'm trying to be fiscally prudent while at the same time trying to drive an ambitious agenda,'' Sarno said. ''It does affect Main Street, whether people are calling for a pothole or a multi-million dollar project they want improved.''

Boston has so far not been affected because it usually issues general-obligation bonds in February or March, said the city's chief financial officer, Lisa Signori. But other cities and towns were looking to enter the bond market sooner.

''Communities that have been planning on issuing debt for a large municipal project—a police station, a school, infrastructure improvements—are likely monitoring the situation and waiting to issue debt, waiting for the market to stabilize and for banks to issue credit again,'' said Geoff Beckwith, executive director of the. Massachusetts Municipal Association.

Sarno said Springfield has a wish list of capital improvements totalling $470 million, with $23 million on a high-priority list. Projects that could be affected range from sidewalk repairs and planned demolitions of derelict buildings costing tens of thousands of dollars to a major renewal for Springfield's South End estimated to cost $6.2 million.

Quincy Mayor Thomas P. Koch said funding for ongoing construction of a new Quincy High School and other projects, including a planned new middle school, could be affected.

''You don't put the bond out at once. You borrow periodically and then float the bond,'' he said. 'We're working with the state on an application to replace the middle school and we're going to market soon with

the bonds for that. Some of the other improvements at other buildings may just have to wait a little bit.''

Officials at the Massachusetts School Building Authority, which has committed to help dozens of communities build schools, have sought to assuage concerns.

''The MSBA's financial obligations to school construction projects will be met despite the current economic turmoil,'' the authority said in a statement provided by spokeswoman Carrie Sullivan on Wednesday.

Municipal pension funds, which are invested in a vast array of stocks, bonds, and other securities, are another significant source of worry.

''Clearly this is not good news and is not a good market and there will be some loss of value that will appear on the books,'' Beckwith said. ''The question is, will that value be recovered before the pension system needs to access those assets.''

Signori said Boston's pension board would be briefed by financial advisers next week on the state of the city's investments. ''Certainly, this quarter's performance is important, but what you're looking at is what's happening over five years or over ten years,'' she said.

Other Boston city accounts and investments are considered secure because the city collateralized them in the late 1990s, meaning the investments are backed up by cash from other banks and not subject to ceilings on federal deposit insurance.

''We weren't out there to make a lot on high interest rates; we wanted to make sure our money was safe,'' Boston Mayor Thomas M. Menino said this week. ''The city of Boston's money is safe.''

But Menino and Signori acknowledged the city's finances could be hurt if revenue from motor vehicle excise tax and hotel-motel excise taxes are down and if local aid takes a hit. Projected local aid for Boston already had fallen $60 million from 2002, Signori said.

Quincy Mayor Koch said he was worried the city's retirement board could seek more city funding if its investments are hurt.

''If the retirement board does not get back the returns they anticipate, that means they're going to be asking for more appropriation level on the operations side,'' Koch said in a phone interview. ''That bears watching, big-time.''

Section 129 of the Emergency Economic Stabilization Act is intended to formalize the reporting procedures of the Federal Reserve Board to its oversight committees in the House and Senate when it exercises authority under Section 13(3) of the Federal Reserve Act, relating to loans made to individuals, partnerships and corporations under unusual and exigent circumstances.

Paragraph (a) of Section 129 directs the Federal Reserve to report to its oversight committees in the House and Senate within 7 days after it has exercised authority under Section 13(3) of the Federal Reserve Act. To facilitate congressional oversight, the Federal Reserve would provide the appropriate congressional committees justification for its actions under Section 13(3) and explain the specific terms of the actions taken by the Board, including providing information about the size and duration of any lending, available information concerning any collateral held with respect to such lending, the recipient of warrants or other potential equity in exchange for such lending, and any expected cost to the taxpayer related to the Board's action.

The Federal Reserve has used its 13(3) powers to extend loans to borrowers in specific one-off transactions as well as to offer several facilities that are open to a range of borrowers on the same terms. Paragraph (b) of Section 129 provides for periodic updates by the Federal Reserve to its congressional oversight committees and is intended to apply to any loan or facility initiated under Section 13(3) of the Federal Reserve Act, including the status of the loan or facility, the aggregate value of the collateral held in connection with the loan or facility, and the projected cost to the taxpayers of the loan or facility.

Paragraph (c) of Section 129 provides for the confidentiality of any reports made under the section and is intended to make all such reports confidential upon the request of the Federal Reserve Board. Paragraph (d) makes the reporting requirement under the section retroactive to March 1, 2008.

At this point, Madam Speaker, I reserve the balance of my time.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. Madam Speaker, we come here today in the midst of the biggest economic crisis this Nation has ever faced.

The proposal that was put forth by the administration earlier was unacceptable, no accountability, no government oversight, too much burden on the American taxpayer. But politics is the art of the possible.

This House is a place where policy and reality come together, where people solve problems. I was sitting right there when the vote was taken Monday. As soon as it went down, I turned to my colleagues and said, It's time to roll up our sleeves, it's time to solve this problem for America, and let's move forward. And we did that. I was on the phone with Treasury, with the administration, with Senate and House leadership, with the SEC. We've got suspension of mark to market. We've got increased FDIC insurance. We've got tax relief, AMT, child tax credit. This is a better bill.

But it's tough out there. I've talked to my moms, I've talked to my pops, I've talked to my corporations. No matter what we do or what we pass, there are still tough times out there. People are hurting. People are mad. I'm mad. Men and women that have fought in this House, I have fought in this House for spending regulations and tougher restraint, and we have seen what has happened and where it has led us.

Do I still have concerns about this bill? Yes. Do I still have concerns that it will affect the free market system? Yes, I do. But we have to act and we have to act now. It's our job to lead. If we don't solve these problems, not just these problems but Medicare and Social Security, if this House doesn't lead, America will fail. And if we don't get anything out of this conversation today, we need to understand that. It's about leadership. It's about moving forward.

I've had experts on both sides say, GRESHAM, this is a good thing, this is a bad thing.

□ 1130

I asked the good Lord to give me the guidance and the wisdom to make the decision. I will vote ''yes,'' and I ask my colleagues to do the same.

Mr. FRANK of Massachusetts. I yield 1½ minutes to the gentleman from Virginia (Mr. MORAN) for the purpose of a colloquy.

Mr. MORAN of Virginia. Thank you, Madam Speaker. I won't take that much time. I do want to thank the chairman for his masterful leadership on this bill, and I do want to clarify that the intent of this legislation is to authorize the Treasury Department to strengthen credit markets by infusing capital into weak institutions in two ways: By buying their stock, debt, or other capital instruments; and, two, by purchasing bad assets from the institutions, in coordination with existing regulatory agencies and their responsibilities under this legislation, as well as under already existing authorization for prompt, corrective action and least-cost resolution.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. MORAN of Virginia. I'd be happy to yield.

Mr. FRANK of Massachusetts. I can affirm that. As the gentleman knows, the Treasury Department is in agreement with this, and we should be clear, this is one of the things that this House and the Senate added to the bill, the authority to buy equity. It is not simply buying up the assets, it is to buy equity, and to buy equity in a way that the Federal Government will able to benefit if there is an appreciation.

I thank the gentleman for this important clarification. He is absolutely right.

In implementing the powers provided for in the Emergency Economic Stabilization Act of 2008, it is the intent of Congress that Treasury should use Troubled Asset Relief Program (TARP) resources to fund capital infusion and asset purchase approaches alone or in conjunction with each other to enable financial institutions to begin providing credit again, and to do so in ways that minimize the burden on taxpayers and have maximum economic recovery impact. Where the legislation speaks of ''assets'', that term is intended to include capital instruments of an institution such as common and preferred stock, subordinated and senior debt, and equity rights. Also, it is the intent of this legislation that TARP resources should be used in coordination with regulatory agencies and their responsibilities under prompt-corrective-action and least-cost resolution statutes.

Mr. MORAN of Virginia. Nice going, Chairman. Thank you.

Mr. BACHUS. Madam Speaker, I yield 1 minute to the gentleman from Oklahoma (Mr. COLE).

Mr. COLE of Oklahoma. I thank the gentleman for yielding.

Madam Speaker, everybody in this Chamber knows the right political vote on this package. The easy thing to do is vote ''no'' and hope the bill passes. Every Member knows there is no political upside to supporting this legislation.

It's also easy to say that something must be done—but something else. Well, we all have our own preferred

plans, Madam Speaker. The only problem is none of them get 218 votes.

I know my colleagues on both sides of the aisle are struggling to do the right thing. Lyndon Johnson used to say, ''Doing the right thing isn't hard; knowing the right thing to do is.'' This is certainly one of those occasions, Madam Speaker. But I am convinced unless we act, the stock market will take a nose dive, economic activity will freeze, credit markets will dry up, people will lose their jobs.

The real question is: Are we willing to gamble the jobs, the life savings, the retirement accounts, the homes and the businesses of the people we represent? Are we willing to risk the global, political, and social turmoil that will come if we have a prolonged recession or depression in the United States? Frankly, Madam Speaker, I am not.

Madam Speaker, everyone in this room knows the right ''political'' vote on this package. The easy thing to do is to vote no and hope the bill passes. Every member knows there is no political upside in supporting this bill.

It is also easy to say, ''something must be done—but not this.'' We all have our own schemes. Certainly I have my own five-point ''Tom Cole plan.'' I would suspend mark-to-market accounting rules, purchase preferred stock in institutions to protect the taxpayer, institute a private insurance program, limit executive compensation in companies that get Federal help, and raise the FDIC insured bank deposits from $100,000 to $250,000. There is only one problem with my plan, Madam Speaker, it cannot get 218 votes in this Chamber.

Madam Speaker, I know that my colleagues on both sides of this issue want to do ''the right thing.'' However, as Lyndon Johnson used to say, ''doing the right thing isn't hard, knowing the right thing to do is.'' I have struggled over whether passing this bill is the right thing to do. I do know that if it fails the stock market will take a nose dive, credit will freeze up and economic activity will grind to a halt. Some believe in time the markets will stabilize and correct themselves. I hope they are right.

The real question is are we willing to gamble the jobs, life savings, retirement accounts, the homes and the businesses of the people we represent? And are we willing to risk the global political and social turmoil that will surely occur if there is a severe and prolonged recession or depression in the United States? Frankly, Madam Speaker, I am not.

Madam Speaker, I am from Oklahoma, a state that has had more than its share of economic hardship over the years. My grandparents and parents lived through the Great Depression. They dealt with the hard times at home and the wars abroad that it spawned. My family and I lived through the 1980s when a banking and real estate collapse devastated Oklahoma's economy. I saw my State's per capita income fall from 98 percent to 79 percent of the national average. I saw hundreds of banks close, thousands of businesses fail, and countless families lose their life's savings. I do not intend to let that happen again for the sake of political popularity, ideological purity, or legislative perfection.

Madam Speaker, passing this bill is no substitute for long to structural reforms, appropriate legislative oversight, and the establishment of suitable levels of accountability and transparency in our financial markets. Those are issues we must confront in the next Congress. However, inaction in the face of the current turmoil in the markets is not an acceptable option. In fact, it is a huge gamble.

Madam Speaker, I know I will be haunted by this vote for the rest of my political life. I know I will have to explain it again and again to my friends. And I will be forced to defend it in every election against my opponents. And I know, having made this vote, I will have to make other tough votes to reform our economic and political systems. However that is far better than the lost jobs, the foreclosed homes, the depleted savings, the broken businesses, the devastated lives, and the dangerous world that I believe will be the consequences of a failure to act.

Madam Speaker, I will vote for this bill not because I wish to, but because I have to for the good of the people I represent. I trust that each of my colleagues will cast their vote in the same spirit, and I truly believe they will. There are no good choices here—but positive action is the right choice.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to one of our leading attorneys in the House, who, representing the State of California, has a particular knowledge about much of what we are trying to do in this bill in the foreclosure area, the gentlewoman from California (Ms. ZOE LOFGREN).

Ms. ZOE LOFGREN of California. Madam Speaker, there's much not to like in this bill and there's a lot to be angry about how we got here, and if this passes, our job will not be done. We will have further efforts that will be required, especially to stabilize the housing market.

I chair the California Democratic Delegation. I want to share with Members the communications we have received from California's Governor and the Treasurer of the State of California.

The Governor tells us, and this is a quote, ''It is daunting that California, the eighth largest economy in the world, cannot obtain financing in the normal course of its business to bridge our annual lag between expenditures and revenues. This means that California may soon be forced to delay payments for critical services, such as teachers, law enforcement, and nursing homes. The same thing would happen to California cities and counties.''

Our Treasurer, Bill Lockyer, has told us, ''For 10 days, State and local governments have been closed out of credit markets—long-term and short-term—in spite of the fact they represent no default risk and provide a good tax return to investors.'' He says, ''Without prompt Federal action to address the economic crisis, we may have no market access. That means the State's cash reserves will be exhausted near the end of October. Payments for teachers' salaries, nursing homes, law enforcement, and every other State-funded service would stop or be significantly delayed. California's 5,000 cities, counties, school districts, and special districts would face the same fate.''

There is a $7 billion revenue anticipation note that the State needs to float to meet cash flow needs, and they cannot sell those revenue anticipation notes because of the credit freeze.

Folks, what this means is that the State of California, the eighth largest economy in the world, will not be able to meet payroll by the end of this month unless we take action to unfreeze these credit markets. I wanted to make sure that every Californian and, really, every American knew.

STATE CAPITOL,
Sacramento, CA, October 2, 2008.

Hon. HENRY M. PAULSON, Jr.
Secretary of the Treasury,
Washington, DC.

DEAR MR. SECRETARY, First of all, let me commend you for your leadership to enact emergency economic stabilization legislation. This credit crisis has the power to grind the U.S. economy to a halt if swift and decisive action is not taken immediately. The federal rescue package is not a bailout of Wall Street tycoons—it is a lifeboat for millions of Americans whose life savings, businesses, retirement plans and jobs are at stake. I have communicated this message to the entire California Congressional delegation and will continue to press for passage of an emergency rescue plan.

Like many other states, California is feeling the enormous effects of this crisis on our economy. California's economy is dynamic and resilient, but also uniquely sensitive to national and international economic conditions and fluctuations in the financial markets. The credit crisis has frozen investment and commerce, forcing businesses and families to stop purchasing goods and services. This has resulted in tens of thousands of lost jobs and billions of dollars in lost tax revenue to the state.

Most immediately, California and a number of other state and local governments are experiencing the lack of liquidity in the credit markets firsthand. Many states and local governments have been unable to secure financing for bond offerings and for routine cash flow used to make critical payments to schools, local governments and law enforcement. While some states may be able to absorb a delay or obtain high-interest financing through private banks, California is so large that our short-term cash flow needs exceed the entire budget of some states. We expect to issue $7 billion in Revenue Anticipation Notes for short term cash flow purposes in a matter of days.

Absent a clear resolution to this financial crisis that restores confidence and liquidity to the credit markets, California and other states may be unable to obtain the necessary level of financing to maintain government operations and may be forced to turn to the Federal Treasury for short-term financing.

The economic fallout from this national credit crisis continues to drain state tax coffers, making it even more difficult to weather the continuation of frozen credit markets for any length of time. I will continue to do all I can to encourage passage of the emergency rescue plan.

Sincerely,

ARNOLD SCHWARZENEGGER,
Governor.

STATE CAPITOL,
Sacramento, CA, October 1, 2008.

DEAR MEMBERS OF THE CALIFORNIA CONGRESSIONAL DELEGATION, it's now very clear that the financial crisis on Wall Street is affecting California—its businesses, its citizens' daily lives and its state government's

ability to obtain financing to pay for critical services.

This is how serious the situation is: our State Treasurer warns that the credit market has already frozen up to the point that it chills even the State of California's ability to meet its short-term cash flow needs. Additionally, without immediate action from you and your colleagues in Congress, California will be unable to sell voter-approved bonds for the highway, school, housing and water construction projects that our state is relying on to help carry us through this difficult economy. The state of our already-slow economy makes the financial situation even more urgent.

It is daunting that California, the eighth-largest economy in the world, cannot obtain financing in the normal course of its business to bridge our annual lag between expenditures and revenues. This means California may soon be forced to delay payments for critical services, such as teachers, law enforcement and nursing homes. The same thing would happen to California's counties and cities. That is, unless Congress acts quickly to restore confidence in our financial system.

I am writing to urge you to vote in favor of the Emergency Economic Stabilization Act. This plan is critical to the well-being of every community in California and across the nation. Swift action in Congress is needed to restore confidence in our financial system.

Let's be clear, this plan is not a ''bailout'' for Wall Street. To the contrary, the plan is about protecting Main Street.

We are currently witnessing the initial consequences of depositors and investors withdrawing assets from a financial system in which they have lost confidence and putting them in FDIC-insured accounts and federal obligations. That means there's little money for normal commerce, and what money is available is too costly. This dramatically reduces economic activity, translating into fewer jobs, lower wages, reduced savings and threatened pensions. If the stabilization plan fails, these outcomes will materialize in scale.

California's businesses, both large and small, also face the prospect that banks will not be able to renew loans. It goes without saying that, when people and companies can't get the money to buy cars, inventory goods, plant crops, expand business and go to school, economic activity slows down, leading to job losses, wage reductions, savings declines and pension failures all along Main Street, California.

The situation is urgent. The crisis we face demands swift action and bipartisan leadership. Congress must pass this economic stability plan without further delay.

Sincerely,

ARNOLD SCHWARZENEGGER,
Governor.

[From the California State Treasurer Bill Lockyer, October 1, 2008]

TREASURER LOCKYER URGES CONGRESS TO ADOPT ECONOMIC RECOVERY PLAN TO THAW MARKET FOR INFRASTRUCTURE BONDS, CASH-FLOW BORROWING

SACRAMENTO.—State Treasurer Bill Lockyer today warned that a continuing failure by Congress to adopt a national economic recovery plan jeopardizes California's ability to sell infrastructure bonds and short-term notes to meet the State's cash flow needs. In releasing the 2008 State of California Debt Affordability Report, Lockyer made the following statement:

''For 10 days, state and local governments have been closed out of credit markets—long-term and short-term—in spite of the fact that they represent no default risk and provide a good tax-free return to investors. The credit market is frozen because financial institutions are afraid to commit capital amid enormous uncertainty. Congress and the President need to adopt a responsible recovery plan, and get the job done quickly.

''The State and local issuers need certainty that thaws credit markets and eases access to crucial financing. Without action, we will be unable to sell voter-approved bonds for highway construction, schools, housing or water projects. More urgently, because the State budget was so late, we have only four short weeks to complete what otherwise would be a routine revenue anticipation note sale to meet the State's cash flow needs. Without prompt federal action to address the economic crisis, we may have no market access to conduct that short-term borrowing transaction. That means the State's cash reserves would be exhausted near the end of October. Payments for teachers' salaries, nursing homes, law enforcement and every other State-funded service would stop or be significantly delayed. And California's 5,000 cities, counties, school districts and special districts would face the same fate.''

The 2008 Debt Affordability Report recounts the year's turmoil in capital markets, how it affected the State, and how the State responded to protect taxpayers. The report also details the Lockyer-led effort to end rating agencies' discriminatory treatment of municipal bond issuers. The current system harms taxpayers and misleads investors. The report is available at www.treasurer.ca.gov.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Madam Speaker, we all understand that without action many of our citizens will find themselves laid off from their jobs. They won't be able to refinance their homes. This crisis is real.

House conservatives know that inaction is not an option, and we have worked tirelessly to put different plans, ideas, and legislation on the table to remedy the crisis. We take some measure of pride in knowing that the underlying legislation has now been improved twice. We believe our efforts help.

But, Madam Speaker, I still have many fears about the legislation before us. No one knows if this plan will truly work. We all hope it does. No one knows the true mount of taxpayer liability. The Secretary of the Treasury can go through $700 billion in no time flat and come right back to Congress for $700 billion more.

I fear that this legislation still remains more of a bailout than a workout. I fear that it undermines the ethic of personal responsibility. I fear that it still rewards bad behavior and punishes good. But my greatest fear, Madam Speaker, is that it fundamentally changes the role of the government in our free enterprise economy and, despite its current problems, this economy remains the envy of the world.

How can we have capitalism on the way up and socialism on the way down? If we lose our ability to fail, will we not soon lose our ability to succeed? If Congress bails out some firms and sectors, how can it say no to others?

We must be very careful as we address this financial crisis that we ensure that any short-term gain does not come at the expense of even longer term pain, that being the slippery slope to socialism.

Madam Speaker, the thought of my children growing up in an America with less freedom, less opportunity, and a lower standard of living is a long-term pain I cannot and will not bear. Therefore, I will vote again ''no'' on this legislation. I vote ''no'' with some doubt. But, Madam Speaker, there is a better way.

Mr. FRANK of Massachusetts. Madam Speaker, ever mindful of the danger that George Bush will lead us down the road to socialism, we will be monitoring this very closely.

I now yield 1 minute to the gentleman from Georgia (Mr. MARSHALL).

Mr. MARSHALL. Thank you, Mr. Chairman. As I sit here listening to this, I realize that those watching must be very confused. It's a very difficult subject. It's very difficult to figure out what the right thing to do is. As far is I can tell, it's quite clear what the right thing to do is, and that is pass this bill, with all its imperfections, to address an underlying problem with our credit markets, which will have damaging long-term effects on our real economy, on jobs, on savings, on the dreams of Americans.

But what Americans need to understand is that we are going to get through this. With all the argument, the fussing, the fighting, we are going to get through this. This country is going to be a better country 5 years from now, 10 years from now, than it is today. It should be proud. It should keep its head up. It should be confident.

All of those who are in the lending industry, the banking industry, should be confident in the future of America, and comfortable with the idea that we need to just get back on track quickly for the sake of all Americans so that we can be the strong country that America deserves to be in the future.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentlelady from Illinois (Mrs. BIGGERT).

Mrs. BIGGERT. I thank the gentleman for yielding.

Madam Speaker, on Monday it was with reluctance that I voted to oppose the earlier version of this bill. I did so not because I believed there was no urgent need to act. On the contrary, I believed we had to act quickly, but we had to do it right.

I've fought hard to present alternatives and add taxpayer protections. Working with some great colleagues on both sides of the aisle, we offered options that ranged from insuring instead of buying mortgage-backed securities, to tightening the language on possible losses to the Treasury, to injecting capital through tax cuts for repatriation of foreign earnings and more. Working with Mr. LATOURETTE, we even attempted to limit the initial outlay to $250 billion so that Congress

could come back in a month and reassess the need for the remainder of the $700 billion.

Over the last few days, we've made more progress. The FDIC is raising its insurance limit to protect people's savings. The SEC is revising its mark-to-market accounting guidelines, and we have included middle class tax relief. But there still are many changes I would like to see. Unfortunately, the volatility in the market is threatening the financial security of my constituents and millions of American families, small businesses, and retirees.

Make no mistake: the latest compromise is not the best package. It's the package that can move through Congress in time to protect the economy from lasting damage. With the clock ticking, credit markets seizing up, and the market swinging wildly, it is clear that the time for seeking better options has run out. I'm glad we held out for the taxpayer protections that we got. But if we don't act now, those who are least to blame for this mess will suffer the most.

So it is with reluctance that I support this bill today and urge my colleagues to do the same. Our work is by no means complete. I look forward to revisiting the issue as Congress monitors the program to ensure that we minimize risks and that the taxpayers see a return on this investment.

Mr. FRANK of Massachusetts. Madam Speaker, I yield for a unanimous consent request to a gentleman from Ohio who has been very seriously engaged on this issue.

(Mr. KUCINICH asked and was given permission to revise and extend his remarks.)

Mr. KUCINICH. I rise in opposition to this bill.

The public is being led to believe that Congress has reconsidered its position because we have before us a better bill than we had a few days ago. It is the same bill plus hundreds of new pages for hundreds of millions of tax breaks. What does this have to do with the troubles of Wall Street?

Driven by fear we are moving quickly to pass a bill, which may produce a temporary uptick for the market but nothing for millions of homeowners whose misfortunes are at the center of our economic woes. People do not have money to pay their mortgages. After this passes, they will still not have money to pay their mortgages. People will still lose their homes while Wall Street is bailed out.

The central flaw of this bill is that there are no stronger protections for homeowners and no changes in the language to ensure that the secretary has the authority to compel mortgage servicers to modify the terms of mortgages. And there are no stronger regulatory changes to fix the circumstances that allowed this to happen.

We should have created a mechanism for our Government to take a controlling interest in mortgage-backed securities and use our power to work out a new deal for the homeowners. We could have done this. We should have done this. But we didn't.

Now millions of Americans will face the threat of foreclosure without any help. And the numbers will soon rise for a number of reasons. Not only because of the Alt-A, jumbo mortgages which will soon be reset at higher interest rates, but because the London Interbank Offered Rate (LIBOR) is pushing up rates on adjustable mortgages and more than half of the U.S. adjustable mortgage rates are tied to LIBOR. Homeowner defaults will grow in significant numbers. Let's see if Congress will be as quick to help homeowners on Main Street as they were to help speculators on Wall Street.

Now the Government will have to borrow $700 billion from banks, with interest, to give banks a $700 billion bailout, and in return the taxpayers get $700 billion in toxic debt. The Senate ''improved'' the bailout by giving tax breaks to people in foreclosure. People in foreclosure need help paying their mortgage, they do not seek tax breaks.

Across our Nation, foreclosures continue to devastate our communities, people are losing their jobs, and the prices of necessities are skyrocketing. This legislation, just like the one we defeated last week, will do nothing to solve the problems plaguing American families or help them to get out from underneath the oppressive debt they have been forced to take on.

Unfortunately, there has been no discussion of the underlying debt-based economy and the role of our monetary system in facilitating the redistribution of wealth upwards.

It is not as though we had no choice but to pass the bill before us. We could have done this differently. We could have demanded language in the legislation that would have empowered the Treasury to compel mortgage servicers to rework the terms of mortgage loans so homeowners could avoid foreclosure. We could have put regulatory structures in place to protect investors. We could have stopped the speculators.

This bill represents an utter failure of the democratic process. It represents the triumph of special interest over the triumph of the public interest. It represents the inability of Government to defend the public interest in the face of great pressure from financial interests. We could have recognized the power of Government to prime the pump of the economy to get money flowing through out society by creating jobs, health care, and major investments in green energy. What a lost opportunity! What a moment of transition away from democracy and towards domination of America by global economic interests.

Years ago, in a Cleveland neighborhood, I saw a hand-scrawled sign above a cash register in a delicatessen. The sign said: ''In God We Trust, All Others Pay Cash.'' The sign above the Speaker's rostrum reads ''In God We Trust,'' but today we are paying the cash to Wall Street.

It is not as if we had no other choice but to pass this bill.

[From Ohio.com, Oct. 3, 2008]

FORECLOSURE VICTIM, 90, APPARENTLY SHOOTS SELF

(By Phil Trexler)

At the age of 90, Addie Polk found herself in foreclosure this week, about to be forced from the home she's lived in for nearly 40 years.

So, with a gun in her hand, the Akron widow apparently shot herself in the chest Wednesday afternoon as deputies were knocking on her door with eviction papers in hand.

While a nation reels in financial crisis from years of mortgage abuse, Polk is recovering at Akron General Medical Center, awaiting word on where she will live when she's released.

Meanwhile, city leaders say Polk has become Akron's ''poster child'' for victims of predatory lenders.

''I think this is a case where we need to step in and help this lady if she is so desperate to shoot herself because she can't pay her mortgage,'' Akron Councilman Marco Sommerville said.

Court records show Polk took out a 30-year, 6.375 percent mortgage just four years ago for $45,620 with a Countrywide Home Loan office in Cuyahoga Falls. She took out a line of credit that same day for $11,380.

Her La Croix Avenue home was appraised by Summit County in 2004 at $31,230.

The Countrywide branch did not return a call for comment Thursday.

Polk essentially owed the same $45,000 when the Federal National Mortgage Association (Fannie Mae) filed for foreclosure on her home in 2007. Fannie Mae assumed the mortgage from Countrywide.

Following foreclosure this year, Polk's six-room, 101-year-old home was bought by Fannie Mae at sheriffs auction for $28,000.

Her house now belongs to the lender.

Summit County sheriffs deputies say Polk ignored multiple notes and letters leading up to Wednesday's eviction. She also ignored the foreclosure action filed in court.

It wasn't until Tuesday that she called the sheriffs office in disbelief. The next day was eviction day.

''I'm positive she believed the deputies were going to come in, clean out the house and set her and her things on the curb, because they did that decades ago. But that's not what happens nowadays,'' sheriffs Lt. Kandy Fatheree said.

''I'm sure she had to be thinking back to the Great Depression when people were set out on the street. She had to be scared to death.''

Deputies Dave Bailey, Jason Beam and Don Fatheree went to the home about 1 p.m. Wednesday to meet with a Fannie Mae representative and escort Polk from the house. They said they had no idea the woman was 90 years old.

The deputies' knocks were unanswered, and they were about to leave because the Fannie Mae representative failed to show. Then, they heard a banging noise coming from the home's second floor.

Next-door neighbor Robert Dillon heard it, too. More bangs followed.

Dillon borrowed a neighbor's ladder and climbed through Polk's second-floor bathroom window and walked into her bedroom. She was lying on her side, a gun next to her on the bed.

''I'm thinking to myself, 'Why does Mrs. Polk got a gun?' '' Dillon said. ''After looking around, I touched her shoulder and saw the blood and I said, 'Shucks, she done shot herself.' ''

Dillon, 62, shouted to the deputies, who alerted Akron EMS. Polk apparently shot herself more than once with a small-caliber handgun, police said.

Polk and her late husband, Robert, a Goodrich retiree, moved into the home in 1970. He died in 1995, but Polk continued to live independently, but alone, still driving her late model Chevrolet to the grocery store and church.

She appeared to be struggling financially, Dillon said, but he said she never spoke of the foreclosure action looming for more than a year.

She had no children of her own and few visitors, he said.

''She didn't need no help. She got around good,'' he said.

It is unclear how Polk used the loan money. Dillon said he didn't notice any work being done on the property, and deputies said her front porch was soft from years of neglect.

''Where'd the money go?'' Dillon asked.

Sommerville said he is working with the city and the county to assist Polk with housing, once she is released from the hospital.

He said the city has been awarded more than $8 million in federal grants in the wake of the mortgage crisis to help cope with the crush.

Sommerville said Polk's fate humanizes the problem for the rich and poor. And he urged those facing foreclosure to seek assistance through various local and county agencies.

''It's a sad situation,'' he said. ''She's the poster child for this foreclosure crisis we are facing.''

Mr. FRANK of Massachusetts. I yield 2 minutes to a member of the Committee on Financial Services, who has been very much concerned with the question of foreclosure, the gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. Let me first say, Chairman FRANK, how much we all appreciate the outstanding job you have been doing on this issue.

Chairman FRANK, it's very important that as we consider this financial package, we make sure we do everything we possibly can to reduce the number of foreclosures and keep families in their homes. We are losing 6,300 foreclosures every single day. In this regard, I have been working on, and I presented to you a four-point package to reach this goal. At this time, I certainly want to thank my collaborator, Dr. James Galbraith from the University of Texas, for his advice on this.

Essentially, what we want to do is really, quite honestly, in the spirit of our great Treasury Secretary, Alexander Hamilton, for I believe we need to give the Treasury Secretary efficient tools so that he will be able to allow us to be able to use a program such as our HOPE for Homeowners program to make sure that we are doing everything we do as he purchases these assets to put the ingredients in place that we can bring down these foreclosures and keep individuals in their homes, and I have presented this four-point plan to you.

Mr. FRANK of Massachusetts. If the gentleman would yield back to me briefly, I thank him very much. He has been working hard on this, and has also not just professed this in general, but has made some specific suggestions.

Of the four points, two will take separate legislation, and I will work with the gentleman because I am in agreement with him on them, in concept. Two of them, however, are, I believe, able to be accomplished in this bill. I have spoken to the Secretary of the Treasury and, I believe, working together with the gentleman, we can make sure.

Let me just say specifically. Asset managers to support loan modifications will be very important for this success. The bill encourages the Treasury to consider the FDIC, which has been superlative in this regard, to play this role. Also, Treasury, under this bill, can buy virtually any mortgage asset, and we direct them to coordinate with the other agencies, like Fannie Mae and Freddie Mac and the Federal Home Loan Banks, and to maximize modifications through the program we just adopted.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman 30 additional seconds.

We will expect the Secretary to use both direct assets and design—to provide special considerations for assets where HOPE for Homeowners or other programs have been used. In other words, we are directing the Treasurer to use his authority to maximize, exactly as the gentleman has proposed. We will continue to press the Secretary, and I believe we don't have to press too hard. He is ready to do this. And we will work with the gentleman on the other issues.

Mr. SCOTT of Georgia. Let me thank you, Mr. Chairman, for including certainly two of those four. I deeply appreciate that. Homeowners who are struggling across this country appreciate that. We thank you for that. I want you to know that I will support the bill and I will encourage my colleagues to do the same.

Mr. FRANK of Massachusetts. I will yield myself 15 seconds to say that the gentleman can tell his brother-in-law, Hank Aaron, he hit .500 today, and that's pretty good in any league.

Mr. SCOTT of Georgia. I certainly will. Thank you, Mr. Chairman.

□ 1145

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. Madam Speaker, I come to the floor realizing that there is a problem on Wall Street that will affect Main Street, and I also come here today hopeful, but also realistic.

I will not be supporting this bill today, but I know the bill will pass later on because so much has been added to it to get the votes. But I am hopeful then that all the promises that have been made by the proponents of this bill will come true, after we give $700 billion to Secretary Paulson and whoever follows him 2 or 3 months from now. The promise is that the markets will open up and the markets will go up and credit will be free-flowing soon.

But I come here also realistic, realistic to know that if you don't tackle the underlying problems, we will be right back in this House again on this floor seeking more money and more reform. Realistic also to know if you don't allow for alternatives, you will not get the best bill. And we know that Speaker PELOSI and the White House were not open to listening to any alternatives, and there were alternatives out there. And realistic also in knowing that if you fail to investigate earlier enough, these problems will come up, as they have.

Back in the spring of this year, we, my Republican colleagues, asked for investigations on this matter, and we were rebuffed, being told by the chairman, ''I do not think it is necessary that we have hearings on the soonest possible date.''

Madam Speaker, I come here not in support of this bill, but in support of doing something, in light of the remarks of economist Robert Shimer, who said, ''The U.S. has long been a beacon of free markets. When economic conditions turn sour in other countries, we give very clear instructions on what to do; balance the budget, maintain free trade, the rule of law, and do not prop up failing enterprise.''

He said it. I agree with him. That has always been the U.S. approach, and I believe it is the correct approach.

But when the United States ignores its own advice in this situation, we reduce our credibility of this stance. Rewriting the rules of the game at this stage will therefore have serious ramifications, not only for the people of this country, but for the globe and the world as well. You see, Madam Speaker, the social costs of this are far, far greater than the $700 billion that we talk about today.

Mr. FRANK of Massachusetts. Madam Speaker, I yield to the gentleman from Illinois (Mr. DAVIS) for the purpose of making a unanimous consent request.

(Mr. DAVIS of Illinois asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Illinois. Madam Speaker, I rise in favor of the Senate amendments.

I rise in support of the bailout proposal before us, and I do not voice my support without some trepidation. However, I feel that the state of our economy is such that we have no logical and prudent choice except to act and to do so now.

Like many people across America, I am not happy about using public money to benefit the robber barons on Wall Street. Therefore, I am pleased to see the high level of independent oversight contained in this package. I know that many people are saying that there is no real help for home owners, for people facing foreclosure, and for those who have already lost their homes and/or their life savings. Therefore, I am pleased to note that this package provides for loan modifications which state concretely that when:

1. The government owns the entire loan.

2. The Secretary of the Treasury and other agencies [FDIC, Federal Reserve, FHFA, GSE's] must:

A. coordinate efforts to gain ownership and control.

B. create a Government-wide plan to maximize loan modifications.

I. GOVERNMENT HAS A PARTIAL INTEREST

The Secretary must:

1. Work with services to modify loans under Hope for Homeowners programs now strengthened to: (a) Allow homeowners to refinance before reset, (b) provide flexibility on

loan-to value-ration, and (c) speed up waivers for second mortgage holders.

2. The Secretary must also fund support to services to ensure the ability to do loan modifications, i.e., loans to cover capital advances.

II. GOVERNMENT HAS NO OWNERSHIP INTEREST

1. Will offer loan guarantees to induce mortgage holders to make substantial loan modifications.

2. Applies to loans that may not be eligible for other Government refinancing programs.

III. TENANT PROTECTIONS

1. The Secretary where permissible shall permit bona-fide tenants current in their rent to remain in their homes.

2. The interagency plan for maximizing loan modifications must include protecting Federal, State, and local rental subsidies and ensuring that any loan must take into account the need for operating subsidies.

Madam Speaker, I know that there has been and continues to be a great deal of talk about sweeteners. Well I use Equal, and I am ecstatic to note that in this package, serious consideration is being given to the concept of mental health parity.

If there is a sweetener which would have influenced my position and my vote, this is it. No, this is not a perfect bill and I am sure that some people on Wall Street will benefit; but I do believe that more people on Main Street will feel safer and more secure that their investments are being protected, that their homes and insurance policies will be saved and their children's futures will be more secure. I vote "yes."

Mr. FRANK of Massachusetts. I now yield 2 minutes to the gentleman from Michigan (Mr. DINGELL), the chairman of the Commerce Committee, very knowledgeable in these subjects.

Mr. DINGELL. Madam Speaker, I rise in support of the legislation and commend the distinguished chairman of the committee, Mr. FRANK, and our Speaker, Ms. PELOSI, for taking a bad bill from the Bush administration and turning it into a bill which protects taxpayers, contains important oversight provisions and ensures that there will be proper control of pay and no golden parachutes for executives whose recklessness has contributed to this crisis. Inaction is not an option here.

I wish to commend the gentleman from Massachusetts for the extraordinary job he has done, and I would like to engage him in a brief colloquy.

Mr. Chairman, domestic automobile manufacturers face the most difficult conditions they have faced in decades. We need to do something to help unfreeze the credit markets for that industry, as well as all others.

As I read the legislation, the Secretary has authority to purchase from a motor vehicle finance company traditional car loans and mortgage-related papers such as home equity loans used to purchase a car or truck. Is that interpretation correct?

Mr. FRANK of Massachusetts. If the gentleman will yield, yes, it is. And I believe, as he and I have discussed, that the danger to the purchase of automobiles is one of the great ones that we face here, and it is an important reason for moving this bill. Yes, I very much agree with what he just said.

Mr. DINGELL. I want to thank the gentleman, and I also want to point out one additional point of clarification, that if the Federal Reserve Board would use the authority it has to address extraordinary circumstances in credit markets, finance companies, particularly motor vehicle finance companies, would have access to capital that would help them to finance dealer floor plans and make consumer loans.

Would the gentleman support a decision by the Federal Reserve to make funds available, as long as the companies face unusual and extraordinary market conditions?

Mr. FRANK of Massachusetts. If the gentleman would yield, I would say absolutely, because this is one which would have a double positive effect: It would help with the credit crisis, and it would help one of our most important industries in the United States from facing difficulties.

Mr. DINGELL. I want to thank the gentleman, and commend him for his extraordinary leadership in this difficult matter. No man could have done a better job.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from California (Mr. GARY G. MILLER).

Mr. GARY G. MILLER of California. Madam Speaker, I rise to say I absolutely support free market principles. I have no interest in bailing out Wall Street. I think that we need to reduce the size of government, and I believe that government intervention should not occur.

But this is not a normal situation. I have not seen anything like this. I wasn't around during the Great Depression, but having read about it, I have not seen anything like this in our financial services industry since then.

Banks are not lending to banks, and if banks don't lend to banks, the access to credit in the private sector really is going to dry up, because if they won't lend to each other, they are not going to want to lend to the private sector.

Small businesses in this country are starting to hurt now. I spoke to a friend I have known for over 30 years who is a contractor who works for a very large company, and the company doesn't know right now, the employees, that many are going to get laid off, because their lines of credit have been dramatically reduced, and without credit in this country, it is going to have an impact on businesses, and if businesses are impacted, they are not the bad people, they are the ones who provide jobs in this country.

This bill, I will say, is not perfect, but there are not many options we have today, and the last thing we can afford to do is do nothing and let the system start to crumble.

Small people, I say ''small'' because they are not business people, they are trying to work for a living, and I take the word ''small'' back, average people out there who are just working for a living and trying to make ends meet, supporting their families and paying their bills, they are the ones that are going to get hurt. This is not to bail out a bunch of fat cats on Wall Street. The people who made their money two or three years ago, they made their money. You can't impact that. We can change things in the future to change the law to make sure people are protected and their investments are protected and people don't take advantage of the system, and that has to happen.

Now, this bill has grown in size, but much of it has to do with tax extenders. It is not pork. When you are talking about allowing child tax credits to continue, like we have in the past, the alternative minimum tax patch to continue, research and development tax credit, teacher expense deductions, those things have been added to this bill and the bill has absolutely grown in size.

But let's not lose the focus on what we are trying to do here today. The thing we are trying to do is stabilize the economy, not bail out individual businesses; make sure the economy can continue to run, people can work and businesses can operate. That is why I am rising in support of this bill and ask for an ''aye'' vote.

Mr. FRANK of Massachusetts. Madam Speaker, the gentleman from Colorado (Mr. PERLMUTTER) has been one of the hardest working members of our committee, and I yield him 2 minutes.

Mr. PERLMUTTER. Madam Speaker, I would like to enter into a colloquy with the chairman.

Mr. Chairman, there has been a lot of discussion about making sure that businesses, homeowners and farmers all over this country have access to credit to buy inventory or finance a new home or purchase seed for next year's crops. We have several agencies within the Federal Government whose mission it is to provide credit directly to Main Street, to small businesses, to homeowners, to farmers and to people all over this country. Those agencies include the Small Business Administration, the Federal Home Loan Banks and the Farm Credit Administration.

Mr. Chairman, will those agencies be utilized to make sure that some of the funding or credit provided by this legislation will go directly to Main Street?

Mr. FRANK of Massachusetts. If the gentleman will yield, the answer is yes. The bill fully authorizes the Secretary of the Treasury to do that, and I and others, including the gentleman from Colorado, will be working to make sure that he does, and I have every intention to believe that they intend to.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. There aren't many times we get a second chance to do the right thing. This is the kind of vote our constituents sent us to make on their behalf. It is a legacy vote, one of the

most important votes we will ever cast, a vote we will carry with us the rest of our lives.

The majority of my constituents have voiced opposition to this bill, but the fact is, the financial markets lost $1.2 trillion in one day when we failed to act Monday afternoon. Some of that has been restored, but we are witnessing the possibility of our economy coming to a grinding halt.

I don't intend to play Russian roulette with our economy, or my constituents, which is why I voted for this bill when it came before us on Monday, and why I will vote for it again today.

Many of us on both sides of the aisle agree this is not a perfect bill. In fact, some of my financially savvy constituents have educated me about other ways we could intervene.

The bottom line is this legislation is a short-term solution to address a longer-term problem. Those of us back next Congress, and I make no assumption about my own election, truly have our work cut out for us.

This bill is for Main Street. It is for college and retirement savings and the value of homes. It is for access to car loans, student loans and mortgages. It is the ability of small businesses to borrow, expand, stock shelves, meet short-term cash needs such as payroll, and invest in new plants and equipment.

The credit market is tightening, strangling our economy. Liquidity has dried up and money is simply not getting to the individuals and businesses who need it. Consumers, savers and investors are losing confidence.

I am grateful the bill before us today will increase deposit insurance to $250,000, a recommendation I had made, so American depositors know their money in their bank is safe.

This crisis requires all of us to put our country first and our ideology and partisanship aside. We need to pass the Emergency Economic Stabilization Act and then go back home and face the voters. Those of us who are fortunate enough to return will have to come back, roll up our sleeves and do everything we can to help our country grow and our prosperity return.

Yesterday, the president of a community bank wrote me:

Congress needs to understand the consequence of money moving out of banks.

Deposits enable banks to loan and expand the economy.

Withdrawals force banks to call in loans and contract the economy ten-fold.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 1 minute to my colleague, the gentleman from Massachusetts (Mr. NEAL) from the Ways and Means Committee.

Mr. NEAL of Massachusetts. I would like to thank the gentleman for yielding and I would like to ask him a question about the bill.

It is my understanding that the bill is designed to give all banks, especially community banks, which are very important in central and western Massachusetts, and because they are heavily regulated don't have any problems, regardless of size or organizational structure, ordinary tax treatment for certain holdings of Fannie Mae and Freddie Mac preferred stock. Banks, and in particular some State-chartered institutions, are allowed to hold such stock in passive investment vehicles where the bank is the majority investor under Federal law.

I encourage the chairman to work with the Secretary of the Treasury to ensure that all institutions have access to this relief, if he agrees it is intended to have an expansive reach.

Mr. FRANK of Massachusetts. If the gentleman will yield, I agree completely. It would be a distortion of the clear meaning of this provision, widely supported, to do anything else but, and we will work to make sure that happens.

Mr. NEAL of Massachusetts. I thank the chairman.

Mr. BACHUS. Madam Speaker, I yield 1 minute to the gentleman from Indiana (Mr. PENCE).

Mr. PENCE. Madam Speaker, our Nation is confronted by a serious financial crisis. The President and Congress were right to act with all deliberate speed, and I am confident every Member of this body is motivated by the best interests of this country.

It should be said that Republican leaders and my colleagues worked hard to improve this bill. They removed outrageous subsidies, and today the bank deposits of Americans are safer and the balance sheet of their local bank is more secure because of Republican leadership.

But even with these important improvements, this legislation remains the largest corporate bailout in American history. It forever changes the relationship between government and the financial sector and passes the cost along to the American people.

The sad part is, Madam Speaker, there are no easy answers, but there were alternatives. House Republicans offered an insurance program that would have required Wall Street, not Main Street, to pay for the cost of this recovery, and fast-acting tax relief to strengthen our economy from within.

Teddy Roosevelt said, ''An American must face life with resolute courage, win victory if he can and accept defeat if he must, without seeking to place on his fellow man a responsibility which is not theirs.''

With this bill, we place upon the American public a responsibility which is not theirs, bailing out financial institutions after they made irresponsible decisions. This we should not do.

I urge my colleagues to join me in opposing this legislation.

Mr. FRANK of Massachusetts. I now yield 1 minute to the Chair of the Capital Markets Subcommittee, who has been very carefully watching this situation, the gentleman from Pennsylvania (Mr. KANJORSKI).

□ 1200

Mr. KANJORSKI. Madam Speaker, I congratulate the chairman on a job well done.

I guess nobody is happy with this bill. I am less happy with this bill as it has come back from the Senate. But the reality is, we are facing an abyss, and it is important that this House of Representatives act not as a composite of Republicans or Democrats but as Americans.

America is watching us now. The world is watching America now. It is up to us to do the job, and this bill is the best at this time that we can do. I urge my colleagues on both sides of the aisle to gather today and get the internal courage to make a vote for what is good for America and not what is necessarily good for us individually or for our party as a single party. This is a vote for America.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Madam Speaker, over the last few days we have heard about LIBOR, commercial papers, spreads, swaps, about the credit markets. This chart shows you just how bad things are in the credit markets. But what does any of this stuff mean? What is credit? Credit is confidence, it is credibility, trustworthiness in someone's ability to pay.

Right now, our system is plagued with fear. There is no confidence. There is no trust. Lenders don't trust borrowers; sellers don't trust buyers.

This bill, as flawed as it is, goes right to this issue. If it works, it stops that fear from spreading into outright panic.

Will this bill prevent a recession? No, I don't think it will. But it will help us make sure that a recession is short and shallow, and not deep and long.

I know one thing for sure. Doing nothing is the worst thing we could do. This is one of those once-in-a-century kind of crises, and we need to act to prevent it from becoming a once-in-a-century kind of a recession. In Wisconsin, we are already beginning to see the beginning of this. We are already starting to see the job losses.

For me, this is a conscience vote. We of all people understand public opinion. We know it is not popular. But we see that gathering storm, we see it out there on the horizon. Our constituents may be outside mowing their lawns and looking up and seeing a sunny sky, but we see those storm clouds developing. And I want to know for sure that when the choice was made, I had made the decision to prevent that storm from gathering, to prevent those jobs from being lost, to protect our constituents from losing their retirement funds, from not getting that home loan, that car loan.

I want to make sure that what we do here today snaps that fear out of the market and preserves those jobs, and makes sure that the bumpy road we are going to have is not nearly as bumpy

as it would otherwise be if this bill fails.

Mr. FRANK of Massachusetts. I now yield 1 minute to the chairman of the Appropriations Committee, the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Madam Speaker, I agree with my colleague from Wisconsin about once a century, and this is that occasion.

For all of my 39 years in Congress, I have fought against trickle-down economics and the mindless deregulation that has produced today's economic crisis. I opposed the repeal of Glass-Stiegel, which has made the problem so much worse.

The boy geniuses on Wall Street do not deserve to be rescued. But if they fall off their perches at the top of the economic ladder, they will crush innocent people far down that ladder on lower rungs.

Sometimes in life, if we are responsible, we have to clean up not just the messes that we have created but the messes that others have created as well. This is one of those times. This package will not prevent a severe recession. We are going to see that, but it can buy us more time to make more basic changes that will stand this country in good stead over the long haul, and I urge its adoption.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. LATOURETTE).

Mr. LATOURETTE. I thank the gentleman for yielding.

There is something in life called the Hobson's choice. And I never thought I would be here, and I think DAVE HOBSON who is retiring probably thinks it is named after him, but it is not. And what we are being told today is that we either give $700 billion to the Secretary of the Treasury because he says that is what is needed, in a plan that is untested, unworked; or, and if we don't just write this check, we are being told that all of our constituents are going to lose their life savings, their 401(k)s, their retirements. That is one hell of a choice, Madam Speaker.

And I come today with a big problem. The big problem is, where did the number come from? The number, Forbes Magazine last week, Treasury spokeswoman: It is not based on any data point. We just wanted to choose a really large number. Well, you know what: $700 billion is a really large number.

Last night we took an amendment to the Rules Committee, asked them to make it in order to stop this process, slow it down by a day. The vote was 8–4, along party lines. Eight Democratic members of the Rules Committee, who represent about 4.8 million people, told 305 million Americans we couldn't have a vote on that or anything else, including measures that are important to Democrats, such as bankruptcy and things of that nature.

This bill left the House and it went over to the Senate, and they larded it up: $192 million for rum. I guess we got the pirate vote in November. $100 million for NASCAR. $81 million for Hollywood. And my favorite, $2 million for wooden arrows for children. Now, I want children to have wooden arrows, but it doesn't belong in this bill.

And I have got to tell you, as a Republican I have never seen—I am finishing my 14th year—what just happened on the last vote. And we all know that folks back home don't pay attention to the rules. Twenty Republicans voted for the Democratic rule. If those 20 Republicans had not voted for that rule, we could have had an amendment on the floor, saving America $450 billion, which, as our friends like to tell us, is 4 years in Iraq, and we could have cut the pork.

As JOHN MCCAIN says, and sadly, for those 20 Republicans and those who aided and abetted them: we will make you famous, and you shall know their names. Shame on you.

Mr. FRANK of Massachusetts. Madam Speaker, I would note that one of those whose names would be listed is JOHN MCCAIN, who voted for this bill in the Senate. So Mr. MCCAIN's name would be at the head of that list of the 20.

I now yield 1 minute to the gentleman from New York (Mr. NADLER).

Mr. NADLER. Madam Speaker, I voted against the Iraq war resolution, the PATRIOT Act, the FISA Act amendments; and I led the opposition to the bankruptcy bill just a few years ago, in each case because I thought we were being railroaded into unwise actions through the use of fear tactics. But I do not believe that to be the case now. Now we face a very real crisis.

The credit markets are shutting down. People will not be able to get car loans, loans for store inventories. There will be thousands of bank failures, millions of job losses. I believe we stand now literally on the brink of the abyss, and that we haven't seen such a situation since 1931.

This is in many ways a weak bill. There should have been far more help for people facing foreclosures. There should have been bankruptcy reforms. There should have been real revenues to pay for it. There should have been a real stimulus to the economy. But this is the only bill that could be agreed upon now.

We are not sure this bill will solve the crisis, but it might. It will buy us time for a better solution. As between a certainty of catastrophe and a possibility of averting that catastrophe, I will vote for the possibility of averting the catastrophe. I urge everyone else to do so.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BARTON), who is ranking member of the Energy and Commerce Committee.

(Mr. BARTON of Texas asked and was given permission to revise and extend his remarks.)

Mr. BARTON of Texas. I want to thank the gentleman from Alabama.

Madam Speaker, I rise in opposition to this bill. And I am not opposed to it for political reasons, I am not opposed to it for partisan reasons, I am not opposed to it for emotional reasons. I am opposed to it because fundamentally it doesn't address the problem that needs to be addressed. We have a crisis in our financial markets, we have a crisis of confidence in our credit markets, and this bill only indirectly addresses those problems.

First and foremost, from the taxpayers' standpoint, it is not paid for. The underlying bill is going to raise the national debt ceiling $1.5 trillion. That is $1,500 billion. If you add the tax extender package that came over from the Senate, you end up with a price tag of approximately $2 trillion. Absolutely nothing in the bill addresses how to pay for those $2 trillion that puts taxpayers at risk. Really, for that one reason we should vote against the bill.

We have talked a lot about the crisis in the credit markets. My good friend from Wisconsin (Mr. RYAN) just put up a chart on the LIBOR rate, which is the overnight interbank loan rate from London. It is at 4 percent. It was at 4.5 percent 1 year ago. It is within its normal range. The spread has gone up between the overnight Treasury rate and the LIBOR rate, but that is because the Treasury rate has gone down to 2 percent.

An auto loan that my good friend was talking about, the distinguished Financial Services chairman, the auto rate loan right now is 6.5 percent, about what it was a year ago. The credit markets are working, but there are some people holding back credit, hoping that the taxpayers will bail them out.

Fundamentally, we need to address the American economy. This bill doesn't do that. You want the value of the dollar to go up? How about cutting spending and lowering the deficit? You want to do something on auto sales? How about produce more domestic energy to bring gasoline prices down.

Madam Speaker, this is not the bill to address the problem. I hope we will vote ''no.''

Mr. FRANK of Massachusetts. Madam Speaker, I am glad to yield 2 minutes to our newest member, the gentlewoman from Maryland (Ms. EDWARDS).

Ms. EDWARDS of Maryland. Madam Speaker, if I might make an inquiry of the gentleman from Massachusetts.

In my reading of the bill, I am trying to understand whether it is your belief that the Treasury has the authority under this legislation to use some portion of that $700 billion to deal directly with homeowners, specifically with homeowners facing foreclosure. And could you clarify for me the circumstances under which the Treasury has that authority when it wholly owns the mortgage, and when that mortgage is being serviced by loan servicing centers?

Mr. FRANK of Massachusetts. If the gentlewoman will yield, the answer is, absolutely. And I can tell you that I have spoken to the Treasury, to the

Secretary, to tell him that it is very important; that many Members will be voting for this bill only with the understanding that he will use that authority. And I believe he accepts that fact and will act on it.

Ms. EDWARDS of Maryland. I thank the gentleman for clarifying that.

In that case, and hearing that clarification, I rise today in support of H.R. 1424, the Emergency Economic Stabilization Act. I believe that we are just standing at a really important time in our economy. And while I voted ''no'' in opposition on Monday for the earlier package, hearing your clarification and the authority of the Secretary of Treasury to deal directly with addressing foreclosures that many people in my community are facing and across this country, I stand in support of the bill. I know that it is not enough, but I realize that it is important for us to move forward and to create the circumstances, whether it is bankruptcy or directly dealing with homeowners, that we will be able to help people save their homes.

Mr. FRANK of Massachusetts. If the gentlewoman would yield again, I thank her for prodding us because thanks in part to her efforts, this is going to be the best we can do. And I appreciate that.

Mr. BACHUS. Madam Speaker, I yield 1½ minutes to the gentlewoman from Colorado (Mrs. MUSGRAVE).

Mrs. MUSGRAVE. I thank the gentleman for his time.

Some things have changed in this bill, but taxpayers will still be picking up the tab for Wall Street's party.

I was proud to stand together with a group of women from both sides of the aisle and ask for real reform, not a temporary fix. We still have no fundamental reform to Fannie and Freddie, nothing that resembles the amendments that I supported in 2005 and 2007 that would have avoided this debacle in the first place.

Instead of suspending mark-to-market, we are going to study the possibility of it. Instead of requiring Wall Street to purchase insurance on their mortgage-backed securities and work out of the problem, we are still bailing them out.

I am voting against this today because it is not the best bill, it is the quickest bill. Taxpayers for generations will pay for our haste, and there is no guarantee that they will ever see the benefits. We should not reward bad behavior. Wall Street won't have to learn its lesson, and we are not doing anything to keep them from running our economy into the ground again.

I urge my colleagues to join me in voting ''no'' on this bill.

Mr. FRANK of Massachusetts. I yield for a unanimous consent request to the gentleman from Texas, a member of our committee, very much concerned with improving economic literacy, Mr. HINOJOSA.

(Mr. HINOJOSA asked and was given permission to revise and extend his remarks.)

Mr. HINOJOSA. Madam Speaker, I rise in support of H.R. 1424, the Senate amendment to the Emergency Economic Stabilization Act of 2008. I will vote ''yes.''

No one wants to be voting on this legislation today because none of us want to be in the horrific economic situation in which our country finds itself. The greed and lack of regulatory oversight that got us into this mess should never have happened. However, today we have to deal with the practical economic reality. Inaction is not an option.

This bill is not about bailing out Wall Street.

It is about making sure that average Americans can continue to get credit for their basic needs like housing, students loans, and automobiles. It is about saving pensions for our retirees and making sure that the small businesses that are the engines of growth in my district can continue to get the credit they need to operate.

This bill is not perfect and doesn't have everything I would like. However, the changes that have been made to the original proposal by Secretary Paulson address many of the concerns of my constituents. The changes will protect taxpayers, keep people in their homes and rein in huge CEO salaries.

It will allow the American people to see where this money is being spent and what is being purchased. Many of the tax extenders that the Senate added are needed to keep our country competitive and bring tax relief to average Americans.

PELL GRANT

The Continuing Resolution included $2.5 billion to address shortfalls and projected cost increases in the Pell Grant Program.

$750 million was for the FY 2007 Pell shortfall.

$1.8 billion was to cover anticipated cost increases for FY 2009.

Still needed are $2 billion to address the anticipated shortfall for 2008. This has to be addressed by Fiscal Year 2010. Additionally, there another $1 billion may be needed for 2009, which would have to be addressed by 2011.

STUDENT LOANS

The frozen credit markets have affected the ability of student loans providers to raise capital to offer student loans.

The Ensuring Continued Access to Federal Student Loans Act (H.R. 5715) was extended through 2010. This legislation gives the Secretary of Education the authority to purchase federal student loans from lenders, thereby injecting liquidity into the market.

The $700 billion rescue package gives the Secretary of Treasury the authority to purchase troubled assets that the Secretary determines necessary for the health of the economy. Freeing up the credit markets will help lenders, including student loan lenders, in accessing the capital necessary to make college loans.

I urge my colleagues to support this bill today so that we can bring immediate stability to our markets, our credit system and the economy as a whole.

Mr. FRANK of Massachusetts. I now yield 1 minute to the gentlewoman from Ohio (Ms. KAPTUR), a former member of the committee who deserted us for better things.

□ 1215

Ms. KAPTUR. Madam Speaker, Mr. Chairman, and dear colleagues, do you feel like a herd of bulls and bears are rushing at you? They are. The question is will you stand up to them?

This approach, their approach, will not work. It won't solve the credit crunch nor the mortgage foreclosure challenge.

Wall Street speculators, now the major donors in Federal campaigns, have used their considerable influence inside the halls of government, especially at the U.S. Treasury, to open up the piggy bank. Meanwhile, taxpayers across Main Street, who will pay the bill, will find it has no effect on bettering their lives as unemployment increases, foreclosures increase, and the squeeze on the middle class increases. The Treasury plan throws an ungodly amount at Wall Street. Yet all of our Congressional committees but for one were relieved of their duties as regular order was dispensed with for a very hasty action.

We should do what we did back in the '70s, '80s and '90s and use the powers of the Federal Deposit Insurance Corporation and the Securities and Exchange Commission to address the credit crunch without costing the taxpayers a penny. This bill is just an end run around the American people 3 weeks before an election while this Congress is skittish and as Wall Street's investment houses conduct their biggest heist of the century from the U.S. Treasury and our U.S. taxpayers.

Pray for our Republic. She is being placed in uncaring and very greedy hands.

Vote ''no'' to get a real deal, not a fast deal.

I thank you, Mr. Chairman, for yielding me 1 minute in this very important debate.

Mr. BACHUS. I yield 1½ minutes to the gentlewoman from Florida (Ms. GINNY BROWN-WAITE).

Ms. GINNY BROWN-WAITE of Florida. Madam Speaker, earlier this week on Monday, America hated this bill at $700 billion. Today they despise it at $850 billion.

On Monday, apparently a majority in the House agreed with the callers and voted it down on a bipartisan basis. Yesterday I was very proud of the efforts of Representative SPENCER BACHUS who tried to bring to the floor a bill that would have slowed down this process, would have been something that I think the American public could have understood and fully supported.

However, what we have before us today is the bill that the Senate sent to us. They sent us the same exact bill that the House rejected, but they added another $150 billion. It still bails out foreign banks and raises the debt limit $1 trillion. That is what people believe is business as usual here in Washington. The bill still does not address the issues of fear and diminished financial capacity.

Democrat Senator BILL NELSON from my home State of Florida actually voted against this bill in the Senate. Like Senator NELSON, I wanted to see an extension of the deductibility of

State sales tax and an AMT patch, but that should have been in a separate bill. Instead it was added to this piece of legislation.

Again, this is not a bill that I believe that I can vote for on behalf of my constituents. I said before that a vote for this bill is a vote to ratified business as usual in Washington. The added sweeteners and earmarks were only to get more votes. If you didn't take my word on that then, please look at the bill now and you will have proof.

Mr. FRANK of Massachusetts. I yield 1 minute to a member of the committee, the gentlewoman from Wisconsin (Ms. MOORE).

Ms. MOORE of Wisconsin. Madam Speaker, I am angry. I am angry that the Nation has been put in this position by clever financial wizards on Wall Street who operated without the necessary regulations and oversight for the past 8 years.

I share the sentiments of Meyer Mishkin who during the crash of 1929 owned a shop in New York and sold silk shirts to working men. He said then that it ''served those rich scoundrels right.'' Of course, his business went under a year later.

Fast forward to 2008. Meyer Mishkin's grandson, an economist and former Fed Reserve Board member, tells us: ''To do nothing right now is to do what was done during the Great Depression.''

Madam Speaker, this is not about Rolex watches and Wall Street, it is about watching out for the workers, families, small businesses and retirees in my district who will be up against the wall as a result of this credit crisis as it spreads to Main Street.

Madam Speaker, I will not stand by and do nothing while this crash spreads to my constituents.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. PAUL).

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Madam Speaker, I rise in strong opposition to this bill because it won't solve our problem. It is said that we are in a liquidity crisis and a credit crunch and all we need is more credit. The Federal Reserve has already injected over a trillion dollars worth of credit and it doesn't seem to have helped a whole lot. Injecting another 600 to $700 billion will not solve the problem.

I think one of the reasons why we are floundering around here is that we don't understand the problem because instead of it being a credit crunch, I think it is a lot more serious than that. That is, I think what is happening in the market today is signaling something much more draconian because it is probably telling us that our government is insolvent, that we are on the verge of bankruptcy and big things are starting to happen. And we don't quite understand it, so we fall back on the old cliches that what we need is more appropriations, more spending, more debt, and more credit in the market. That means more inflation by the Federal Reserve system. And yet, that is what caused the trouble.

We want to do this it is said to prevent the recession or depression because that is unbearable. But the truth is you should have thought about that 10 or 15 years ago because the financial bubble created by the excess of credit and the lowering of the interest rate is the cause of the recession. The recession is a demand. It is a must; you can't avoid it. Yes, it has been papered over several times over the last several decades, but that just made the bubble bigger.

The message is now you can't paper it over any longer. So the recession and/or depression will come.

My sincere conviction is that by doing more mischief and not allowing markets to adjust, debt to be liquidated, you're going to guarantee a depression. It is going to be prolonged. The agony is going to be there for a lot longer than if you allow markets to adjust. Liquidation of debt. Let the bankruptcy occur, let the good assets come up, and let it react.

This idea that there is not enough regulation is completely wrong. There is too much regulation, and lack of regulation of the Federal Reserve system and the exchange of stabilization.

Mr. FRANK of Massachusetts. I now yield 2 minutes to the gentlewoman from California (Ms. WATERS), the Chair of the Housing Subcommittee, who has done as much as anyone in this House to try to stave off the foreclosure crisis.

Ms. WATERS. First I would like to thank Chairman FRANK for the extraordinary work he has put into making sure we address this financial crisis, and do it in a way that will certainly protect our homeowners who are at risk.

There are a number of Members who have been worried about whether or not this bill is going to protect our citizens on Main Street, as they refer to it. I worked with Chairman FRANK and others on the modifying of loans portions of this bill. We have three ways by which these loans can be modified. People forget that when we buy up this toxic paper, when we buy up these nonperforming loans, we are in charge. Not only can we write down the principal, we can write down the interest. We can do the kind of loan modification that we have been urging the Hope Now Alliance to get done.

In addition to that, we are coordinating the work of all of the agencies that own paper, whether it is the FDIC or either of the GSEs, Fannie or Freddie. Remember, we own them now. We will be able to coordinate and set some standards and be able to do again the kind of loan modification that takes into consideration whatever the circumstances are of the particular homeowner. And in some cases, we will provide a loan guarantee. When we go in and ask some of the institutions to do loan modifications on entire packages, those that fall out and they cannot do the loan modifications on that work very well, we will provide the loan guarantees for them to do so.

So for anybody who says there is nothing in this for homeowners, they are incorrect. Read the bill. The facts are there. This is the strongest part of this legislation, protecting homeowners and doing the kind of loan modifications that will keep people in their homes who have these adjustable rate mortgages even before they reset.

Mr. BACHUS. Madam Speaker, I yield 1½ minutes to the gentleman from California (Mr. DANIEL E. LUNGREN).

Mr. DANIEL E. LUNGREN of California. Madam Speaker, in a former life as Attorney General of California, I was required to sign off on any of the debt instruments that went to market to make sure that they followed the laws and the Constitution of the State of California. Never did we have difficulty floating short-term loans in California in anticipation of the income revenues that would be coming in.

However, just last night the governor of the State of California wrote a letter to the Secretary of the Treasury indicating that California may very well have difficulty floating $7 billion in short-term loans to cover expenses. I can't recall when that ever happened before. The reason is the squeeze on the credit market. That ought to bring us some pause here.

But more importantly, over the last 2 days I was home in my district and I talked with people involved with hospitals, banks, automobile dealers, simple folks, my 91-year-old mother whose entire future is wrapped up in the investments my dad left her. She has no pension. She has what my dad left her. When you see the volatility of the market and the uncertainty out there, that spreads fear among our folks back home.

This is not a perfect bill. Certainly I don't ever argue this is a perfect bill, but it is the best we have right now. I would ask my colleagues to please support this bill.

Those of you talking about the additional cost on the Senate side, the largest additional cost is fixing the AMT. It is the first time I have heard some of the people on my side of the aisle refer to that as a cost. That is giving taxpayers the kind of relief they deserve and preventing them from being put into higher tax brackets unnecessarily.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2½ minutes to an alumna of our committee who has been a dedicated defender of working class people, the gentlewoman from California (Ms. LEE).

Ms. LEE. Madam Speaker, I thank the chairman for yielding me this time and for his tireless work.

I want to thank Congressman JESSE JACKSON, Jr., for associating himself with my remarks this morning.

Madam Speaker, I think we need to be honest about the bill before us. It is a bailout. We should be honest with how we got here: reckless deregulation policies and greed. We should be honest about the fact that we don't know that this is the appropriate economic strategy. Some economists say yes; some economists say no. But I must be honest about the fact that I can't afford to risk the consequences of inaction based on what I know today.

I spoke with our California treasurer this week, and he assured me that people will suffer greater pain, including cuts to critical State-funded social services, county services, and schools, if we don't do something to stop this hemorrhaging. That is why I will vote for this bill today.

As a former small business owner, I know access to credit will make or break your business. Without it, people will lose jobs. We will not magically turn the economy around, reverse the rise in unemployment, or end this recession which we are in now. We must be honest about that.

But I must err on the side of caution so our seniors can have some confidence that their pensions are safe. And I hope that we will be able to prevent this financial crisis from exacting an even bigger toll on the everyday lives of our constituents.

Congressman JACKSON and I will continue to fight for regulatory reform and a direct economic stimulus package that we fought to be included in this bill. We must have bankruptcy reform and a moratorium on foreclosures. But I am glad to say that our fight has helped slow this bill down. Thanks to our Speaker's leadership, we have a bill today to extend unemployment compensation insurance on the floor. That is the least we can do for those in need on Main Street. I urge the other body to take it up immediately.

As Senator OBAMA said, there will be a time to punish those who set this fire, but now is the moment for us to come together and put the fire out. Congressman JACKSON and I join him in that effort and we will vote for this flawed but necessary legislation. It is a very difficult vote for both of us, but I must do everything I can to stop this bleeding in the lives of people living from paycheck to paycheck, that is if they have a paycheck.

I am really confident that this is the right vote, but I know that it is not the popular vote. Thank you, Mr. Chairman. I have to thank Congresswoman MAXINE WATERS for her leadership in trying to make some sense out of this foreclosure mess. Hopefully we will stop the bleeding, but I know that we have a lot of work to do.

□ 1230

Mr. BACHUS. Madam Speaker, I yield myself 2 minutes.

Madam Speaker, ladies and gentlemen of the House, Thomas Paine on December 23, 1776, said, ''These are times that try men's souls.''

What was a problem at one time on Wall Street has become a problem for Main Street. What was a problem for this Congress and financial experts has become a problem for America.

As late as last night, Mr. LATOURETTE, Mr. LATHAM, and I were at the Rules Committee for 2½ minutes urging the Rules Committee to only appropriate $250 billion, an enormous amount; yet they turned down our request. I want to thank my Republican colleagues on the Rules Committee for voting ''yes.''

Our amendment said we would come back in November and we would give careful consideration to this. And if we needed more, if the program was working—and believe you me, it's been announced that it won't start for another 15 days whether we pass this bill today or tomorrow or the day after. And we could have all judged by then how it was working.

But that's past. And today is today. And I will be voting today for this bill because it's about the pensioner and his retirement check, it's about the small businessman and his ability to buy materials or make a payroll, and it's about that student, either in school or having to leave school, or that student preparing for school.

Whatever the problem was before, however you disagree with certain parts of this bill, our only choice is ''yes'' or ''no.'' And when a problem becomes an American problem, and it is, then it is time for Congress to take decisive action.

I will be voting ''yes'' on this bill; not a perfect bill, but a bill that I am not willing to pass up because I'm not willing to risk capitalism and a decline into socialism if our financial markets and our economy collapses.

Mr. FRANK of Massachusetts. Madam Speaker, no Member of Congress in my memory has worked harder and more constructively to improve and pass a bill than the majority whip has.

I am pleased to yield 2 minutes to the gentleman from South Carolina (Mr. CLYBURN).

Mr. CLYBURN. Madam Speaker, I thank the chairman for yielding me the time and thank him so much for his hard work on this legislation.

Madam Speaker, I rise today in strong support of the Emergency Economic Stabilization Act of 2008 and believe this bill must be enacted as soon as possible to stop our country from falling deeper into recession.

Today, Madam Speaker, we received information that our economy has lost 159,000 additional jobs. This brings the total job loss for this year to 760,000. But Madam Speaker, jobs are not the only thing Americans across this country are losing. They are losing their hold on the American Dream. That dream, Madam Speaker, is economic mobility and homeownership. Nowhere is this problem more acute than in minority communities.

Madam Speaker, this is not only about Wall Street. It's about Broad Street and Walker Street; it's about grocery stores, beauty shops, and barber shops. It's about community banks and auto dealerships.

Madam Speaker, the minority communities are hemorrhaging: jobs, homes, income, and most importantly credit. Consider this fact: African Americans received 35 percent of the subprime purchase loans issued from 2004 to 2007. Of these loans, 62 percent of them were reset to a higher rate by the end of 2008. Many of these homes' values have dropped by 25 percent. Access to refinancing credit is no longer available, and their pension plans have lost substantial value.

These dynamics are devastating to minority communities, and I believe that we must pass this legislation in order to stop the hemorrhaging.

Mr. BACHUS. Madam Speaker, I am proud at this time to yield 1 minute to my friend from Mississippi (Mr. PICKERING), who will express not only his views but mine.

Mr. PICKERING. Madam Speaker, this is my last speech, will be my last vote. For all of us in this institution, it will be a legacy vote.

I came to Washington almost 20 years ago and worked in the first Bush administration as communism collapsed. I worked to see those countries, the Soviet Bloc, move to free markets and democracy. This, my last vote, is to preserve those things that I believe in most: a free market capitalist system, that if we can intervene now and stabilize what we preserve and keep the freedoms of our economy and the strength of our Nation from going into decline so that our fiscal house here doesn't worsen, so that our families at home aren't hurt more badly.

This afternoon I will cast this vote, and then I will leave, and I will go home and I will watch my sons play high school football.

I hope that it is with a great sense of pride in this institution that when a crisis came and our character was tested, we didn't do what was easy, but we did what was right—to save what we care about most deeply.

Mr. FRANK of Massachusetts. Madam Speaker, I think I have the honor of speaking on behalf of the body in wishing our friend well.

I now yield for a unanimous request consent to the gentleman from California (Mr. BACA).

(Mr. BACA asked and was given permission to revise and extend his remarks.)

Mr. BACA. Mr. Chairman, thank you for all of the work that you have done. I'm angered, frustrated, and sad, but I believe that we've got to do the responsible thing. Therefore, I'm going to support the bill.

Madam Speaker, today, I find myself frustrated, angry and sad. Predatory lending and

greed are at the root of the current financial storm our Nation is facing. I voted against the bailout bill on Monday because I believe it did not do enough to provide direct relief to families that are facing foreclosure, and have been victimized by these practices.

Over the past few days, I have fought vigorously to include stronger foreclosure mitigation provisions in a revised bill. Many of my colleagues joined me in an effort to include language from my bill H.R. 4135, The Family Foreclosure Rescue Corporation Act, in any revised rescue plan. This language would keep more families in their homes.

While I believe today's bill still does not do enough to protect struggling homeowners, I am pleased that it does include critical improvements in the areas of oversight and accountability. This bill does a better job of protecting America's taxpayers, and ensuring their investment is not squandered.

But sadly, our economy is now in turmoil. We find ourselves in a state of quicksand, and we are sinking fast. We cannot delay action any longer. I will vote for this bill today. Not because it solves all our problems, but because I do not have a choice.

If the credit crunch is allowed to continue, the consequences for the Inland Empire will be disastrous. In my district, too many families are facing the possibility of being homeless. Credit unions and big banks have limited their lending, and as a result families are at a greater risk of losing their homes, their jobs and their opportunities for success.

Car loans have dried up, and some dealerships have closed and been forced to layoff workers. Student loan companies across the Nation have shut down or stopped participating in Federal student aid programs.

And now, to make matters worse, we have received word that California needs a $7 billion emergency loan from the Government, in order to keep funding day-to-day operations. The consequences of doing nothing are too dire to imagine.

Without immediate Federal action, California will be unable to sell voter-approved bonds for highway construction, schools, housing or water projects. And because of the extreme delay in passing the state budget, California's cash reserves would be exhausted by the end of October without this loan. This means that payments for teachers' salaries, nursing homes, law enforcement and every other State-funded service would stop or be significantly delayed. This must not be allowed to happen.

Ultimately, today's bill is about providing confidence in our markets and stabilizing our economy. We must do this if we are to protect our jobs at home, stop further outsourcing, and ensure our society has access to the credit it needs to run.

The market dropped on Monday because of a lack of confidence. Because of predatory lending and the complete lack of regulation we have seen from the Bush administration in the last 8 years, Wall Street has been allowed to run amok—and because of that the American people have suffered.

I am voting for this bill today to restore that confidence. But we must come back and work on a more comprehensive package that will provide the assistance America's working families need to survive in these difficult economic times. I have received a commitment from the House Financial Services Committee that hearings will be held next February to examine my bill, the Family Foreclosure Rescue Corporation, and move it forward in the legislative process.

The Bush administration and the rubber stamp Republicans in Congress are responsible for the lack of leadership and effective government oversight that caused this crisis, but we all must work together to get America back on track. I am confident that with a change of leadership, we will stabilize our Nation's financial markets and keep America's working families safe and secure.

Mr. FRANK of Massachusetts. Madam Speaker, I yield for a unanimous consent request to the gentleman from Pennsylvania (Mr. FATTAH).

(Mr. FATTAH asked and was given permission to revise and extend his remarks.)

Mr. FATTAH. Madam Speaker, as I did on Monday, I rise in support of this bill. What we did not do right, we will find the time and the votes and the courage to do over today.

Mr. FRANK of Massachusetts. Madam Speaker, I now yield 1 minute to the gentlewoman from New York (Mrs. MALONEY), a member of the committee.

And I will take 10 seconds to say, yes, I understand that this is not everything that needs to be done. We will be back next year to do some serious surgery on the financial structure. But at this point, we have the EMT function. There's an emergency, and we have to avert serious harm. This is step one.

Step two will be the serious work that we will do to prevent this from occurring.

(Mrs. MALONEY asked and was given permission to revise and extend her remarks.)

Mrs. MALONEY of New York. I thank the gentleman for his extraordinary leadership, and I rise to urge my colleagues to vote ''yes'' on the financial rescue plan. The risk of not acting is just too great for Americans to bear.

Today's grim jobless number showed that the problems facing Main Street are mounting. If we do not pass a financial rescue package today, credit markets may fail and working families and businesses will suffer. Consumers are the lifeblood of our economy, and most families need access to credit to make major purchases like buying a home, a car, or paying for college tuition.

Without financing, families will cut back on spending, businesses will see sales plummet, our economy will weaken, and even more jobs will be lost. A credit freeze also means small businesses may have trouble making their payrolls. Credit card interest rates could soar, and businesses could be unable to borrow and create new jobs.

This is a first step. We are continuing with hearings on Monday and Tuesday of next week. I congratulate Mr. BACHUS for his work with the chairman for putting in tough safeguards for taxpayers, oversight and homeowners.

The SPEAKER pro tempore. The gentleman from Alabama has 1 minute remaining.

Mr. BACHUS. Madam Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The gentleman from Massachusetts has 3 minutes remaining.

Mr. FRANK of Massachusetts. Madam Speaker, given the concern about the fiscal implications, I am now pleased to yield 1 minute to a man who has done as much for fiscal responsibility as anybody with whom I have ever served, the chairman of the Budget Committee, the gentleman from South Carolina (Mr. SPRATT).

(Mr. SPRATT asked and was given permission to revise and extend his remarks.)

Mr. SPRATT. Madam Chairman, the bill before us has been vastly improved over the bill sent to us, and all of those improvements are still here. But this bill was waylaid in the Senate to add unrelated matters, which is not a good way to legislate, and I do not defend it.

But the major adds extend expiring tax cuts, which we would extend anyway in time, and to fix the AMT to keep it from coming down on middle income Americans, and sooner or later, we would adjust the AMT. In regular order, we would offset those tax reductions so that they do not add to the deficit. This bill contains only partial offsets, but there is remarkable improvements to the code here.

For example, one shining example, this bill closes a gaping loophole and saves $25 billion, a gaping loophole in the tax code, which has long allowed managers of hedge funds to shelter their income in places like the Caymans and dodge taxation.

One final point. Throughout, this has been called a $700 billion bailout, but we should bear in mind three points: first, $700 billion will be the gross cost if all of it is drawn down. The net cost should be a lot less.

I support this bill, and will vote for it again. I congratulate the chairman for the fine work he's done.

Mr. BACHUS. Madam Speaker, I continue to reserve.

Mr. FRANK of Massachusetts. Madam Speaker, I am now proud to yield 1 minute to the majority leader from Maryland (Mr. HOYER) who has done a superb job of leadership in its best sense on this bill.

Mr. HOYER. I thank the chairman for yielding.

Madam Speaker and Members of this House, I said that last Monday would be a day of consequence. It was a day of consequence. We have been criticized as a body for not deciding affirmatively on Monday. What we did decide, however, was that initial failure should not stand because the crisis confronting our country was too great. And Republicans and Democrats together, administration and Congress, chairman and ranking member, each individual Member decided that failure was not an option.

On Monday, the dividing line in this House was not between parties—it was between those who believed the dangers of doing nothing outweighed their

reservation about Monday's bill and those who had yet to be convinced.

Since then, I believe that the number of the convinced that this action is essential has grown. Some were convinced when a vote in the Chamber led to the evaporation of $1.2 trillion of wealth in about 120 seconds; some were convinced when they heard that America lost another 159,00 jobs last month making a total of lost jobs this year of 760,000 jobs. In a similar period 8 years ago, we had gained 1.5 million jobs—a net turnaround of over 2.2 million jobs.

Americans are in trouble. They're expecting us to act.

Some were convinced by the stories like this one from a small town car dealer in Utah. He said this: ''I'm not going to be able to pay my employees next week. I can't get the kind of credit line from the bank that I have had through my entire career unless you do something.''

This bill outreaches not only to minorities but to small businesses as well. And I thank the gentlelady from California for her focus on that issue and Mr. BACHUS for his focus on that issue.

What happens on Wall Street is bound up with the jobs of millions on Main Street, and the retirement of millions on Main Street, and the homes of millions in hometown America, and dreams of millions of our fellow Americans.

□ 1245

If disaster strikes those few square miles in Manhattan, it will surely spread until every one of those jobs and retirements and homes and dreams are put at great risk.

This week I've heard from the Prime Ministers of Australia and Japan who are telling us that their people are bracing themselves, worried that America will not rise to the occasion. I am proud to be a Member of this House, and when challenged, I believe this House rises to its responsibilities and I believe it will do so today.

We sing the praises of American leadership, and today, I think we will deserve that praise. This is the responsibility that comes with our duty as Representatives in the people's House. For all of those reasons, this bill is essential.

So many of us have improved the administration's plan, Republicans and Democrats, working together, which came to us as a mere three-page bill, giving essentially a $700 billion blank check to the administration. Republicans and Democrats knew as one that that could not stand.

The heart of the bill remains a plan for the government to buy up bad financial assets, restoring the flow of credit so essential to the growth and maintenance of our economy.

But we fought to ensure that taxpayers will be the first to profit if and when those assets rise again in value, making the true price tag of this bill far, far less than $700 billion.

In fact, Warren Buffett, one of the most successful investors in the history of America, has said this, ''If they do it right, and I think they'll do it reasonably right''—his expectation is that we will do it reasonably right—he said, if we do that, we'll make a lot of money, we being the taxpayers of America.

So we have the opportunity not only to save our economy, to save those dreams of our fellow citizens, but also to make some profit.

In addition, we made sure the financial community will be obligated to pay the taxpayers back for their loan.

We restricted executive compensation because CEOs whose recklessness helped bring on this crisis should not receive taxpayer-subsidized golden parachutes or extraordinary salaries.

We are subjecting the Treasury Secretary's decisions to strong oversight. Republicans and Democrats together agreed that that should be done.

Finally, we will help homeowners renegotiate their mortgages to prevent a further flood of 2 million projected foreclosures. That's what this bill is about. That is the action we are asked to take today.

On Wednesday, the Senate raised Federal insurance of bank accounts from $100,000 to $250,000, and also chose to add several tax cuts. I personally believe that raising the FDIC can be argued on both sides of the question, but certainly, it ought to stabilize our local banks. However, as all of you know, I strongly disagree with adding those tax provisions because the Senate has chosen to finance them with debt.

This crisis is making it painfully clear the dangers of fiscal recklessness and that debt does indeed matter. A lesson, in my opinion, the Senate has ignored.

But an emergency like this calls for the courage to compromise. On Monday, Chairman FRANK said, ''If we aren't prepared to accept some of the things we don't like, we will not have the power to deliver for the people we care about.'' The chairman was absolutely right. For me, those people are families unable to take out a loan to buy an appliance or pay for college. They are Americans who have worked their whole lives only to see their retirement accounts threatened. They are the millions of workers fearing a pink slip they did nothing to earn. For their sake, for their sake, we must act.

I urge all of us to pass this legislation. I urge all of us to vote for this legislation. I know there will be some who will not vote for this legislation. I want them to know that I respect their judgment. We have a difference of opinion.

On Monday, America was deeply divided, and their representative body, not surprisingly, was deeply divided. In the last 4 days, Americans in small towns, on farms, in urban areas and suburban areas have reflected upon the consequences of inaction, and while they have not come to the universal thought that we ought to pass this bill, they have told us in the strongest terms we expect the people's House to act in a way that they think best to save our economy, to protect our dreams, to make America whole again.

Mr. BACHUS. Madam Speaker, I yield the balance of my time to the gentleman from Ohio, our leader, Mr. BOEHNER.

The SPEAKER pro tempore. The gentleman from Ohio is recognized for 1 minute.

Mr. BOEHNER. Let me thank my colleague for yielding and thank him for his work and thank the work of Mr. FRANK, the chairman of the Financial Services Committee, and Members on both sides of the aisle who have worked together to bring us to this point.

We all know that we are in the midst of a financial crisis, and we all know that this crisis is about our neighbors. It's about our small businesses. It's about retirees whose savings are on the line. It's about the American people and their jobs. And we know that if we do nothing, this crisis is likely to worsen and to put us into an economic slump like most of us have never seen.

We've come together on a bill that is a much better bill than it was when it started. It isn't the bill that I would write. It's not the bill that any of you would write because this bill was done in a bipartisan way, where Members on both sides of the aisle came together, worked together to build a product that we thought would help avert this crisis. It certainly has grown in size, but to do nothing, in my view, is not an option.

The consequences of us not acting are overwhelming, and so I do believe that it's our responsibility to act. The American people sent us here to do our jobs on their behalf. They're counting on us.

I know that some of you will disagree with the bill that we have before us, and I understand and respect those views. But while we have an imperfect product, we have a responsibility to act and to act in a way that we will do our best on behalf of our constituents.

I have talked to a lot of Members on both sides of the aisle who were stuck in really difficult elections, and doing this bill in the middle of an election is complicated enough. And I've had Members worried about how this is going to affect their election. I told them that whether you vote ''yes'' or you vote ''no,'' you've got to go home and defend this. And it's a lot easier to defend your vote if you, in your own mind, will just do the right thing.

I'm going to vote for this bill today because I think it's in the best interests of the American people. That's what they sent us here to do, and that's what I'm going to do.

Above the Speaker's rostrum is our motto: ''In God We Trust.'' This is probably one of the most serious votes that any of us will ever cast. I've said my prayers this morning, like I do

every morning, so that I can understand and feel better about the vote that I cast. But even if we pass this bill today, let's not kid ourselves. We're in the midst of a recession. It is going to be a rough ride, but it will be a whole lot rougher ride if we don't pass this bill.

But I will say to all of you, when this bill passes today, remember those words, ''In God We Trust,'' because we're going to need His help.

Mr. FRANK of Massachusetts. Madam Speaker, I yield to the gentleman from Rhode Island for a unanimous consent request, with the reminder that the vehicle for this is the mental health parity for which he has worked so hard.

(Mr. KENNEDY asked and was given permission to revise and extend his remarks.)

Mr. KENNEDY. Madam Speaker, recognizing the end of insurance discrimination towards the mentally ill and praising my colleague JIM RAMSTAD and Dave Wellstone, whose father is looking down on us today in praise of his son for all the hard work he did to see this day come to pass, I urge passage of this legislation.

Madam Speaker, I rise in support of H.R. 1424, the Emergency Economic Stabilization Act of 2008.

While I do support the rescue package and commend Chairman BARNEY FRANK for his work producing this legislation, I rise today to speak about the mental health parity bill which is included in this package.

For those of us in Congress who have been fighting to bring greater fairness and equity to our insurance laws, today is the culmination of a long struggle.

When we send this package to the President, we will be providing 113 million Americans the peace of mind that comes with knowing that your health insurance will be there when you need it—regardless of your diagnosis.

For far too long, health insurance companies have used the stigma of mental illness and substance abuse as an excuse to deny coverage for those biological disorders.

That ends today. The Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008 will finally outlaw the discrimination that is embedded in our laws and our policies.

The passage of this legislation is one more step in the long civil rights struggle to ensure that all Americans have the chance to reach their full potential.

There are too many people to thank individually, so I would like to focus on two.

For as long as I have been in Congress, JIM RAMSTAD has been a champion for those with mental illness and substance abuse disorders. His advocacy on this issue has been inspiring to millions of Americans, and to me personally.

He is a role model for me, both personally and professionally. This Congress could use far more members like JIM RAMSTAD, on both sides of the aisle. This body will miss him terribly when he retires at the end of this Congress.

The other person I would like to recognize is Dave Wellstone. As most everyone here knows, Senator Paul Wellstone was the original champion of mental health parity in the Senate.

When he passed away, many of us thought that the momentum he had created for this bill would go with him. But his son Dave picked up the torch and has carried it tirelessly to get us to this point.

Dave, I know your father is watching us today, and I cannot imagine the pride he must feel. Congratulations.

In closing, this legislation strikes a blow against the stigma and discrimination faced by those with mental illness. I urge all of my colleagues to support it.

Mr. FRANK of Massachusetts. Madam Speaker, to close with a burst of redundancy, which is not inappropriate for what we've been through on this bill, I yield to Madam Speaker for 1 minute.

The SPEAKER pro tempore. The gentlewoman from California is recognized for 1 minute.

Ms. PELOSI. Thank you very much, Madam Speaker. I thank the gentleman for yielding. I thank him for being such a great maestro in orchestrating this legislation that we have before us, accompanied by so many others; Congresswoman WATERS for her tremendous leadership. We recognize Congressman SPRATT of the Budget Committee; Congresswoman SLAUGHTER for her work on the Rules Committee to bring this bill to the floor; Congressman RANGEL for his very, very important work as well and having a piece of this bill.

I commend SPENCER BACHUS for his leadership and some of the great ideas that he brought to the table that first night and continued to bring to the discussion as we have gone ahead.

It's been my pleasure to work with Mr. BOEHNER and Mr. BLUNT on this and with my colleague Mr. HOYER who's invested so much time; and our mastermind, RAHM EMANUEL for his knowledge of Wall Street, his knowledge of Congress, and his leadership was essential in our reaching the point we are today.

The place that we are today is to debate legislation that I think is much improved from the product that was here on Monday, and as we debate this legislation, we must do so with an eye to the future. We must reassure the American people that this crisis will lead to reforms that will strengthen their personal economic security, that the bright light of accountability will protect the taxpayers and ferret out the abuses that have led to this crisis.

The urgency is clear. We hear it from our friends, from our neighbors. We hear it everywhere we turn.

In my home State of California, officials including the Governor are urgently calling for Federal legislation to avoid economic catastrophe, catastrophe. Those urgent calls are being echoed by Democratic and Republican Governors from across the country.

□ 1300

While the focus has been on the Dow Jones and Wall Street, we are addressing the real pain felt by Mr. and Mrs. Jones on Main Street. They are why we must pass this legislation today.

Seniors and those nearing retirement have watched their savings dwindle and their pensions evaporate. Entrepreneurs seeking a plan for a new business are being turned away for credit, undermining job creation. If you're trying to buy a car, you cannot get a car loan. If you're trying to sell cars, you cannot get a business loan to purchase inventory. If you're trying to save for your children's college education, you are deeply in doubt as to whether your savings will be there.

And just this morning, the Labor Department announced that another 159,000 Americans lost their jobs in September, the most in 5 years. Nearly 800,000 Americans have lost their jobs this year alone. These are the Americans we must act on behalf of today. They are not the high flyers on Wall Street, but our neighbors and our constituents, and they need our help.

Let us be clear, the original rescue bill proposed by the Bush administration was unacceptable, as has been indicated by Mr. BOEHNER. It has asked us to commit $700 billion in taxpayers' money with few strings and no safeguards. In a bipartisan way, we rejected that proposal. And in our bipartisan negotiations between the White House and the Congress, we demanded tough additions to the bill, and they are contained in this legislation.

To protect the taxpayers, we insisted upon tough oversight and accountability. To further protect the taxpayers, we wanted to make sure that as we bought this illiquid paper that Mr. Paulson was talking about and as we invested capital into these companies that we were helping to make healthy, that the American taxpayer would profit. Mr. SPENCER BACHUS was quite vocal on that subject when we met that first Thursday night two weeks and one day ago about, if we're going to make these companies healthier, why shouldn't we just invest capital in them so the taxpayer can benefit?

And thanks to JOHN TANNER of Tennessee, if this does not pay for itself, as some say that it can, but if there is a shortfall, the taxpayer will be made whole, being paid for by fees on those who have benefited from the program. That recoupment that Mr. TANNER put forth I think is a tremendous advance in this legislation and a protection for the taxpayer.

We also reform CEO compensation and put an end the golden parachutes. Our message to Wall Street is: The party is over. No longer will you drive your business into the ground, take a golden parachute to safety and have the taxpayer pick up the tab. And thanks to Congresswoman MAXINE WATERS, this legislation will do a great deal to help families avoid foreclosure and enable them to stay in their homes.

Since the bill came to the floor earlier this week, it has been further improved by increases in insurance for

checking and savings accounts which protect savers, small businesses and community banks across America.

I am especially pleased that the plan benefits middle income families with an extension of the $1,000 per couple State and local property tax deduction; $1,000 for those who do not itemize deduction in their property taxes. And I thank JIM CLYBURN, our Democratic whip, for his leadership in this regard.

I am also pleased that the bill includes an extension of tax cuts for clean and renewable energy that will create and save half a million good-paying jobs in America immediately. This was a part of our energy bill last year. It did not survive the Senate, it now has become part of this legislation, and it is paid for. We fought hard to include these critical tax cuts, again, as I said, in last year's landmark legislation because they are essential to job creation.

And aren't we all pleased across America's cause for celebration that the legislation includes the Mental Health Parity and Addiction Equity Act? PATRICK KENNEDY and Mr. RAMSTAD—I hope he's here so I can convey to him the gratitude of the American people to both of them for their leadership, without which we would not be having this important legislation passed today. It has turned out to be the vehicle for which the whole package is moving.

By requiring that illness in the brain be treated just like illness elsewhere in the body for insurance purposes, we're helping to end discrimination against those who seek treatment for mental illness. This legislation will also save lives.

So there are some things in here that have been added since the other day that are very important, legislation that has passed the House over and over again, but never could make it through the Senate, and now it has. That doesn't take away from the fact that we've been dealt a mighty bad hand with the core part of this legislation, but it has been improved. It is a compromise, but it is just the start.

Passing this legislation is only the beginning of our work to protect the economic future of the American people. With the work in these past 2 weeks, we've seen things we never thought we would see before in terms of the economic insecurity of our own country. With this legislation, $700 billion, we have broken new ground in how we deal with this crisis, but we will not leave it broken. Chairman WAXMAN, Chairman PETERSON and Chairman FRANK will hold a series of hearings to determine the origin of the crisis, how regulators and business leaders failed to protect the public interest, and the commonsense, reasonable regulations needed to provide security and stability in the future.

We must look ahead. We must look ahead to protect Americans from unsavory lending practices and to bring a better balance to our bankruptcy laws, but today we must begin by passing this bill. And as we do so, we must keep in mind our commitment to fiscal discipline, to not increasing the deficit. That's the overriding question I have from people—well, among others—why so much? Will it work? We'll see. What does it do to our opportunities to invest in the American people? Well, we hope it will pay for itself. And if it doesn't, then the fees will be there to cover it.

But apart from that, we cannot get into the thinking that we can just put out all this money without the thought that it will be heaping mountains of debt onto our children unless we have recoupment. And so it is a problem for us as we go into a new presidency and a new Congress. But under the leadership of Mr. SPRATT, and working with others in the House and in the Senate and with a new President of the United States, ''no new deficit spending'' must be our mantra.

This is a vote with real consequences, a vote that will shape or begin to shape the financial stability of our country and the economic security of our people. It is an important vote, it's a difficult vote, but it is a vote that we must win for the American people. We must win it for Mr. and Mrs. Jones on Main Street.

Ms. HIRONO. Madam Speaker, the emergency financial rescue package I am supporting today, while far from perfect, contains noticeable improvements on the Paulson Plan we considered on Monday. This package is much more balanced in favor of helping everyday people, middle-class families, and small businesses. The bailout package we considered on Monday was simply too geared toward Wall Street and the corporations whose irresponsible practices helped create this crisis in the first place.

This new financial rescue package raises the cap on FDIC-insured bank accounts from $100,000 to $250,000, which will assist families and small businesses while restoring Americans' confidence that their savings are secure.

The new package provides tax relief for middle-class families and tax incentives designed to create new jobs and economic opportunities in Hawaii, where people have been hit hard by the economic downturn that preceded this financial crisis. The majority of the tax relief, tax credits, and tax extenders added to the package will provide direct relief and economic assistance to middle-class families and working people—such as the Alternative Minimum Tax, AMT, relief provision and tax credits to speed research, development, and use of renewable energy sources like wind and solar.

The AMT fix, for example, will prevent some 40,000 constituents in my second district of Hawaii from having to pay higher taxes that were originally intended only to affect wealthy taxpayers.

The renewable energy tax credits are critical to encourage investment in the alternative energy projects Hawaii needs to reduce our dependence on foreign oil.

In addition, the bill reauthorizes for 2 years the Qualified Zone Academy Bonds, QZAB, program, which helps school districts with low-income populations save on interest costs associated with financing school renovations and repairs. Hawaii received about $1.3 million in QZAB allocations in 2005, 2006, and 2007.

Another significant provision of this bill requires insurance mental health parity legislation that advocates in Congress have been trying to pass for the past 10 years. I am an original cosponsor of this legislation. These provisions, included in the financial rescue package, will make sure that families struggling with mental illness do not have that challenge compounded by inadequate coverage of mental health care costs.

I have voted for these energy, business, and middle-class tax relief measures earlier in the House. These provisions will help 30 million homeowners, create 500,000 American green jobs, and provide tax relief for well over 25 million middle-class families. Including those tax relief proposals as part of the financial rescue package has made the overall proposal more balanced, and more likely to help everyday people get through these difficult economic times.

The economic downturn we are facing, resulting in loss of jobs, foreclosures, and families having difficulty paying for life's necessities, will not be fixed by this relief bill. The economic provisions added to the bill will help. But we need a broader economic stimulus package to get our economy going in the right direction again.

I am disappointed that it appears the Senate is not taking up the economic stimulus package (H.R. 7110) recently passed in the House, which will create jobs, extend unemployment benefits, help States with Medicaid reimbursements, and support our Food Stamp program. This bill represented some $222 million for Hawaii.

I did talk to Senator OBAMA about his perspective and my concerns about this bill. We both know that much more work remains to be done to address the underlying economic and regulatory problems that won't be fixed with this bill. We agree that new Federal investments are needed in transportation and clean water infrastructure as well as in education to enhance our Nation's competitiveness and to put people to work. Senator OBAMA also shares my concern that the cost of this rescue plan will not ultimately fall on the taxpayers, and he reassured me of his commitment to impose financial service fees to make taxpayers whole. With the right leadership in the White House, I am confident that we can make the changes needed in future legislation to protect homeowners and taxpayers and to reform our financial markets.

Ms. JACKSON-LEE of Texas. Madam Speaker, I would like to thank the chairman of Financial Services BARNEY FRANK for bringing this important piece of legislation to the floor. I rise today with the confidence that our system of government is strong and the constitutional protections of the full faith and credit of our government must protect Main Street America while we reform America's Wall Street.

Many have claimed that this is a historic vote. Historic votes are not ubiquitous. Historic votes come about through necessity and not through the failures of people. This problem has persisted for a while and now Congress must rush before the recess to a vote. While I would have liked more time, time has seemingly run out.

I would begin by saying that I had concerns about the bill that was presented to the Congress on Monday. After much deliberation and a return visit to my district, I vote ''yes'' for this bill. Given these dire economic times, it is the responsible thing to do to vote ''yes'' when the mass of Americans are suffering.

Let me give you a picture of the tough economic times which face Americans. The economy is shredding jobs. The U.S. economy has lost jobs in every single month of 2008. In September, the economy suffered its biggest 1-month job loss, −159,000, in over 5 years. In total, the economy has shed 760,000 jobs since the beginning of the year.

Poor labor markets are significantly increasing unemployment. Within the past year, the number of unemployed Americans has increased by 2.2. million. In September, there were 9.5 million unemployed workers, keeping the unemployment rate at a 5-year high of 6.1 percent. Thus, it has become harder for Americans to find jobs.

The economy is faced with credit crunches. Individuals have found it difficult to get first or second mortgages, credit, credit cards, and loans, including student loans. Because of the compendium of these economic concerns, coupled with the drying up of the credit market, I have changed my vote from a few days ago from a ''no'' to a ''yes.'' I changed my vote because of my concern for the well-being of the American people.

The first three articles of the United States Constitution address the three branches of Government and their enumerated powers. These Articles govern the legislature, the executive, and the judicial branches. Because there is no specific grant of constitutional authority for the actions that will be taking place here today, we the Members of Congress need to exercise oversight over the powers and actions of the executive. Should the executive or its agencies exceed the powers granted to it in the Constitution, the judicial can review the determinations made by the executive and the legislative branches. These concepts are fundamental to our Constitution and our system of constitutional checks and balances. These checks and balances were established by the Founding Fathers to reign in the unbridled power of the executive.

Today we are engaged in a fundamental exercise of the constitutional powers extended to the Congress. Today's vote is critically important.

Several questions come to mind when I consider the present financial crisis: Where was the FDIC? Where was the SEC? Where was the Federal Reserve?

I have worked with leadership to offer consistent amendments, not once but twice unsuccessfully, that would have strengthened the enforcement measures over the past week to change the administration's proposal to make it more encompassing, effective, and better for the American people.

While the present legislation is impressive, it is also impressive regarding what needs clarification in the present legislation. For example, the legislation needs clarification on its bankruptcy restructuring, enforcement, and judicial review. These are all issues that I have been very concerned about.

Because I am concerned and desire that the maximum number of Americans get relief from this bill, I offered amendments yesterday. To ensure that this bill provides relief for Americans, I offered the following amendments:

First, many are concerned about the dollar amount that will be set aside for those individuals facing mortgage foreclosure. Therefore, I asked that language be inserted into the bill so that $10 billion be utilized for the Secretary of the Treasury to restructure mortgages.

Second, as Senator BARACK OBAMA has recently stated, he is committed to altering the bankruptcy code in the future to assist homeowners on the question of restructuring their mortgages. Therefore, I believe that there should have been Sense of Congress language that the Congress should review and amend the bankruptcy code to permit bankruptcy judges to address the question of individual home mortgage restructuring. This would have sent a clear message that Congress is interested in helping Americans pay off their debt despite its not changing the bankruptcy code at this time.

Third, there needs to be greater enforcement. In the section on judicial review, Section 119, there should have been language that specifically states that ''the courts should be able to exercise their discretion to grant injunctive and/or equitable relief if the court determines that such relief would not destabilize financial markets.''

Fourth, the legislation should have created a new, independent commission to exercise oversight over what happened and the commission should regularly provide reports to Congress. This commission would be backward looking.

Fifth, the legislation should have been narrowly crafted so that corporate executives who may be convicted of criminal malfeasance in the financial sector might be barred from conducting financial business with the Government for a period of 7 years.

Sixth, the legislation should have permanently lifted the present insurance cap of $100,000 that the FDIC has established to insure funds stored in FDIC-backed banking institutions to $250,000. I believe that this has already been included in the Senate bill; but, my amendment would have made the change permanent.

Seventh, in section 109, which addresses ''foreclosure mitigation efforts,'' the language should be changed from ''shall encourage'' to ''shall require'' to provide stronger relief for Americans.

Specifically, current section 109(a) states in pertinent part that ''the Secretary shall implement a plan that seeks to maximize assistance for homeowners and use the authority of the Secretary to encourage the servicers of the underlying mortgages . . . to minimize foreclosures.'' I believe if the true intent is to bailout ''Main Street,'' the Secretary should be ''required'' to minimize foreclosures.

There are certain redeeming qualities to the bill.

I understand that H.R. 1424 establishes a Financial Stability Oversight Board in section 104; Oversight and Audits in section 116; and a Congressional Oversight Panel in section 125. Therefore, these sections provide some oversight over the financial crisis and help to add one piece to the economic puzzle.

Without bankruptcy I offered an amendment that $10 billion should be set aside so that the Department of Treasury could use those funds to address the question of individuals facing home mortgage foreclosure. I considered it important to set aside money because I wanted to ensure that Main Street received something from this bailout and not just Wall Street.

The administration has labeled the current economic situation as a crisis that requires emergency measures. Our vote today in favor of the legislation is a first attempt at addressing these dire economic times.

Above all, my concern is to ensure that the American people receive the relief that they deserve. If the American people are facing mortgage foreclosure, it is my desire that monies be provided to them so that they can continue to stay in their home and pay their mortgages and their bills. Everyone deserves the economic dream of owning their own home. But the financial institutions were dilatory in their responsibility to assess the borrower's ability to pay for loans and purchase a home. It was the squandering of this responsibility and preoccupation with greed and avarice that has led us to where we are today. I am not satisfied that this bill is perfect, but this bill does allow Treasury to buy toxic assets from financial institutions, including our small and community banks. Once these toxic assets are purchased, the Treasury should be encouraged to restructure loans that are in foreclosure. This is indeed encouraging news.

There are substantial improvements in the present version of the bill compared to the Bush administration proposal. However, the bill as it is presently written, in my view needs some clarification as to how it provides the necessary relief to middle-class America. There are provisions now that address accountability measures by requiring a plan to ensure the taxpayer is repaid in full, and requiring congressional review after the first $350 billion for future payments.

Principally, there are three phases of a financial rescue with strong taxpayer protections: reinvest, reimburse, and reform. One of the phases is to reinvest in the troubled financial markets to stabilize the markets. Another, reimburses the taxpayer and requires a plan to guarantee that they will be repaid in full. The last is to reform how business is done on Wall Street. The current legislation provides for fewer golden parachutes and, to its credit, provides sweeping congressional oversight.

There are critical improvements to the rescue plan that yield greater protection to the American taxpayers and even to Main Street. However, with the passage of this bill, it is my hope that H.R. 1424 will help the financial markets and make America secured. I am cautious and hopeful that there is enough in the bill to help Americans struggling with their mortgages.

Although I have certain lingering concerns regarding this bill, I have voted for this bill. After meeting with an Assistant Secretary for the Treasury, some of my concerns were answered; others remained. For example, the Assistant Secretary indicated Treasury's intervention in the markets will afford it the opportunity to purchase toxic assets. After Treasury purchases these toxic assets at fair market value, it is expected that the purchase price will set a marker so that other similar classes of assets will be purchased at the same or higher price level. This is a positive development for banks and financial institutions to recapitalize themselves. By itself this would be a help to commercial banks that desire to sell off their toxic assets.

In my conversation with the Assistant Secretary, he indicated that as time goes on, Treasury will develop guidelines for identifying and helping troubled small and community

banks. It is intended that small and community banks and small, women, and minority-owned businesses will all be aided by this legislation. These latter institutions will be aided because it is expected that there will be more liquidity in the market available to these entities and that more credit can be extended to them.

Lastly, the Assistant Secretary indicated that under sections 109 and 110, that Treasury has every incentive to renegotiate the terms of troubled mortgages. Importantly, the Assistant Secretary indicated that not all homeowners who are facing mortgage foreclosure will be helped. The goal, however, is to help as many Americans as possible.

I have drafted a letter to Chairman FRANK of Financial Services, and I have raised several questions to which I would like answers.

First, I have asked Chairman FRANK that should something go wrong with this bailout, whether Congress can be called to reconvene at any time before or after the election.

Second, I have asked Chairman FRANK to share the constitutional grant of authority that would prevent the Secretary of Treasury from having unfettered power so that there will be a balance between the interests of the banks and individual homeowners.

Third, I have asked Chairman FRANK what members of Congress can expect in the 111th Congress regarding follow-up on this bill and the financial situation generally.

Fourth, I have asked Chairman FRANK to answer how members can ensure that community and regional banks can take advantage of this bill.

These are critical questions that need to be answered.

I believe that Wall Street is an important and vital part of the Nation's economy. I believe that the people who work there are good. It is a well known fact that financial markets do not always serve small businesses and minorities. I have personally had experiences where good hardworking people and small business owners were denied access to financial markets.

I believe in America and I believe in its Constitution. I believe that this bill would allow constant monitoring and vigilance and would help the American people.

I am reminded of the Preamble to our Constitution, which reads:

''We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.''

I would like to end with a quote from Alexander Hamilton: ''the sacred rights of mankind are not to be rummaged for, among old parchments, or musty records. They are written, as with a sun beam in the whole volume of human nature, by the hand of the divinity itself and can never be erased or obscured by mortal power.''

I hope that this legislation will provide the American people with the sun beam. It is my hope that this legislation works and that it serves the American people.

Mr. SCOTT of Virginia. Madam Speaker, we obviously have a crisis in the financial markets. Major firms have failed and others are failing. We are in an economic downturn with people losing their homes, businesses going under, and credit drying up for small businesses and consumers. The current crisis is the predictable consequence of the failed economic policies of the last 8 years. These policies are the ones that have produced record budget deficits, the worst job growth since the Great Depression—including our ninth consecutive month of job losses—and the worst Dow performance in over three decades. Congress should address the crisis with appropriate legislation.

The Senate bill that we considered today is not fundamentally different from the bill we voted on Monday, although some have attempted to change the name of the package from a ''bailout'' to a ''rescue.'' The foundation of the bill remained the outlay of $700 billion for the purchase of worthless assets. On balance, the final version of the bill was still not a good deal for taxpayers.

Whether or not the bailout act we voted on today was a ''good'' deal rises and falls on the issue of fair value. You cannot rationally determine the worthiness of a purchase, without first assessing what the fair value is, and whether you are paying more or less than that fair value. If the bailout legislation included a provision that would provide that the Federal Government would pay no more than the good faith estimate of the fair value for the assets, then it would be a good deal. Some of the assets we will be asked to buy are options, derivatives, and other exotic speculative investments that are in fact worthless. There is no public policy rationale to bail investors out of speculative securities that did not pay off. Since there is no commitment to calculating a good faith fair value price, and to paying no more than that price, this is a bad deal for the American people, because we will undoubtedly overpay for these assets. Therefore, the worthiness of the deal rises or falls on the commitment to limit payments to a fair value.

I am not suggesting that establishing a fair value of these assets will be easy. But there are well established factors in other situations to determine the value of assets when selling prices or bid and asked prices are not available. And it is our obligation as protectors of the U.S. Treasury to require that no funds should be spent without a reasonable assessment of what we are buying.

Furthermore we should not give unlimited discretion to buy assets at prices obviously higher than fair value to an administration frequently accused of cronyism and favoritism.

We are dealing with three separate but inter-related problems: illiquidity in the credit market; insolvency of some financial institutions; and the hardship of homeowners. Offering fair value prices for assets will address the issue of liquidity. If we limited purchasing prices to fair value, we could purchase assets, reestablish confidence, wait for the markets to reinvigorate and the private sector could then buy assets back from the Government. Even if it took more than $700 billion, as long as we were paying fair value, and receiving assets earning more than our borrowing costs, we could be confident that, in the long run, this solution would at least break even, and would likely make money for the taxpayer even if we held the assets to maturity. But since the bill provides no limit on the price we pay for assets, we will undoubtedly overpay, and lose money on the deal. If we paid fair value, we could solve the liquidity crisis without any likely cost to the taxpayers. Unfortunately, there is nothing in the act to restrict payments for assets to their fair value.

The problem with illiquidity which affects credit relates to lending institutions holding valuable but temporarily illiquid assets on their books. While there is no market for those assets, accounting regulators require the assets to be valued at virtually zero. Since lending authority is directly related to the institution's capital, this markdown significantly reduces lending authority, which leads to the credit crunch. This problem can be solved either by the government purchasing the assets at fair value or by a change in accounting regulations to allow assets to be booked at ''fair economic value'' rather than ''market value''. This administrative change in the ''mark to market'' rule would significantly increase lending authority at no cost to the taxpayer. In addition there are a handful of banks that have sufficient capital but not enough deposits to sustain lending authority; in those few cases, simply depositing federal funds in the bank would increase lending capacity.

Another factor affecting credit is the reluctance that banks have to lend money to other banks; for fear that the other bank might go broke without notice as several recently have done. This problem can be cured by the issuance of ''net worth certificates'' which would guarantee the net worth of a bank, for a fee which would insure that there would be no net cost to the taxpayer. This has been done successfully in the past.

There are other ways to instill confidence in financial institutions without spending any of the taxpayer's money. William Isaac, former head of the FDIC, has suggested that FDIC exercise the powers already granted to it by Congress. The FDIC can take emergency action and declare that no general creditor of a failed bank will suffer a loss if the bank fails. That declaration, when coming from the FDIC would, by statute, be backed by the full faith and credit of the United States. This action would be a signal to the worldwide market that the full faith and credit of the United States stands behind our banks, and an influx of capital would soon follow. Another FDIC change would be to increase the limit at which FDIC insures deposits from $100,000 to $250,000. This would limit the destabilizing impact of major withdrawals from banks. This provision is not controversial and is actually in the bill.

Another factor which affects capital and therefore lending authority is the downward pressure on stock prices caused by short selling. Administrative action has already been taken to prohibit ''naked short sales'' and to restore the ''uptick'' rules.

After the bill was defeated on Monday, I worked with other members who were skeptical of the bill, to propose cost-effective solutions to the crisis. Representative PETER DEFAZIO has produced a bill, the No BAILOUTS, Bringing Accounting, Increased Liquidity, Oversight and Upholding Taxpayer Security Act, that outlines administrative changes that could be implemented at no cost to the taxpayer. The bill directs the administration to implement a net worth certificates program, adjust mark to market valuation rules, increase FDIC insurance limits, and regulate short sales. These no-cost changes would be more likely to have an impact on the domestic credit crunch than spending $700 billion purchasing worthless assets from all over the world.

Some argue that overpaying for assets will help solve the second problem of the crisis,

the insolvency of some financial institutions, by providing capital to these institutions. I believe that we should help financially troubled companies that have a good chance of stabilizing and coming back with our help. Unfortunately, there is nothing in the bill to stop companies in no distress, or companies that are hopelessly insolvent, from selling their toxic assets to the Government, and any overpayment for assets those companies sell will provide no value to the taxpayer. There are more efficient ways of targeting financial assistance to appropriate companies than making overpayments to all companies.

Congress does have an interest in assisting homeowners, but homeowners struggling to pay mortgages will find little comfort in this legislation. We should have included meaningful assistance for struggling homeowners in the bill. All homeowners would benefit because homeowners who are paying their mortgages on time have been hurt by home prices collapsing because of the flurry of foreclosures, and perspective homeowners are having difficulty finding new mortgages. The bill directs the Treasury Secretary to implement a plan to decrease foreclosures, ''to the extent that the Secretary acquires mortgages''. The problem is that the toxic securities that the Treasury is being asked to buy are not individual mortgages, but options, derivatives and other securities comprised of portions of hundreds and sometimes thousands of different individual mortgages. It is therefore unlikely that the Secretary will have the authority to change the mortgage terms and help prevent foreclosure in any significant number of actual mortgages.

There are many effective ways to actually help homeowners. In November 2007, Representative JOE BACA introduced H.R. 4135, the Family Foreclosure Rescue Corporation, FFRC. Representative BACA's bill is based on the concept of the Home Owner's Loan Corporation, HOLC. During the Great Depression, this Government entity was created to buy troubled mortgages, and then refinance the mortgages at rates the homeowners could afford, preventing more foreclosures and stabilizing housing prices. When HOLC ended operations in 1951, it had turned a profit to the taxpayer. H.R. 4135 would create the Family Foreclosure Rescue Corporation, FFRC, to refinance loans for people currently in foreclosure or in serious default. Families will be able to refinance their mortgage through a Government administered loan with a set interest rate. FFRC would assist homeowners paying on the mortgages that back many of the toxic assets the Treasury is being asked to buy. Providing stability in the mortgage market is a much more direct solution to the foreclosure problem than overpaying for worthless options and derivatives backed by the bad mortgages, and this strategy is much more likely to help struggling homeowners. The HOPE for Homeowners program, a Federal program established by the housing bill passed earlier this year, is another program designed to directly assist homeowners, and Congress could do more to encourage mortgage holders assist their mortgage payers and themselves by utilizing the program. Changes to bankruptcy rules that would allow homeowners to renegotiate the loan on their primary residence would be another provision that would help homeowners.

Although the major assessment of the core provisions of the bill rises and falls on the issues of fair price valuation and actual assistance to homeowners, there are other issues addressed in the legislation. The media has reported that there are provisions in this bill to limit executive compensation and to protect the taxpayer. The actual language in this bill does not support these reports. There are huge loopholes in the bill that allow companies to continue to pay executives exorbitant salaries. And, the taxpayer protections in the bill are flimsy. If the bailout does not pay for itself, the bill leaves it to a future administration to propose a bill to tax financial institutions to raise the money taxpayers have lost. In a Congress where there is outrage against any new tax proposal, if there is no political will to pay for the bailout in the middle of the crisis, there will be even less political will to raise taxes on financial institutions that may still be struggling in the future.

The failure of the bill to limit the purchase of any assets to the fair value of those assets means that the bill will not effectively address the underlying issues: purchasing worthless assets adds nothing to general liquidity; overpaying for assets from all companies is an inefficient way to help those companies who only need temporary assistance to survive; and overpaying for assets does nothing for homeowners. Furthermore, this bill will fail to instill confidence in the market when it becomes apparent that the language of the bill is unlikely to match the public description of the bill on CEO compensation, foreclosure prevention and protection of the taxpayer. For those reasons, I regret that I was unable to support the bill.

We should have drafted a new bill with the inclusion of many of the alternative proposals I have laid out in this statement. The result would have been a comprehensive bipartisan bill which targets our Federal assistance to the goals we need to address: illiquidity in the market, solvency for appropriate businesses, and assistance to homeowners.

By spending $700 billion ineffectively on this crisis now, we will not have funds to respond to the next phase of our financial crisis in the future. For example, homeowners are continuing to lose their homes, and we have done very little to stem the tide of that problem. And because of today's vote, we will have fewer resources to address that problem in the future. Furthermore, we must not forget that the underlying problem is that we are in an economic downturn, and our actions must be deliberate and measured if we are going to steer our way out of this mess. Unfortunately, we now have $700 billion less to address our economic situation.

There are many administration initiatives that require virtually no taxpayer money, which would have a huge impact on the banking crisis, the solvency of businesses, and the challenges of homeowners. We should have begun with proposing those no cost administrative changes, before we authorized the expenditure of $700 billion on a plan unlikely to make any difference at all.

Mr. HOLT. Madam Speaker, I rise today in reluctant support of H.R. 1424, the Emergency Economic Stabilization Act.

My constituents are angry and I am too that we let our economy get to this point. The speculation and greed of Wall Street in recent years—coupled with years of failures, excesses, arrogance, and irresponsibility of the regulatory agents, Treasury and other Cabinet Departments, the White House and even some in Congress—has resulted in the meltdown of our Nation's financial and credit markets.

Many have passionately called for rejection of this compromise bill sent to us by the Senate following the rejection of the House bill earlier this week. There is a temptation for me to vote ''no.'' We could teach a lesson to Wall Street highflyers. We could teach a lesson to Secretary Paulson, President Bush, and the regulatory agencies. We could teach a lesson to the mortgage companies who entice borrowers to get over their heads. We could teach the Senators a lesson not to attach extraneous things to a financial bill. We could let the credit markets freeze up. We could let small businesses fail to meet next week's payroll. We could let college students drop out because they can't pay tuition. We could leave farmers, homeowners, and factories out in the cold. Would that teach the right lesson to the right people? I don't think so.

Market turmoil is affecting more than the 78,000 New Jerseyans who work on Wall Street and the 266,200 New Jerseyans who work in the financial services sector throughout the State. There are thousands of my constituents who are not traders or high powered executives but still work in impacted industries. If left unchecked the credit crisis will hurt all of New Jersey, painfully affecting New Jerseyans from factory to financial district from farm to pharma. Furthermore, millions of Americans who have retired or are nearing retirement have seen their value of their pensions shrink. If day-to-day credit tightens up, Americans will not be able to get loans for college, cars, or a new furnace for the corner store. We need to act to ensure that retirement funds and pension plans are not devastated by investments that have lost value in a jittery market. Indeed we must act—we must stand behind our institutions, restore confidence in our markets, and protect millions of Americans who would be affected by a continuing collapse. That said, this bill is only one way to do that, and not the best way. I have worked with my colleagues to improve this bill, and I believe these improvements are sufficient to make the bill worth approving.

There is much that should have been done and must still be done fix the problems in federal financial oversight agencies. The Treasury Department should have exercised its authority to oversee the mortgage markets. The Federal Deposit Insurance Corporation, FDIC, should have raised the insurance limit on deposits, which has not been raised for 28 years, and created a net worth certificate program similar to the one that helped shore up banks in the 1980s. The Securities and Exchange Commission, SEC, should have prohibited short selling especially, naked short selling. It should have changed the mark-to-market rule that forces banks' assets to be valued not at their long term worth but at what they would be sold—if only they could be sold—for on market today. Alan Greenspan, the Chair of the Federal Reserve, should have followed the instructions of Congress in 1994 to regulate the mortgage market. Greenspan failed to act to institute oversight for years and years and when succeeding Chairman Bernanke finally recognized the need to act it was years too late. Had the Treasury Department, FDIC, the Federal Reserve, and SEC acted we would not be in this mess today. The

Democratic Congress has tried to set this right several times. However, we failed to convince the administration to do what was right. Recently I have joined my colleagues in introducing legislation requiring the Treasury Department, FDIC, and SEC to take these actions and it is my hope that they will use their existing authority to undertake these common sense measures. Indeed some of those recommendations are included in this final version of the bill that is before us today.

After careful and thoughtful review, I support the bill before us today because this legislation will help to mitigate this financial crisis, restore confidence in our financial institutions, and bring much needed liquidity to our marketplace. This bill is not, as so many of my colleagues have said on the floor today, a bailout that will save the fat cats on Wall Street. Had we accepted Secretary Paulson's original proposal that is exactly what it would have been. If the President had his way, he would have ridden a wave of fear and railroaded Congress into passing Secretary Paulson's original 3-page proposal asking for $700 billion—with no oversight—to bail out the financial services agencies. I did not support the original plan. The bill before us is a significant improvement to the original Bush-Paulson plan. While I believe that every Member of this body has what they think are better ideas how to fix the problem, no one has 218 votes for his or her plan. This is the plan we have. Legislative compromise is rarely pretty to watch.

This legislation includes protections to ensure that the taxpayers' money is not wasted. Only half of the authorized $700 billion would initially be available to the Treasury Department. A strict oversight board would be created to monitor how these funds are being used and the effect it has on the economy, and to advise the Secretary of the Treasury Department on how these funds are used. Congress and the President would have to approve the release of the next $350 billion if it is needed. This legislation would require the Treasury Department to implement a plan to mitigate foreclosures and to encourage lenders to modify loans and mortgages to prevent foreclosures and keep people in their homes. The bill also helps save small businesses that need credit by allowing small community banks to deduct losses from investments in Fannie Mae and Freddie Mac stocks. It will shore up banks by increasing FDIC insurance to $250,000 and prevent runs on banks. Finally, we can expect that taxpayers will recoup most of the money spent on this proposal through the equity they will hold in companies helped by this proposal. The total cost will be much, much less than $700 billion.

This legislation also extends a needed tax relief which, unless extended, would expire at the end of the year. It will provide a one year patch that will prevent 88,000 New Jerseyans from getting hit by the Alternative Minimum Tax, AMT, this year. It will retain and create half a million jobs and strengthen our economy by extending the renewable energy tax credits. It will extend essential tax cuts for American families helping 4.5 million Americans afford college by extending the tuition deduction, and extending the child tax credit. It will extend for 1 year my initiative that allows a property tax deduction for taxpayers who do not itemize on their tax returns of $500 for single filers and $1,000 deduction for joint filers. The legislation helps American small businesses by extending the R&D tax credit and the new markets tax credit. It will also require mental health parity in employer-based insurance and end discrimination against patients seeking treatment for mental illness, an initiative that I have been working on since I was elected to Congress. These extraneous tax provisions should not have been added by the Senate. Nonetheless, most of the tax cuts in this bill have been passed by the House several times and are not ''pork.'' In fact they are the same tax benefits that are currently in effect and that this body has passed several times.

I do not deny that there are provisions in this bill that do not belong. In fact, the provisions decreasing the excise tax on Puerto Rican rum as well as the decrease in the excise tax on wooden arrows are egregious. There should not be a tax deduction for movie and television producers. Nor should this legislation encourage the production of dirty fuels like coal to liquids and oil shale. I cannot justify these provisions, but I will not vote against teachers being able to get a tax deduction for buying supplies for their students, against the solar tax credit which has helped New Jersey become one of the nation's leaders in solar energy production, or against incentives for businesses and individuals to donate items to schools.

We can expect that H.R. 1424 will help American families by loosening the credit market. However, if we do not address the origins of this problem we will be forced to come back again to address the symptoms. The root of this problem is that bad mortgages, when mixed with the good mortgages, have poisoned the financial papers. We need to help Americans saddled with these bad mortgages. It is estimated that a million currently solvent mortgages will turn toxic by next year and further destabilize our financial institutions. It is our responsibility to prevent this from happening. Doing so would benefit the homeowners, the neighborhoods, the towns, and the investors in the financial district.

I suggest that we consider a model that has been proven to help the homeowner, the Home Owners' Loan Corporation, HOLC. The Home Owners' Loan Corporation of the 1930's through the 1950's helped people with their mortgages. It was a Federal program that shored up a collapsing market and rescued a million homeowners. Incidentally, when it finally went out of business, it showed a net plus for the taxpayer. I will be introducing legislation which would create such a program. Indeed, that legislation should have been used instead of the Paulson-Bush approach.

I believe that Congress should come back into session after the November elections to pass such a bill and to take up an economic stimulus package that will help those suffering on Main Street. It is deeply concerning to me and infuriating to our constituents that as we have focused on the crisis on Wall Street we have not paid comparable attention to American families that have been struggling for months. The unemployment rate has been steadily increasing, reaching 6.1 percent this month, the highest level since 1992. This year, 605,000 Americans have lost their jobs. Employed Americans are continuing to struggle with increasing energy and food costs and decreasing wages. Many are at risk of losing their pensions due to bad decisions made by Wall Street. We must deal with the bad mortgages. People want to punish those who behaved recklessly. There may be actual legal action. That may provide some satisfaction, but without today's bill it would not address the crisis of confidence, it would not help the people who are about to be hurt financially. We must deal with the long term problems: problems of bond traders wheeling and dealing in paper with no thought of the homes, factories and people behind these bonds; problems of some employers who show no allegiance to their workers; problems of families who in good times consume more than they save; problems of regulatory agencies that revel in the unrestrained trading. We should not wait for a new administration to help Americans who are suffering from this economic downturn and I urge my colleagues to reconvene Congress after the elections to address our Nation's pressing economic concerns.

Mr. TURNER. Madam Speaker, I oppose H.R. 1424 today because it does not address the real problems that caused this current financial crisis.

Madam Speaker, I voted against the financial bailout legislation that failed on Monday, with the hope that Congress could then work on different ideas for how to solve this problem. Instead, we have been given nearly the exact same proposal, with little modification, but with a much larger price tag. Although I support taking action to help correct the damage done to our markets, I believe that making the wrong choice today places a risky and heavy burden on American taxpayers. Today's legislation does not provide adequate assistance to homeowners, does not provide assistance to communities with large quantities of foreclosures, and does not prohibit the predatory lending practices that got us into the current crisis.

Madam Speaker, the Treasury Secretary and the Chairman of the Federal Reserve have both indicated that this may not work. Further, there is no backup plan if this proposal does not work. When discussing this bailout, it is important that people keep in mind that agreeing to the $700 billion price tag could be only the beginning. This bailout would transfer billions of dollars in mortgage-backed securities to the federal government and provide no roadmap for what comes next. If these properties are foreclosed, the federal government is not prepared to become the Nation's largest homeowner without seriously considering how it will handle these mortgaged properties. If the Federal Government takes possession of these mortgages, questions like ''who will replace the roofs and windows,'' will abound.

That is why I have introduced H.R. 7113, the Preserve our Neighborhoods Act, a bill which would allow communities who have been hit hardest by the foreclosure crisis to purchase the mortgages acquired by the Treasury during the course of the bailout. This would allow these local governments to take abandoned, blighted properties, and redevelop them for more productive use.

Additionally Madam Speaker, I have joined my Ohio colleague Congressman STEVE LATOURETTE in attempting to amend the current package to reduce the amount of the initial bailout payment, and increase Congress's role in allocating additional funds. Both of these provisions would provide some commonsense reforms to this bill—these provisions would add accountability to the bailout

payment, and address a real problem that's facing local communities.

Congressman Representing Ohio's Statement H.R. 1424 Concurring to the Senate A Speaker,

But sadly Madam Speaker, these reforms are not a part of this package. Instead, we have essentially the same package we had before, only with tax credits and earmark spending. Any legislation that we bring forward should hold the right people accountable and prohibit the bad lending actions that led to this crisis. Today's bill fails in this respect and therefore leaves us vulnerable to the same situation in the future.

While I am in favor of the tax extenders and have voted in favor of mental health parity, both of which are included in the current package, the underlying problem still remains: how does the federal government address the foreclosures that have led to this mess. Something should be done Madam Speaker. Something should be done to fix this problem. Unfortunately, H.R. 1424 is not the solution.

Mr. PAUL. Madam Speaker, only in Washington could a bill demonstrably worse than its predecessor be brought back for another vote and actually expect to gain votes. That this bailout was initially defeated was a welcome surprise, but the power-brokers in Washington and on Wall Street could not allow that defeat to be permanent. It was most unfortunate that this monstrosity of a bill, loaded up with even more pork, was able to pass.

The Federal Reserve has already injected hundreds of billions of dollars into U.S. and world credit markets. The adjusted monetary base is up sharply, bank reserves have exploded, and the national debt is up almost half a trillion dollars over the past two weeks. Yet, we are still told that after all this intervention, all this inflation, that we still need an additional $700 billion bailout, otherwise the credit markets will seize and the economy will collapse. This is the same excuse that preceded previous bailouts, and undoubtedly we will hear it again in the future after this bailout fails.

One of the most dangerous effects of this bailout is the incredibly elevated risk of moral hazard in the future. The worst performing financial services firms, even those who have been taken over by the Government or have filed for bankruptcy, will find all of their poor decision-making rewarded. What incentive do Wall Street firms or any other large concerns have to make sound financial decisions, now that they see the Federal Government bailing out private companies to the tune of trillions of dollars? As Congress did with the legislation authorizing the Fannie and Freddie bailout, it proposes a solution that exacerbates and encourages the problematic behavior that led to this crisis in the first place.

With deposit insurance increasing to $250,000 and banks able to set their reserves to zero, we will undoubtedly see future increases in unsound lending. No one in our society seems to understand that wealth is not created by government fiat, is not created by banks, and is not created through the manipulation of interest rates and provision of easy credit. A debt-based society cannot prosper and is doomed to fail, as debts must either be defaulted on or repaid, neither resolution of which presents this country with a pleasant view of the future. True wealth can only come about through savings, the deferral of present consumption in order to provide for a higher level of future consumption. Instead, our Government through its own behavior and through its policies encourages us to live beyond our means, reducing existing capital and mortgaging our future to pay for present consumption.

The money for this bailout does not just materialize out of thin air. The entire burden will be borne by the taxpayers, not now, because that is politically unacceptable, but in the future. This bailout will be paid for through the issuance of debt which we can only hope will be purchased by foreign creditors. The interest payments on that debt, which already take up a sizeable portion of Federal expenditures, will rise, and our children and grandchildren will be burdened with increased taxes in order to pay that increased debt.

As usual, Congress has shown itself to be reactive rather than proactive. For years, many people have been warning about the housing bubble and the inevitable bust. Congress ignored the impending storm, and responded to this crisis with a poorly thought-out piece of legislation that will only further harm the economy. We ought to be ashamed.

Ms. SCHAKOWSKY. Madam Speaker, I rise in reluctant support of H.R. 1424, the Emergency Economic Stabilization Act. On Monday, the House failed to pass a rescue package, and the stock market dropped 777 points—the biggest one day point drop in US. history. The impact of that drop wasn't just felt on Wall Street; it was also felt on Main Street. On Monday alone, Americans lost $1.2 trillion in the stock market. Almost 50 percent of Americans are invested in the stock market in some way, whether through retirement accounts or private investments, and they rely on credit and their investments to make ends meet.

This legislation is about protecting people's retirement accounts and pension plans. In the last year, investments have declined by nearly 24 percent, putting the retirement security of millions at risk; I am worried that without this package, they will continue to the downward spiral. This legislation is about making sure that there is enough credit in order for students and families to take out loans to afford to go to college. It is about letting businesses make their payroll. It is about helping people stay in their homes. That is why dozens of groups representing educators, colleges, the homeless, pension managers, and others support this legislation,

I want to make it very clear that I think this legislation is far from perfect—and, like many of my colleagues, I would have written a very different bill. However, I believe that Monday demonstrated that we had to act. Years of harmful Republican policies that pushed for deregulation and tolerated an almost total lack of enforcement, and a misguided philosophy that insisted that an unregulated market can heal all ills, have now led us to the brink of economic collapse. And I am deeply concerned—and hundreds of economists agree—that the failure to act could lead to a major economic depression.

Again, the rescue plan, while still imperfect, has come a long way from where we began. Instead of giving the President $700 billion with virtually no oversight or safeguards, we require Congressional review after the first $350 billion. And this legislation requires equity sharing, so taxpayers would benefit from future growth in the investments they have bought, and it requires Wall Street to pay back any losses to the Government. We are stopping forms of executive compensation that would encourage executives to take excessive risks, eliminating golden parachutes for executives who take part in the Government program, and cracking down on excessive compensation practices for the first time in history. And we include strong, independent oversight to protect the taxpayer, including two oversight boards to ensure that the Treasury Secretary is acting on good faith, as well as judicial review over the Secretary's actions.

While I would have liked to see the tax provisions paid for by rolling back some of the President's tax cuts to the wealthiest Americans and closing corporate loopholes, there are also important tax fixes that will benefit millions of Americans and small businesses across the country. The legislation provides property tax relief to up to 30 million homeowners—extending a new $1,000 property tax deduction for non-itemizing couples through the end of 2009. It extends the qualified tuition deduction for low- and middle-income Americans. It extends the child tax credit, which will benefit millions of Americans with children age 17 and younger. It extends the Research and Development tax credit, which spurs innovation and job growth in the technology sector. And it extends critical renewable energy and energy efficiency tax credits to help the green economy take shape.

This legislation also contains critical, comprehensive mental health parity legislation that will bring mental health insurance benefits in line with physical benefits. I have not held a health care meeting in my district without the issue of access to mental health care being brought up by my constituents who have faced discrimination or difficulty obtaining affordable care. I am proud that we are continuing Senator Paul Wellstone's legacy by passing a bill that guarantees equal access to mental health and substance abuse treatment. I also want to thank Representatives PATRICK KENNEDY and JIM RAMSTAD for their persistence and passion in passing the Paul Wellstone Mental Health and Addiction Equity Act.

There is so much more we should do. I am strongly committed to enacting a second stimulus package that will truly benefit the American people. Today the House enacted 7 weeks of extended benefits for workers who have exhausted regular unemployment compensation, with workers in high unemployment states eligible for an additional 13 weeks of benefits. However, I believe we also need to make investments in our highways, bridges, transit systems, and schools; we need increases in food stamps benefits; and we need a crucial temporary increase in Medicaid payments to States. Studies have shown that those are some of the quickest forms of economic stimulus because those benefits and investments are spent quickly.

This bill represents unfinished business. I will fight my hardest to make sure that we rein in the excesses of corporate America in the next Congress, and to see to it that this crisis does not happen again.

Mr. TIAHRT. Madam Speaker, at the end of the day, I was sent to Congress in November 1994 because the people of the 4th congressional district of Kansas believed in the message of less Government spending, personal and corporate responsibility and lower taxes. Therefore, I remain committed to those who

sent me here and opposed to the unprecedented power that would be given to the Federal Government through this bill.

Last week, the Treasury Secretary came to Congress with a message: he needed $700 billion and he needed it now. I understand the need to act and the need to act quickly. At that time, however, I stood with my Republican colleagues and opposed the hasty call for an unprecedented blank check to the Federal Government.

Over the weekend, Congress negotiated with the Secretary to work out a better proposal through several non-government based approaches. Some of the provisions I could support but the fact remains that a $700 billion bailout of Wall Street is too much for our taxpayers to bear.

On Monday, I joined with a majority of my Republican and Democrat colleagues to defeat this short-sighted fix that exposed Americans everywhere to long-term debt that could lead to an even greater financial crisis.

Not wanting to be outdone, the Senate quietly inserted over a billion dollars worth of pork: $148 million for wool fabric producers, $2 million for the makers of wooden arrows for children, and a $100 million tax break to benefit NASCAR racetracks. Even Hollywood got a tax break gift worth nearly half a billion dollars.

What was a three-page idea had grown in a week to more than 450 pages.

What it comes down to is that a $700 or $800 billion bailout with voluntary reforms was not a plan I could support. Worse yet, Sec. 112 of the Senate bill, allows foreign financial institutions who hold troubled assets as a result of extending financing to financial institutions that have failed or defaulted on such financing to participate in this massive Government bail-out. What does this mean? Simply, the Federal Government has invited foreign financiers to participate in this bailout on behalf of every American.

However, my decision today to oppose the Senate bill does not come easily. Many of us lost savings. Many employers expressed concerns about access to credit so they could make payroll for their workers. I heard from hard-working Kansans who were concerned about a downsized economy that could force them out of a job.

A quick bailout fix might work for a short time, but it may not be long before we are asked again for more tax dollars. This is evidenced by recent Government bailouts of Bear Stearns, Freddie Mac and Fannie Mae, AIG, and the $25 billion tossed to the auto industry. A quick bailout fix might work for the short term, but without addressing the underlying problems, we will be asked again for more tax dollars.

An economic rescue plan needs to include reforms that tie mortgage broker's commissions to borrowers' timely payments; a mandatory FDIC-type insurance program for entities with troubled mortgages; a suspension of ''mark to market'' accounting procedures; a temporarily suspension of capital gains taxes; and a permanent, not a temporary increase on FDIC coverage from $100,000 to $250,000 coupled with an increase in premiums so that the statutory obligation of 1.15 percent is met.

The mandatory FDIC-type insurance program would require the Treasury Department to guarantee (losses up to 100%) resulting from the failure of timely payment and interest from mortgage backed securities originated prior to the date of the enactment. Such insurance, I believe, would provide immediate value to the securities and a foundation for which they could then be sold. I am disappointed this provision was not included as a mandatory program.

Furthermore, instead of a Government-driven bailout, I support an alternative where the Government enables and coordinates a greater involvement of private investors. An alternative could be to allow companies to carryback losses arising in tax years ending in 2007, 2008, or 2009 back 5 years, generating a tax refund and immediate capital.

These are just a few alternative provisions that I believe would be better than merely throwing money at a problem we hope to fix. I want Kansans to go to bed tonight with peace of mind and not worry about their savings. I am ready for this financial turmoil to calm and for us to focus on other important things in our lives. But I could not support a $700 or $800 billion bailout plan that embraces temporary relief while shunning long-term reform that brings lasting stability.

I remain committed to working for a long-term solution with Democrats and Republicans who are willing to put the good of our country ahead of short-term fixes. It's the right thing to do.

Mr. LATHAM. Madam Speaker, we have all heard from thousands of our constituents on this measure over the past two weeks. I spoke to one constituent of mine from Iowa yesterday who contacts me regularly to express her opinions and ideas. When discussing her opposition to this bill she summed up the frustrations of Iowans and the overwhelming majority of people across this country. She said ''the people out here in the heartland see this bill and bailout as a result of Washington talking to Washington—and not talking and listening to the real people beyond the beltway.''

She hit the nail on the head. This measure today is a true result of Washington talking to Washington, of Congressional partisanship blinding the legislative process and blocking the chance for real common sense comprehensive solutions, and members of an administration that are quicker to respond to the needs and pain of Wall Street than the needs and reality on Main Street.

The measure we voted on Monday was based almost exactly on the original plan of one man—that of Treasury Secretary Henry Paulson. This plan was sold to us with no guarantee of success—even from its author. This plan was created and based on a randomly selected price tag of $700 billion to the American taxpayers. When asked about why that number was chosen, a spokesperson for the Treasury Department responded in a news article last week that they came up with it because they wanted ''a really large number.''

Additionally, the question has to be asked of this plan—is it morally right to spend hundreds of billions of dollars to reward and benefit those on Wall Street who were knowingly involved in risky and, sometimes, exotic financial investments that were hidden from the eyes of Federal regulators?

Why is Washington so quick to focus on the needs of Wall Street at the cost of those responsible Iowans who have sacrificed, saved, and spent within their means?

No wonder real America has lost faith in Washington.

I voted against almost this same measure on Monday afternoon. It was a tough vote but it was the right vote. I took that vote so we could sit down as Americans who are truly interested in the well-being of all people in this Nation to find a more acceptable path—a well thought out common-sense path. After all, we do agree that something must be done to try and save this Nation and her people for what would be a devastating period of economic disaster.

My hopes, and the hopes of the majority in this country, were dashed after the U.S. Senate not only embraced the plan we voted down earlier in the House, but added an even larger price tag on American taxpayers. And, the Senate—as only could be done in Washington—added hundreds of millions of dollars in pork to the bill to fund children's wooden arrows, race tracks and Puerto Rican and Virgin Islands rum. The Senate turned a deaf ear to the cries of the American people who are opposed to this measure and decided to add even more unwanted items to their tab.

In the interest of full disclosure the Senate did add items that I fully support. Important provisions that could help Iowa's renewables industry—in wind, solar and biofuels—that could help Iowans who are struggling to rebuild after the devastating floods of this summer, and other common sense measures that include increasing FDIC insurance limits.

But the foundation of the Senate bill that we are considering today remains the same—the randomly selected $700 billion plan that was the creation of one man, that empowers that one man to spend the money as he sees fit—yet has no guarantees for success or even realistic protection provisions that will close the taxpayer's check book if the plan is not working. I could never trust anyone person with complete discretion of $700 billion of taxpayer's money—no strings attached.

As the members of this body know, I joined with a group of my colleagues yesterday to work to provide Washington with one last option other than the plan of based on a randomly selected number.

We drafted an amendment that would give Secretary Paulson $250 billion to use as proposed in his original plan. Even he has said that he could only spend at the most $50 billion a month. This gives him at least five months to see if his plan is working, and if it is proving to have success for all of America's economy, then he can return to Congress to request the remaining funds. While I know even $250 billion is unacceptable to many fiscal conservatives, the plan gave the American people some level of control over their tax dollars to know that a plan based on a randomly selected number would have to show success and benefits to main street before it was permitted to move forward beyond that additional smaller price tag.

Our amendment also gave us time—time to come back here and discuss alternatives for the good of the nation as a whole.

I believe that this amendment would have received overwhelming bi-partisan support from the rank-and-file members whose voices were shut out of this process.

Unfortunately, what has become standard operating procedure for a broken Congress, in a broken Washington, the members of this body—representing the hundreds of millions of people in real America—were not even allowed the opportunity to vote on an alternate

plan. Instead we are forced to consider—up or down, no committee hearings, no committee votes—this plan based on a randomly selected number.

This week I have spoken with and listened to the reality of the economic landscape from small business employers throughout Iowa. I have heard from farmers, from colleges, from community governments, realtors, car dealerships, utility companies, and hometown bankers—employers of hundreds of thousands of Iowans. They all have told me of the reality of their experiences with credit markets, the reality of economic turbulence, and the real fears that if nothing is done soon that Iowa is facing economic disaster like most of us have not seen in our lifetime. These are real people from real town America, who are doing the right things, providing good jobs for good people, who are leaders in their community and staples of the local economies who are suffering and face economic disaster not because of decisions they have made, but because of the decisions made on Wall Street and in Washington.

It is clear to all of us that action is needed to protect our economy. But is this plan really the right action we should take? After all, supporting this bill just for the sake that we agree that action is needed does not guarantee that we are moving in the right direction. And, for those who are suffering in real America, actions we take now that are not fully debated and discussed could end up causing more economic harm over the long term.

The events of the past two weeks—and the resulting proposal that we are forced to consider today—make it painfully clear to me, and millions of Americans, that Washington is unwilling, or incapable, of listening to anyone but Washington.

That is why I must stand on principle once again today and vote against this measure with the hope that Washington will wake up and—immediately following this vote—begin the responsible process of working together, working with the American people to find a solution that is well considered based on fundamental economic principles that addresses the real needs of real America—real main street. These are the principles on which our Nation was founded and these are the principles that we have the duty as Americans to stand up and protect.

Mr. FORTENBERRY. Madam Speaker, the choice before us today is not between action and inaction.

That is a false choice.

Clearly there is a very serious economic challenge. The decision before us is whether to adopt a potential $700 billion taxpayer liability to nationalize bad corporate debt or an alternative that may be less costly, easier to implement, and fairer to most Americans who have no blame for this mess.

Earlier in the week, many of us said no to this, and because we said no, many helpful changes were made such as FDIC increases and a change in accounting rules that may be artificially driving down asset values.

I know every Member is making a tough judgment call according to their conscience.

But I have not heard a single Member say: ''I really believe in this. This will work.''

Instead we hear: ''It stinks, it's the best we got, our problems will get worse, and we've got to get it done.''

Madam Speaker, we are the legislative body. We make the law. There are other reasonable options that could be unpacked—hopefully quickly—to address falling asset value, increase liquidity, and provide needed capital.

Ms. KILPATRICK. Madam Speaker, it is with significant reluctance and reticence that I will vote yes, on final passage, of the Economic Recovery Act. In the State of Michigan, which is facing record high unemployment, failure of businesses, and increasingly tighter credit markets, we must do something, right now, to ensure that the citizens, businesses, and organizations of the city of Detroit, the State of Michigan and the United States of America survive. This is not a perfect bill. I would have preferred that Congress explore other options, most of which did not involve a single dime from taxpayers, as was utilized during the savings and loan crisis, in a more deliberate manner. The provisions in the bill that ''recommend'' and ''suggest'' that the Secretary of the Treasury protect senior citizens, working families and others facing foreclosure; that ensure the utilization of qualified ethnic minority and women owned businesses, among others, need monitoring and oversight. The provisions are woefully inadequate and need improvement.

My yes vote, and it is perhaps one of the most difficult votes I have made in my 30 years as a public servant, is a reflection of the fact that if Congress does not do something soon, we possibly face an economic Armageddon the likes of which we have not seen since the Great Depression. Since I voted against the first version of this bill, the stock market has dropped a net of over 500 points and over one trillion dollars in total value. Our labor market has lost over 200,000 jobs in the month of September. Inflation has risen to new highs. My office has been besieged with phone calls from hundreds of small- and medium-sized businesses that cannot purchase goods or services or meet their payroll because they cannot access their lines of credit. Parents in Michigan are concerned that they cannot secure student loans for their children. This inevitably hurts all Americans.

The Constitution of the United States, to which each and every Member of Congress, the House of Representatives and the Senate, takes an oath to protect and defend at the beginning of each 2-year session of Congress. Article I, Section 9, clause seven, of the U.S. Constitution says ''no money shall be drawn from the Treasury but in consequence of Appropriations made by law.'' The Constitution also establishes three separate and distinct branches of government: the legislative, judicial and executive branches. As an Appropriator and for our U.S. House of Representatives, I oppose this bill's unprecedented and unparalleled secession of the power granted to us by the people and the Constitution transferred to one appointed person from the executive branch of the Federal Government.

Households in Detroit, the State of Michigan, and America feel the rumblings of the financial earthquake beneath their feet. Unemployment has risen to all-time highs. Michigan is one of the leading States in unemployment, home foreclosures as well as business losses. The sudden, precipitous and dramatic slump in home values, retirement accounts and pensions is a prelude to worse things to come. I have fielded dozens of phone calls from businesses in my district from small convenience stores and automobile dealerships, to large corporations that are unable to access credit lines to make their payrolls. Without swift, immediate, and strong fiscal action and direction, America and Americans are in dire trouble.

Again, it is impossible for parents to get student loans for their children attending college. It is virtually impossible to get a mortgage with a rate that is reasonable. It is hard to find a decent, paying job. Again, it is tough for businesses to get loans to purchase those goods, items, and services that mean the difference between surviving and thriving, or even making their payroll. We have lost hundreds of thousands of jobs in America this decade. This bill is not a cure-all, by any means. However, it is a start to stop the bleeding from which so many of our citizens and businesses suffer.

This bill does contain several provisions for which I fought and support. The bill will immediately increase the Federal Deposit Insurance Corporation's, FDIC, limit from $100,000 to $250,000, which will increase confidence citizens have in our banking system and prevent bank runs. The home foreclosure provision allows the Secretary, at his discretion, to lower the interest rate and, in some cases, the principal of home mortgages, ensuring that more citizens will stay in their homes and not on the streets this winter. This bill will provide property tax relief to up to 30 million homeowners—extending a new $1,000 property tax deduction for non-itemizing couples through the end of 2009. Finally, the bill provides that minority- and women-owned businesses, along with minority professionals, at the suggestion of the Secretary of the Treasury, will be included as contractors and analysts and will hopefully get a portion of the $700 billion that will be utilized by Secretary Paulson to stabilize our economy.

A key aspect of this bill that will become law is mental health parity for all Americans. Regrettably, too many private health insurers often provide less coverage for mental illnesses than for other medical conditions. Many insurers believe that mental health disorders are tough to diagnose, and that care for mental illness is ineffective, expensive and simply not worth the money. Thanks to this bill, all Americans will have access to mental health care. When mental health care is a part of our general health care, there is often little or no increase in cost to insurers. This is a most important aspect of the bill and is an aspect of which we all can be proud.

While these provisions are not as strong as I would like, my opposition to the overall bill, or to these provisions, is not strong enough to risk the enormous battering that continues to hammer our families and our economic system. The economic consequences of inaction are such that the citizens and businesses of our State and our Nation might not survive. That is a risk that I refuse to take. I will continue to fight for even stronger rules and regulations as we work in the wake of this bill, under a new Democratic President.

With the faith of God, with the support of the people of Michigan, and with the guidance and leadership of my ancestors, I will continue to work and fight to ensure that American families will be able to stay in their homes; that businesses will come back even stronger and employ, engage and ensure that more people have decent, fair paying jobs; and that Detroit and Michigan will rise to the heights that once

made it, and America, the world's manufacturing powerhouse. My support of this bill is a beginning step in that direction.

Ms. SPEIER. Madam Speaker, Wednesday night, before returning to Washington, I had a telephone townhall in my district with over 5500 constituents.

I'm here to report that they are angry.

They are angry that the Government allowed Wall Street mega-banks and manipulators to act so irresponsibly that they have led our economy to the brink of disaster.

They are angry that for over a decade, greed and abuse have been considered higher virtues than oversight and regulation.

Madam Speaker, I'm angry, too. Because of the mess we're in, school districts back home have lost hundreds of millions of dollars in their reserve accounts. A San Bruno man who worked for 30 years at United Airlines is seeing his pension dissolve before his eyes. And Tony, an independent businessman from San Carlos, will likely have to close his remodeling business if he is unable to get short-term credit for supplies.

Now we hear that the State of California may have to declare bankruptcy. These reasons are why I will vote for this bill.

But Madam Speaker, no one should interpret this vote as approval of the situation we find ourselves in.

This anger will not easily dissipate. We must commit ourselves in the next Congress to reregulate the markets and repair the damage that years of ineptitude and inattention have wrought on our economy.

Mr. BLUMENAUER. Madam Speaker, I do not support this economic recovery bill. While it is imperative that Congress act to address this financial crisis, this mixed bag of legislation is not the appropriate immediate or long-term solution. The hard work done by the Democratic leadership over the past week has made it better, but it's still not good enough. It doesn't go far enough to protect taxpayers or to help homeowners stay in their homes. I have been very vocal on the floor of the House of Representatives about my concerns that this proposal won't help our financial situation and may be beside the point.

There are some extremely important provisions in the bill for which I have fought during the past 2 years. For example, the bill extends the production tax credit for wind energy and investment tax credit for solar energy. It includes legislation I drafted to provide a tax credit for the purchase of small wind turbines. And it provides tax fairness so employers can offer the same transportation fringe benefits for bicyclists that they offer to employees who commute by car and public transit.

I'm pleased that this bill will reauthorize the Secure Rural Schools program, which is so important to Oregon. I'm pleased that it will prevent the Alternative Minimum Tax from impacting millions of hard-working, middle class families.

The bad news is that, at a time when our national debt is at its highest point in over 50 years as a percentage of GDP, Senate Republicans chose not pay for most of the good things in this bill. I'm disappointed that the Senate also added a number of provisions to the bill that will provide incentives for coal-to-liquids and oil-shale fuels, which take us in the wrong direction in our battle against climate change.

I hope this bill works to protect our commercial system, but I fear that it won't. I will continue to fight to deal with the consequences of added debt and poor energy investment choices. I look forward to closely scrutinizing the choices that the Treasury Department makes as a result of this legislation and working to improve the position of ordinary homeowners, American taxpayers, and our environment.

Ms. ROYBAL-ALLARD. Madam Speaker, I rise in opposition to H.R.1424, the Emergency Economic Stabilization Act of 2008.

There is little debate that there is a real crisis in our financial markets, and I share the sense of urgency felt by my colleagues as we look to bring stability to the financial sector and ensure the availability of credit to all Americans.

I had hoped that when a new bill came to the House, it would be a comprehensive package that would include greater accountability from Wall Street, greater protections for Americans on the verge of losing their homes, and an economic stimulus package that would create jobs to strengthen our economy.

The Senate did include important and beneficial provisions. I strongly support the addition of an increase in the FDIC's insurance cap to $250,000 and favor many of the included tax provisions such as renewable energy and research and development tax credits. In addition, I have consistently advocated for the mental health parity legislation that was the vehicle for this measure.

However, despite these commendable additions, I must remain opposed to the underlying plan of committing $700 billion of taxpayer dollars to an untested plan with an uncertain outcome and inadequate regulations and oversight.

While the bill begins to address the foreclosure crisis, its provisions are far from what many economists believe is needed to have a consequential impact on the American families who are losing their homes. To truly help stop the bleeding, I believe we must get at the root of the problem by including measures such as lifting the ban on loan modifications for primary residences during bankruptcy proceedings. This would enable homeowners to stay in their homes by renegotiating their loans. Preventing foreclosures will protect families, communities, and our economy.

I am also concerned that while the measure creates a congressional oversight panel, the panel lacks teeth and can only make nonbinding recommendations. If the taxpayers are expected to stomach a $700 billion bailout, we have to insist on greater oversight authority.

Finally, this bill is simply a temporary bandage if it does not include economic stimulus provisions that will create the jobs needed to strengthen our economy and improve the financial condition of the average American. While the problems on Wall Street have reached a breaking point, ordinary Americans have been feeling the pain of weakness in the economy for a very long time.

If this legislation passes it is simply a stop gap measure. I am heartened by the comments of Chairman FRANK who committed to reforming our financial regulatory and oversight system and by Speaker PELOSI promise that we will come back and consider stimulus proposals that will truly help grow our economy and positively impact those who have been hurt by this crisis.

Madam Speaker, while I agree that inaction is not an option, I also believe we can, and must, do better than this legislation. I urge a no vote.

Mr. WOLF. Madam Speaker, when the House responded to the economic crisis facing our country and considered a financial rescue plan this past Monday, September 29, the vote failed 205–228. Because of my deep belief that Congress must take action to restore the confidence and stability in the Nation's financial system and keep credit flowing to the people of Virginia and to households across the country, I voted for that legislative package and enclose for the RECORD my statement that day explaining my vote.

I have never been more concerned about the financial future of our country. Following the results of the House vote, there was a record 1-day point drop in the stock market that wiped out $1.2 trillion in wealth that average folks have tied up in retirement accounts, pension funds, and college savings. While there was a short-lived rebound on Tuesday, the market has continued on a downward spiral.

The latest unemployment figures announced today showed that the economy shed 159,000 jobs in September, the steepest drop in 5 years and the ninth straight monthly decline. Also that day, world stocks fell to a new 3-year low. This news, combined with reports this week that U.S. auto sales fell in September by 27 percent from a year ago, points to a worrisome sign that credit is tightening and the economy is hurtling toward a deep recession.

If we don't deal with this financial crisis now, foreign governments like China and Saudi Arabia, who already hold a significant portion of our debt, are waiting in the wings to buy up even more of America. We cannot allow China—a country that persecutes its own people because of their faith—or Saudi Arabia—which breeds the kind of radical ideology that led to the terrorist attacks on our country—to own what generations of Americans have worked so hard to build for their children and grandchildren.

After the House's failed vote, the Senate worked to revise the bipartisan package. The new bill includes the base of the economic rescue plan voted on in the House plus additional taxpayer protection and tax relief provisions and was passed by the Senate 74–25 on Wednesday. Because I continue to believe that this Congress must act to restore confidence in our economy, I will vote today for this amended measure.

The revised bill has significant new safeguards for taxpayers and important tax relief provisions that will increase the amount of bank deposits insured by the FDIC from $100,000 to $250,000 through 2009, to help stop a run on banks; protect 21 million working, middle-class families from getting hit with an average tax hike of $2,500 from the Alternative Minimum Tax, AMT, for tax year 2008; extend critical energy tax credits and incentives to encourage conservation and the development of renewable energy technologies such as wind and solar power; extend tax deductions on State and local sales taxes and out-of-pocket expenses for teachers; expand the income threshold used to calculate the refundable portion of the child tax credit; extend a property tax deduction to homeowners who don't itemize, and provide tax relief for those in areas hit by recent natural disasters including hurricanes and floods.

As in the original legislation, the revised measure authorizes up to $700 billion for a troubled assets relief program for the Treasury secretary to buy mortgages and other assets that are clogging the balance sheets of financial institutions and making it difficult for working families, small businesses, and other companies to access credit. While the legislation gives the Treasury secretary an immediate $250 billion for the program, it requires the president to certify that additional funds are needed, $100 billion, then $350 billion subject to congressional disapproval. The assets acquired by the Treasury will eventually be sold. Many economists believe that if they are purchased at appropriate discounts, it is fair to say that the Treasury will recoup the taxpayers' investment or could even turn a profit over the long-run.

The measure also provides strong watchdog authority over the Treasury through an oversight board and a special inspector general to protect against waste, fraud and abuse. The bill also ensures that irresponsible corporate executives at institutions participating in the Treasury program will not be rewarded with multi-million dollar ''golden parachutes'' or severance pay. The FBI continues to pursue corporate fraud investigations related to lenders, brokers, and appraisers involved in the mortgage and sub-prime loan crisis.

I understand the concerns raised about the response to the financial crisis our country is facing. This package, including some provisions added by the Senate, is certainly not perfect. But I can't pick and choose from the parts. As I said in my statement after the House's initial vote, credit is the lifeline of our economy. Overall I believe this plan is vital to protect the long-term economic future of our country and to ensure that people in my congressional district as well as folks across America are able to keep their jobs, get a home loan or car loan or a student loan to send their kids to college, and protect their savings and the value in their retirement accounts.

I have always worked for the best interest of the taxpayers and residents of the 10th District which I represent. I am voting for this package because in good conscience I cannot stand by and watch the financial futures of the people across America tumble toward ruin not seen since the Great Depression. I believe this vote is the right thing to do at this time for our country.

The American people are understandably angry that our Nation's financial condition has reached this point and I understand the worry that has brought. I'm angry and worried, too, and share the concerns of the scores of people from the 10th District who contacted me in recent days. I understand when folks say they don't want to ''bail out'' Wall Street when they see the greed and irresponsibility we've witnessed from some in the financial system gambling with other people's money and losing. Experts say that the root of the current financial crisis can be traced to the collapse of the sub-prime mortgage industry and the impact of high-risk loans on the Nation's housing industry.

I agree and also share the concern about reports that some CEOs on Wall Street and top executives at Fannie Mae and Freddie Mac—which are now in Federal conservatorship—have gotten sweetheart deals and bonuses in the millions of dollars. That kind of action must not be rewarded and that's why I applauded the news that the FBI as well as the Justice Department and the Securities and Exchange Commission have launched investigations into potential criminal cases against firms accused of contributing to the market collapse.

But I'm more worried about the people of Virginia and across America if we don't respond to the collapse in the credit markets in our country. We face a financial crisis and threat to the U.S. economy the proportions of which many say we haven't seen since the economic collapse of the Great Depression. For the past few weeks, the news has been filled with reports of some of the most prominent financial institutions in our country in free fall. Just this Monday, Wachovia, one of the largest banks in Virginia and perhaps a bank you or your family or neighbors use, was sold, and more banks are expected to fail.

Access to credit is the lifeline of our economy. I'm worried that if we don't take the necessary action to shore up the Nation's credit system it will be the mom and dad in Herndon who won't be able to get a student loan to send their kids to college or buy a new house, or the young college graduate in Leesburg who won't be able to get a loan to buy a first car, or the older couple in Winchester nearing retirement whose nest egg in a 401(k) account is losing value, or the mom and pop store around the corner in Front Royal that can't get the loan to make payroll, or the family in Manassas who need to sell their house but watch as home values drop and the prospective buyer can't get a home loan.

I believe this crisis calls for extraordinary action. Some say without action millions of jobs could be lost. I believe the legislative package before Congress was mis-named as a ''bailout.'' It is important to understand that it was a depression prevention plan to help restore confidence in and stabilize our country's credit system and ultimately the American economy. No legislation is ever perfect and there will be people of good will who disagree. But in tough times, it is the responsibility of lawmakers to act and make tough choices.

I voted for this legislation today because I believe it was the right thing to do to begin the process of resolving this crisis and setting the country's financial institutions on sound footing. This legislation was a bipartisan compromise dramatically changed and improved from the original proposal and forged after tough negotiations between both political parties and the call that the measure must first and foremost protect taxpayers' investment and have transparency, accountability and oversight.

The package fulfilled those goals by:

Providing the Treasury secretary with authority to buy troubled assets currently held by financial institutions, but cut in half Secretary Paulson's original proposal of $700 billion in up-front, immediate authority. The plan would allow $250 billion in immediate authority, with another $100 billion available after the Secretary reports to Congress, and providing Congress with the authority to withhold the remaining $350 billion, assuring that economic assistance will be financed by Wall Street, not Main Street. Many economists predict that ultimately taxpayers will see all their investment fully recouped.

Providing transparency and oversight through establishment of a bipartisan oversight commission, split evenly between minority and majority; reporting requirements to ensure proper reports to Congress and the public; a special inspector general; a financial stability oversight board; strict conflict of interest and unjust enrichment rules, providing that if after 5 years the Government has a net loss of taxpayer funds as a consequence of the purchase program, the president will be required to submit a legislative proposal to recoup such funds from program beneficiaries.

Protecting taxpayers—not shareholders and not corporate executives—against loss by placing taxpayers first in line to recoup losses from participating financial institutions in the event they fail or lose money.

Prohibiting executive compensation or golden parachutes to ensure bad actors on Wall Street are not rewarded.

Requiring the establishment of an insurance guarantee program that in lieu of purchasing assets with taxpayer funds is available to insure assets at no cost to the taxpayer. Costs would be fully paid for by participating companies, i.e., those receiving the assistance. Assets insured by the program would count against the total funds the Treasury secretary would otherwise have available to make purchases.

In considering this package I had to answer this question: What is the consequence of doing nothing to help stop the hemorrhaging of the Nation's credit system, and even the broader consequence of a potential worldwide depression? I had to decide what is in the best interest of our country and the taxpayers and residents of this congressional district.

When faced with that decision, I cast my vote for the legislative package. I was disappointed that the bill failed passage by a vote of 205–228 and that a majority of my House colleagues both Democrat and Republican did not recognize the need to shore up our financial system and restore the flow of credit to help protect Main Street America.

Just minutes after the final vote, the Dow Jones industrial average dropped over 700 points and closed for the day down 778 points, the largest one-day point drop in history. The broadest measure of the American stock market, the Standard & Poor's 500–stock index, fell 8.77 percent, its biggest drop since October 1987. The failure to approve the legislation resulted in uncertainty and turmoil in the markets, eroding billions of dollars in individual savings and household wealth. In a few hours, an estimated $1.2 trillion in assets lost their value—that is people's retirement accounts, pension funds, and college savings.

With the failure of the legislation, it is uncertain what the next step will be, but the crisis in the financial markets continues, and congressional leaders have pledged to go back to work and negotiate a bipartisan solution to restore confidence in the markets and come back to the House for another vote. No matter what final legislation is enacted to help stem the current crisis, I believe Congress has lots of work to do in the future to reform financial market regulation so that our country is not faced with this kind of crisis in the future.

The crisis in the credit markets, however, may be a symptom of a greater financial crisis on the horizon. We must come to grips with the national debt which is approaching $11 trillion. Then we must focus on the over $53 trillion in unfunded and unsustainable entitlement obligations we face as well as uncontrolled

Federal spending. The statistics are staggering and real. Standard and Poor's Investment Service has indicated that the United States could lose its triple-A bond rating as early as 2012 if we do not take action to reverse course. By not dealing with this issue we are enabling foreign governments like China and Saudi Arabia to buy America. That is bad for our country.

That's why I introduced the SAFE Commission Act, H.R. 3654, with Democrat Rep. JIM COOPER of Tennessee to set up a national bipartisan commission to put everything on the table and recommend to Congress a way to put our country on sound financial footing. The legislation requires an up-or-down vote by Congress. The Capitol Hill newspaper Roll Call said in an editorial that the SAFE Commission should be part of the discussion of any response to the financial markets crisis. Other newspapers and organizations across the political spectrum have agreed that the SAFE plan can be the way forward.

P.S. I have based my service in Congress on the principles of honesty and integrity and doing what I believe is best for the people of this congressional district and the country.

Mrs. MILLER of Michigan. Madam Speaker, I rise today in strong support of this legislation to provide some additional help to workers across this Nation who have been hard hit by our difficult economy.

Just today it was announced that our national unemployment rate is 6.1 percent, terrible rate that unfortunately we would be ecstatic within my district.

People are hurting and they need help.

This bill will provide an additional 7 weeks of unemployment benefits for workers across the Nation and an additional 13 weeks for high unemployment states like my home State of Michigan.

Earlier today we passed a $700 billion bailout for Wall Street companies whose bad business decisions have wreaked havoc on our economy.

If we can hand over $700 billion to Wall Street we can certainly provide this minimum level of support to the workers who are among the victims of the bad actors on Wall Street.

Let us all join together and pass this legislation that will provide real support for those who need it most, hard working people having a terribly difficult time finding work in our struggling economy.

Mr. STEARNS. Madam Speaker, I rise today to express my reluctant and continuing opposition to the Emergency Economic Stabilization Act, H.R. 1424—a bill that was hastily crafted, inadequately vetted, and has now been made worse by an infusion of tax extenders and narrowly targeted earmarks, costing taxpayers $812 billion as reported by the Congressional Budget Office.

This new bill is still flawed because its basic premise is that taxpayers have to take over these toxic loans from ailing institutions, and Secretary Paulson is still granted the unprecedented authority to purchase almost any troubled asset or financial instrument he deems necessary, effectively allowing him to become a financial dictator. Tax expert Ryan Ellis has rightly stated that with this bill, ''Congress is giving a member of the executive branch virtually unlimited power for the entire economy.''

The bill today is very similar to the legislation that was voted down only a few days ago, but this time it contains frivolous add-ons. With the exception of the necessary increase of the FDIC insurance limit to $250,000, which I am happy to see included, this bill leaves little to be desired for American taxpayers.

To be specific, the Senate version of the Emergency Economic Stabilization Act that we are voting on today contains both energy and non-energy related tax extender language, targeted earmarks, and mental health parity legislation—provisions which have no business being placed into a bill which is meant to rescue our economy from a financial meltdown.

The mental health parity bill that has been thrown into the 440-page Economic Stabilization Act federally imposes more financial responsibility on employers who are already struggling to pay for their employees' health insurance, and will come at an additional cost of $3.8 billion dollars. Further, the bill we are voting on today contains narrowly targeted earmarks which are being described as ''tax relief provisions.'' Buried within this 440–page bill is a temporary increase in the amount of rum excise tax revenue paid to Puerto Rico and the Virgin Islands; a 7-year recovery period for motorsports racetrack property; an economic development credit for American Samoa; tax benefits for fishermen and those who suffered from the 1989 Exxon Valdez oil spill; and even an exemption for certain wooden arrows used by children. These provisions cost millions of dollars and are not paid for under this bill. Also included are nearly $42 billion in tax increases over ten years on oil and gas production, unemployment insurance, and investment income.

Madam Speaker, a bailout is still a bailout no matter which way you try to paint it. The American people understand full well that these targeted tax relief provisions were added for the sole purpose of winning votes, and today we are not voting on a clean bill.

I firmly believe there are viable, alternative ways to solve our deep-rooted financial problems without having to utilize a taxpayer-funded bailout strategy. Under this bill we have no way of determining how the Treasury Secretary will choose to price the toxic assets he will buy, and pricing them too low or too high will have serious repercussions. Some of our Nation's top economists along with my own colleagues have proposed far better solutions that would protect taxpayers and shore up our markets without rewarding Wall Street's bad behavior and putting us on a precarious path toward Socialism. I have personally proposed providing low-interest loans to these struggling financial institutions combined with giving taxpayers warrants so that they too can gain from any potential upside in our markets. I also support expanding the FDIC to cover all transaction accounts and put in place an oversight board that is separate from the Congress and the administration.

The issue of a lack of adequate oversight to protect taxpayers is truly worrisome. Former Speaker of the House, Newt Gingrich, points out that a plan which relies on the sole authority of the former chairman of a major investment bank to distribute billons of taxpayer dollars to struggling private sector companies will inevitably lead to corruption and crony capitalism. Further, Harvard political history professor Julian Zelizer has said of Paulson's unprecedented new powers: ''It ranks with the top list of delegations of power, especially since there's some flexibility for Treasury in deciding what to do with all of this money. You don't like to give power over finance and taxes to people who are not democratically accountable like Congress is.''

In a matter of 1 week we have gone from a 2½-page bill, to a 109-page bill, and now to a 440-page bill, but no matter the increase and attempt at improvement, the bill is still inherently flawed. I think it is unfortunate that we haven't taken the necessary time to more carefully consider our options and to re-evaluate some of the more troubling financial trends that have directly contributed to this historic crisis For example, I question why Congress hasn't addressed the issue of Credit-Default Swaps, CDS—a $62 trillion, unregulated market that threatens to be our next financial crisis. Warren Buffett describes these insurance-like contracts that promise to cover losses on securities in the event of a default as ''financial weapons of mass destruction.'' The CDS market is spiraling out of control as we speak, and the Chairman of the SEC has started to ask Congress for the immediate authority to begin regulating Credit-Default Swaps which are intrinsically linked to subprime loans and exotic securities, but Congress has not acted.

Certainly, the challenges that lie ahead of us are numerous and great. We are in the middle of a financial crisis of epic proportions, and I do hope the bill we are voting on today helps to shore up our markets and provide stability, but reluctantly I must oppose it. This legislation has been forced upon us by Secretary Paulson, and I question his ability to objectively implement the Treasury plan given his close ties to major investment banks and Wall Street. Surely Paulson's 25 years spent at Goldman Sachs and eventually becoming its chairman represents an overt conflict of interest.

Given the fact that taxpayers are getting toxic goods and there is no real reform of the Community Investment Act which has forced banks to make loans to people who have questionable credit and cannot afford to pay their mortgage back, I am voting against this bill, and I pray and hope the future will afford us a chance to craft a better bill on behalf of the American people.

Mrs. CAPPS. Madam Speaker, I rise again in reluctant support of this legislation.

I spoke earlier this week about the necessity for the underlying economic rescue legislation and I stand by that statement. If anything, the events of the last week have demonstrated that point even more vividly.

The credit crisis that is gripping America is choking Main Street and affecting Americans of all walks of life. Businesses, small and large alike, are finding it more and more difficult to get credit to run their businesses. This slowdown is costing American jobs. Just today the administration announced that another 159,000 jobs were lost in September, the largest monthly loss in more than 5 years. That means we've lost nearly 800,000 jobs in the first 9 months of this year.

I share my constituents' deep anger over this situation created by the greed of lenders and Wall Street players, the inattentiveness of Federal regulators, and the overall failure of the Bush administration's policies. We must act quickly and this proposal to meet this crisis is the best option we have. I know it would be much easier for me to take the easier, more popular route and vote against this measure, but I believe that would be the wrong choice for my district and my country for all the reasons I laid out earlier in the week.

This legislation adds a number of provisions to the economic rescue package the House considered on Monday, most of which are unrelated to the financial crisis. I support many of them and oppose others.

First, the bill temporarily raises deposit insurance from $100,000 to $250,000 in federally insured banks and credit unions. This is a good step to increase confidence in our banking system and a long overdue update to this critical protection for the assets of millions of American families and small businesses.

Second, the bill protects some 22 million taxpayers from the effect of the Alternative Minimum Tax. This is a tax provision intended to keep the wealthiest in our society from avoiding all income taxes but, because it hasn't been updated in decades, now threatens to ensnare millions of middle income taxpayers with higher taxes. I hope that in the next Congress we can permanently fix this increasingly difficult problem but we must at least stave off its ill effects for this year.

Third, the bill includes critically important mental health parity legislation. It would require insurance companies to treat coverage of mental health services the same as other medical services. As a public health nurse, I know there should be no distinction in the necessity of treating heart disease, bone disease, or mental health disease. I have long supported this effort to destigmatize mental health and ensure that Americans suffering from mental health problems can receive treatment. This is an extremely positive step forward for health care in America.

Fourth, the bill extends Federal support for the development of wind, solar, geothermal, and other renewable energy sources. I have been arguing for a 5–10 year extension of these provisions to encourage the development of alternative energy so we can finally break our crippling addiction to fossil fuels. Establishing a long term investment horizon for these efforts is critical to making that work. These extensions should be for longer than the 1–3 years included in this bill but they cannot be allowed to expire, which most would do by the end of this year.

Unfortunately, included in these energy tax provisions is support for so-called clean coal production and shale oil extraction. The oil and gas industry could not possibly be more profitable and needs more taxpayer support like Warren Buffett needs investment advice. In addition, both the oil and coal industries already received overly generous taxpayer subsidies in the Republican's 2005 energy bill. I do not support these provisions and believe they should be removed or repealed in the next Congress.

Also, much of the cost of these energy tax breaks are not offset so they will increase the already huge Bush deficits. In an effort to reinstate fiscal discipline, House Democrats have consistently voted to pay for these alternative energy production tax breaks by closing corporate loopholes and other measures. It's a shame the Senate cannot follow suit and we are faced with a take-it or leave-it choice on continuing these important alternative energy provisions.

Finally, I am very concerned about the inclusion of language giving the Securities and Exchange Commission, SEC, the go-ahead to alter or suspend so-called ''mark to market'' accounting principles. The SEC just issued what it calls ''clarifications'' on these rules at the behest of the financial services industry and I believe this could be a big mistake. Investors simply must be able to trust that a company's financial statements give a clear and accurate portrait of the health of the company and ''mark to market'' is part of ensuring that is the case. I understand that today's market conditions make establishing prices for securities difficult, but we have to be careful that we don't enable the kind of opaque accounting that has led to numerous financial debacles in recent years.

Despite my concerns about these provisions, I still believe it is in the best interests of the country to pass this legislation.

Mr. GEORGE MILLER of California. Madam Speaker, I rise in strong support of the mental health parity provisions contained in H.R. 1424, the Emergency Economic Stabilization Act of 2008.

These important provisions of the bipartisan legislation would not have been possible without the vigorous advocacy of the late Senator Paul Wellstone and the continued dedication and commitment of Senator Wellstone's family.

In addition, I want to thank Congressmen KENNEDY and RAMSTAD as well as Senators KENNEDY and DOMENICI. Without their tireless efforts, these provisions would not be before us today.

Mental illness and substance abuse affect millions of families across this country.

Without treatment, those suffering from mental illness and substance abuse often struggle to hold a job or make ends meet.

Today, approximately 44 million Americans suffer from mental illness, but only one-third receive treatment.

A key component of this problem is that private health insurers generally provide less coverage for mental illnesses and substance abuse than for other medical conditions.

A 2002 Kaiser Family Foundation study found that, while 98 percent of workers with employer-sponsored health insurance had coverage for mental health care, 74 percent of those workers were subject to annual outpatient visit limits, and 64 percent were subject to annual inpatient daily limits.

The bill amends the Employer Retirement Income Security Act, ERISA, to prohibit employer group health plans from imposing mental health or substance abuse treatment limitations, financial requirements, or out-of-network coverage limitations unless comparable limitations requirements are imposed upon medical-surgical benefits.

The out-of-network coverage provisions are particularly important.

Under this provision, if a health plan permits individuals to go to an emergency room for a medical condition without prior authorization; or an out-of-network hospital or treatment center at in-network rates for a medical condition, then the plan must apply the same rules to an individual suffering from a mental illness or substance disorder.

In addition, the bill does not require group health plans to provide any mental health or substance abuse coverage.

However, if the group health plan does offer mental health and/or substance abuse benefits, there must be equity between mental health and/or substance abuse coverage and all comparable medical and surgical benefits that the plan covers.

As a result, more Americans will be able to access affordable mental health and substance abuse benefits.

Nothing in the bill is intended to preempt stronger state mental health and substance abuse parity laws.

The Committee on Education and Labor has analyzed each state's mental health and substance abuse law; it is our understanding and intent that this legislation will not pre-empt any of these laws.

In other words, a state law that may contain broader or more favorable mental health and/or substance abuse benefit requirements will not be pre-empted.

Finally, this bill directs the Department of Labor to provide information and assistance to individuals, employers, and states in order to help them comply with the requirements of this law.

It is time to end the stigma and provide fair coverage to those in need.

Mr. STARK. Madam Speaker, I rise today in strong support of providing much needed assistance to the millions of workers struggling to make ends meet.

Unlike the Wall Street bailout we just passed, extending unemployment benefits will actually help to keep people in their homes. Unlike giving a $700 billion blank check to Henry Paulson, extending unemployment benefits will stimulate the economy and will bring money into local communities.

Last month the economy lost 160,000 jobs—the ninth month in a row of job loss. Without congressional action, 800,000 workers are expected to lose their unemployment benefits in October. In my State of California, the unemployment rate is 7.7 percent and climbing. Many of these workers are exhausting their benefits and are unable to find work. This legislation will provide immediate relief to these workers.

Today we heard a lot of bluster about Main Street. Make no mistake, people are struggling to pay their bills and put food on the table. Wall Street has already gotten their share; I urge all of my colleagues to make sure that we take this small step to help millions of workers get their share.

Mr. CONYERS. Madam Speaker, while I am personally opposed to this bill, and have set forth my reasons elsewhere in this debate, the Judiciary Committee has nevertheless assisted the bill's drafters in an effort to help ensure that it does not inadvertently impair fundamental legal rights and protections.

In that regard, as chairman of the Judiciary Committee, I would like to further illuminate Congress's intent with respect to three provisions in section 119 of the bill, the section regarding judicial review and related matters.

First, the limitation on injunctive and other equitable relief in section 119(a)(2)(A). This provision is written in light of the expected need for the Troubled Asset Relief Program, ''TARP,'' established under the bill in the Treasury Department to be able to act quickly on its decisions to purchase particular assets in the marketplace.

Accordingly, the grounds for obtaining injunctive or other equitable relief, which could potentially impair the efficiency of the TARP's response to breaking market developments, is limited to remedying constitutional violations, while all underlying rights, and the availability of monetary damages where warranted, are preserved. Moreover, even in cases of constitutional remedy, there are special provisions in section 119(a)(2)(B)–(D) for expediting resolution of the matter in court.

It should be kept in mind that the bill provides for a number of avenues to protect against possible overreaching by the Secretary or the TARP, including a special Inspector General, ongoing Government Accountability Office review, and a congressional oversight panel. Nor do the limits alter the normal rules governing agency rulemaking or adjudication, which are not the sort of actions that require the same kind of rapid response envisioned for TARP's marketplace decisions.

Second, the provision regarding homeowners' rights in section 119(b)(1). This provision clarifies that a sale of mortgages or mortgage-backed securities to the TARP in no way impairs the claims or defenses of the homeowners whose mortgages are involved. All rights and interests of the homeowners, whether under the terms of the mortgage instrument or under law, are fully preserved. This means, among other things, that the TARP, in acquiring interests in these securities, does not thereby obtain the right to use any of the extraordinary collection methods and other recourse that is available solely to the Government, which it has been given for collecting fines and other debts owed directly to the Government which the homeowners here did not contract to be subject to.

This provision does not prevent modifications to which the homeowner agrees, such as a reduction in interest rate, reduction in loan principal, waiver of fees and unpaid interest, or other forbearance that enables the homeowner to avoid foreclosure, continue living in the home, and keep the mortgage. In fact, this provision is designed to encourage TARP to consider such modifications whenever prudent.

And it often will be, benefitting the investors in the mortgage-backed debt as well as the homeowners involved. The costs of foreclosure to the investors—leaving aside the costs to the homeowner, and the community of which the homeowner is a part—will generally far exceed the costs to investors of a mortgage modification.

Indeed, taking into account costs such as foreclosure expenses, damage to vacant homes, maintenance, the loss from sales of vacant property in a declining market, the net recovery by investors in a foreclosure situation can be a small fraction of the amount owed on the mortgage. Many foreclosed homes end up being sold in bulk through distress sales, for only a few thousand dollars each. And all of this feeds a vicious circle of increasing foreclosures and declining home values.

Loan modifications are almost invariably better for the investors, who continue to receive a steady stream of mortgage payments, as well as for the homeowner, who is able to stay in the home, for the neighborhood that keeps more of its homes occupied and property values supported, and for the entire community that benefits from the homeowner's economic contributions.

Third, the savings clause in section 119(b)(2). As written, this provision is a combination of two separate sentences. And the first sentence has two separate purposes.

One purpose of the first sentence is to preserve current and future responsibility for wrongdoing, and to ensure that this legislation is not interpreted to relieve wrongdoers from accountability or liability to those whom they have harmed. The Congress is aware of civil litigation brought by shareholders, ERISA participants, or by or on behalf of financial institutions, against officers, directors, and in some cases counterparties whose alleged misconduct caused or contributed to their losses. The Congress is also aware of media reports of criminal investigations.

These matters are for the justice system to resolve. The Secretary, and the Executive Branch in general, should cooperate as appropriate with public and private efforts to recover losses from wrongdoers in the financial market, whether those efforts are brought by a governmental entity, securities purchasers, employees, or the corporation itself, or are asserted on behalf of the corporation derivatively. Nothing in this Act is intended to impair any legal rights as against private parties to recover for or redress wrongdoing under Federal or State law.

The other purpose of the first sentence is to clarify, similarly as with mortgage-backed securities in section 119(b)(1), that a transfer of nonmortgage financial assets to the TARP does not impair any of the underlying rights, claims, and defenses of borrowers who are not in privity with the TARP and have not contracted for or consented to any such impairment.

This does not affect the ability of the TARP and the financial institution transferring the assets to contract between themselves as to which rights and obligations related to those assets will be assumed by Treasury, and which rights and obligations will be retained by the financial institution. Rather, it clarifies that whichever of them deals with the borrower going forward must do so on the same terms, and owes the same duties, as under the original agreement, so that the rights the borrower contracted for or enjoys under law are in no way impaired. Again, this means, among other things, that the TARP, in acquiring these assets, does not thereby obtain the right to use any of the extraordinary collection methods and other recourse that are available solely to the Government, which it has been given for collecting fines and other debts owed directly to it—which the borrowers here did not contract to be subject to.

The second sentence in section 119(b)(2) addresses what has come to be termed ''tranche warfare''—litigation among the various categories, or tranches, of investors in structured mortgage-backed securities, each vying for primacy in any modification of terms, at each other's expense. This sentence clarifies that, except as established by contract, a servicer of pooled residential mortgages that become subject to the TARP, if that servicer owes any duty to ensure that net present value of payments on a loan exceeds anticipated recovery in foreclosure, owes that duty not to any individual investor or faction of investors, but to the investors as a whole.

Accordingly, the servicer, in agreeing to or implementing a modification or workout plan shall be deemed to be acting in the best interests of all such investors or holders of beneficial interests if the servicer takes reasonable loss mitigation actions, including partial payments. This clarification is intended to further encourage modifications to mortgage loans when, in the judgment of the loan servicer, in the overall interests of the investors.

Mr. MOORE of Kansas. Madam Speaker, I rise today to express my support, with reservations, for the Senate amendments to H.R. 1424, the Emergency Economic Stabilization Act of 2008.

Our Nation is facing a crisis that we've not seen since the early 1930s. If we do nothing, our small businesses will continue to suffer with limited access to credit, families will struggle to pay for college for their children and too many people will have to delay their retirement. Retirees with pension plans invested in the market will find they are not as secure as they hoped.

Just today, the Government announced that 159,000 jobs were lost in September, the sharpest drop in jobs in over 5 years. This is the ninth straight month of job losses. Two weeks ago, with the economy on the verge of disaster, and the choking off of access to credit, Federal Reserve Chairman Ben Bernanke urged congressional leaders to act on this emergency economic rescue package by saying, ''If we don't do this, we may not have an economy on Monday.'' These are words no Member of Congress wants to hear, but it is a call to action, now.

I voted for the original bipartisan compromise the House considered Monday because it took necessary steps to protect American taxpayers, including a recoupment provision to ensure that every dime of taxpayer money is paid back in full. Republican and Democratic leaders supported the original compromise to get our economy back on track. The bill was far from perfect, but it also included provisions to ensure aggressive congressional and judicial oversight of the rescue programs, as well as no taxpayer-funded ''golden parachutes'' for careless Wall Street CEOs. The bill would have spread out the expenditures to make sure they are really needed, and mandated: 48-hour posting of all transactions on the Internet; warrants so taxpayers share profits; aggressive foreclosure mitigation activities, tax provisions helping community banks; and independent Inspector General oversight.

But when the House failed to pass the bill on Monday, the Dow dropped 777 points, the largest single-day point drop in history. It cost the American economy more than $1.2 trillion as Americans saw their 401Ks, college accounts, and pension plans lose value.

As a co-chair of the fiscally responsible Blue Dog Coalition, I have grave concerns about any legislation that passes off the costs to our children and grandchildren, adding to our $9.6 trillion debt. I would have strongly preferred that the Senate version of the bill had been written differently without all of their unrelated tax policy additions, but this is not about me. This is about preserving our way of life as a nation and restoring our economic strength. This is about making sure the economy doesn't crash to the extent that it might take decades for our children and grandchildren to put the pieces back together.

Make no mistake: this crisis should not be about political opportunism. This is a time for Republicans and Democrats who are willing to put country before party, and our economic security before ideology, to come together and do what is in the best interest of our people and our country.

I am just as upset as many of my constituents that our country is faced with this economic crisis. Government intervention should always be an option of last resort, but we are left with very few choices and even less time to preserve our economic stability. Inaction is simply not an option.

In this difficult time, Congress must act. The Senate has spoken in a strong, bipartisan

way, voting for this revised legislation by a vote of 74–25. The leadership of both parties and our two presidential candidates support this effort to rescue our faltering economy. In the short term, this relief package is an emergency line of credit, a lifeline for our drowning financial industry. In the long term, it's also an investment in bringing back a strong economy. If our economy does not recover, if we slide toward recession or worse, we will all suffer. I support this bill because I believe it's the right thing to do for our country.

But enacting this emergency legislation is only the beginning. While we had to act today to preserve our economy, I will continue fighting for fiscal responsibility, putting an end to runaway deficits and our mounting $9.6 trillion debt. I will work with my Republican and Democratic colleagues on the House Financial Services Committee to aggressively investigate what went wrong in the credit markets, and work in a bipartisan way to improve the regulatory structure so we can have a modern oversight structure that will make sure firms act in a responsible way. We must continue to do all we can to protect the future economic health of the country.

Mr. RAMSTAD. Madam Speaker, it was an amazing turn of events that made the treatment parity legislation PATRICK KENNEDY and I introduced, H.R. 1424, the vehicle for one of the most far-reaching bills considered in our lifetime.

This legislation is a rescue bill for the U.S. economy and a rescue bill for the millions of Americans suffering from mental illness and addiction. It will also prevent a devastating tax increase on middle-income families and job creators at a time our families and economy cannot afford more blows.

This vote will mean the end of 12 long years of fighting for treatment parity for mental illness and addiction. This is not just another public policy issue: It's a matter of life or death for 54 million Americans suffering the ravages of mental illness and 26 million suffering from chemical addiction.

Last year alone, more than 30,000 Americans committed suicide from untreated depression and 150,000 Americans died as the direct result of chemical addiction. On top of the tragic loss of lives, untreated addiction and mental illness cost our economy over $550 billion a year.

I'm alive and sober today only because of the access I had to treatment following my last alcoholic blackout on July 31, 1981, when I woke up in a jail cell in Sioux Falls, SD. I'm living proof that treatment works and recovery is possible.

But far too many people in our country don't have the same access to treatment that I and other Members of Congress have had.

A major barrier for thousands of Americans is insurance discrimination against people in health plans who need treatment for mental illness or chemical addiction.

The legislation we are passing today will end this discrimination by prohibiting health insurers from placing discriminatory restrictions on treatment for people with mental illness or addiction.

No more inflated deductibles or copayments that don't apply to physical diseases.

No more limited treatment stays that don't apply to physical diseases.

No more discrimination against people with mental illness or chemical addiction.

The ''Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act'' simply provides equal treatment for diseases of the brain and the body.

Providing treatment equity is not only the right thing to do; it's also the cost-effective thing to do.

All the empirical data, including major actuarial studies, show that equity for mental health and addiction treatment will save literally billions of dollars nationally. At the same time, it will not raise premiums more than two-tenths of 1 percent, according to the Congressional Budget Office.

In other words, for less than the price of a cheap cup of coffee per month, millions of people could receive treatment for chemical addiction and mental illness.

Madam Speaker, Rep. PATRICK KENNEDY and I have traveled the country from one end to the other—holding 14 field hearings on the critical need for treatment parity.

We heard literally hundreds of stories of human suffering, broken families, tragic deaths, ruined careers and shattered dreams—all because of insurance companies not providing access to adequate treatment for mental illness and addiction. We will change that today.

Madam Speaker, it's time to end the discrimination against people who need treatment for mental illness and addiction. It's time to prohibit health insurers from placing discriminatory barriers to treatment.

It's time to join the coalition of insurance companies and business groups that support parity because they know it's cost-effective and saves health care dollars.

It's time to make this bipartisan legislation the law of the land. The people of America cannot afford to wait any longer for Congress to act.

Mr. BISHOP of Georgia. Madam Speaker, I didn't take pleasure in voting yes today. But in tough times, Congress is required to make tough decisions. Voting for this bill is a risk, yes. But voting against this bill is a greater risk. Given the prevailing, dreadful economic trends, a bet that our economy will miraculously right itself on its own, without significant damage to the jobs and livelihoods of the people in my district and across America, is the greater risk I am not willing to take.

We are facing a startling reality. Without action, student loans, home loans, and lines of credit for local businesses will tighten, and eventually be cut entirely. With no credit source from which to pay employees, business will impose massive layoffs. Farmers, whose products are so vital to the Second District economy and who depend on a secure line of credit during planting season, won't have a crop. People facing foreclosure will not be able to refinance their mortgages, and will lose their homes. People looking to retire will have to take on part-time employment, or delay retirement entirely, because their savings, 401(k)s and pension plans will have been drained of assets.

I wish the bill we took up today was a cleaner bill. I wish we could have passed the bill Monday, and saved our deficit another $150 billion. Many of the provisions added onto this bill, especially relief for middle class taxpayers, are needed, but they add to the bill's cost. And any other day, I would stand firmly opposed until those costs were off-set.

But this is not ''any other day''—this is an extraordinary day, and these are extraordinary circumstances. The economy is on life support and not passing this bill would be tantamount to pulling the plug. Not passing it would imperil the very opportunities our society is known for, and that we behold as integral to American life: the chance to go college, run a business, own a home, enjoy retirement.

For the poor, for those who have been financially prudent, for the unemployed, for those who saw their 401(k)s dwindle this is not the end. In the coming months, it is my hope that Congress pours as much or more effort into investigating the financiers whose actions precipitated this crisis and who walked away with millions for themselves, as we have put into crafting this bill. It is also my hope we can repair the damage done the deficit. Meantime, I encourage my colleagues and my constituents to join me in supporting this first step toward regaining our financial footing and setting in place a new system, one that lacks the greed and the excess that brought us to this point in the first place.

Mr. UDALL of Colorado. Madam Speaker, I voted against this bailout package on Monday, because I took a hard look at it through the eyes of Coloradans, and I didn't see what they needed to see.

What I saw was a $700 billion bailout for Wall Street banks that didn't do enough to reassure taxpayers that they'd get their money back, didn't have a sure process for holding CEOs accountable and limiting taxpayer-funded golden parachutes, and didn't address the mortgage crisis that is at the root of our economic problems and is forcing hard-working Coloradans out of their homes.

Just as important, what I saw was a ''rescue'' for Wall Street that did nothing to begin fixing the broken financial system that led us to this crisis.

As I look at the legislation we're being asked to vote on today, I'm deeply disappointed to say that none of that has changed.

Instead, the Senate has sent us a bill that adds a single improvement to the package the House rejected, plus hundreds of pages of ''sweeteners'' intended to win over those of us who opposed it the first time. Many of those ''sweeteners'' are things I support—the people of Colorado know I have worked long and hard for middle-class tax breaks and have spent my entire career as a champion for investment in the new energy economy.

But no amount of ''sweetener'' changes the fact that Americans deserve a better solution to our economic crisis than the one we've already rejected.

I have no interest in making the perfect the enemy of the good. Anyone who knows my work in Congress knows that I am not a ''my-way-or-the-highway'' legislator. Because of the greed and lack of oversight on Wall Street, we face an unquestionably grave economic situation that requires Congress to act. But a better solution is still within our reach—one that takes immediate action to get our economy back on stable footing while providing the protection, oversight, and fundamental reforms American families deserve.

I am still guided by the words of the legendary basketball coach John Wooden, who told his players, ''Boys, be quick. But don't hurry.''

My hope was that after the House rejected Monday's bailout package, we in Congress would be quick to work together, improve the

legislation, and bring forward a revised version that would deserve and obtain broad support in Colorado and across the country. We had that opportunity until the Senate acted to repackage the old bailout bill in new clothing. We owe the taxpayers more than to hurry a deeply flawed package out the door at such tremendous cost to them.

I believe we could have added provisions that (1) provided independent oversight of the Treasury's program, (2) strengthened the equity position of taxpayers in purchasing mortgage-backed assets, (3) required the government to help responsible homeowners refinance their mortgages, and (4) insured that taxpayers will not be on the hook for irresponsible compensation packages for CEOs.

This bill claims to address these problems, but the exceptions in this bill swallow the rule. In short, the bill doesn't do what it claims to do.

On Tuesday, stronger provisions were within our reach and we should have worked to secure them

I hope—for the sake of all those people who have worked hard and played by the rules, only to see their retirement whittled away or their homes' values plummet—that this package does what its supporters promise us it will.

But in the end, my responsibility is to Colorado families, and I continue to believe as I did on Monday, that I cannot ask them to foot the bill for a bailout that costs so much, with so little accountability, so little reform, and so little protection for them.

Mr. HALL of New York. Madam Speaker, I rise today in support of H.R. 1424, The Emergency Economic Stabilization Act of 2008. Since this House rejected an earlier plan to intervene, the bad economic news has kept rolling in and the dangers to Main Street businesses have increased. Only today it was announced that 159,000 American jobs were lost in September alone. This kind of news combined with the tremendous declines we've seen in the markets only underscores our need to take action.

I continue to share the anger of most Americans about the need to take these unprecedented steps, but I remain more convinced today that we must act decisively to contain this economic contagion before it spreads into the far reaches of our economy and leaves lasting damage.

Although this bill added an important provision to increase the insurance guarantees on personal deposits by the FDIC and a number of tax provisions, it remains similar to the package that I reluctantly supported earlier this week. While this bill is far from perfect, I believe it addresses the economic crisis in a responsible way that helps Wall Street while still looking out for Main Street and protecting our tax dollars.

This bill would still institute limits on executive compensation and golden parachutes for the executives of companies that take part in the plan. It puts in place real oversight, from the courts, from Congress and from a new Inspector General's office and finally installs significant Government supervision and regulation of the companies that helped to put us in the situation we're in now.

It also puts in place mechanisms to make sure that taxpayer dollars will be protected to the maximum extent possible. To the extent that our investment is not recouped, the President will have to come up with a plan to make sure that the companies taking out this Government loan will have to pay back the American taxpayer.

The financial industry is of great importance to New York State, which relies on our financial institutions for a significant percentage of tax revenue and jobs. The Hudson Valley is particularly vulnerable to difficulties on Wall Street, and I fear that the workers, small business owners, and families in my district will face severe economic ramifications if we do not stem the tide of this financial crisis. That is the primary reason that I feel I must vote yes today.

In fact, the ripples of the credit crisis are already impacting some of the small businesses in my district. Jeff Conston, owner of Dutchess Recreational Vehicles in Poughkeepsie, contacted me to tell me that his customers are finding it very hard to get financing to purchase the equipment he sells. He has 34 employees who handle sales, parts and service for his dealership. He urged us to get this financial rescue plan passed so the financing for his customers and his business can start flowing again.

Another local businessman, William L. Spearman, Chief Executive Officer of the Mid-Hudson Valley Federal Credit Union in my district, told me that while his credit union's balance sheet remains strong, his members are so concerned about our financial system that they are withdrawing money just to put it in their mattresses. In his view, the financial system is frozen and we need to pass this bill to provide confidence to his members and to get the system moving again.

Overall, I am pleased that the legislation sent back from the Senate includes some important tax relief provisions that I believe Congress should pass this year. Chief among this is a one year ''patch'' that will protect thousands of middle class families from being hit by the AMT this year. Last year over 30,000 families in my district paid AMT, and this bill will ensure that an additional 70,000 families in my district will not also be obliged to pay it. I wish we had the support to permanently fix the AMT, and help the middle class families that are still subject to it, however once again the ''patch'' legislation that we consider today is the best legislation that we can pass at this time and I will support it.

I am also grateful that this legislation contains a number of tax breaks to help individuals and small businesses. Given the economic troubles we are in the midst of, tax breaks for research and development and for teachers who use their own money to purchase supplies for the students are desperately needed and could not come at a better time.

This bill also includes some important provisions to help shore up our economy in the long term by moving us away from imported fossil fuels and toward energy independence. The critical tax incentives in this bill for wind, solar, hydropower, marine energy, and the purchase of advanced plug-in hybrid vehicles will create thousands of green jobs here in America that can't be outsourced, help cut consumer energy costs, and give individual families and businesses the power to help fight climate change and end our dependence on foreign oil. Although I am deeply disappointed by the inclusion of incentives for coal to liquids technology and tar sands and oil shale exploration, which will not meet these goals, this package is still critical to our future and worthy of support.

Passage of this plan is only a first step. What created this crisis was the Bush administration's and previous Congress's failure to stem reckless behavior on Wall Street, and we cannot allow that lapse in oversight to be repeated. I am pleased that the Committee on Oversight and Government Reform will begin hearings soon on the causes of this crisis and that there is acknowledgement that we must work to make more fundamental investments in the true engine of our economy, American workers, innovation, and small businesses, in order to more permanently strengthen our prosperity. Congress must remain vigilant, aware of how this tremendous authority is being exercised by the administration and in the markets, and ready to intervene at the first hint of abuse or ineffectiveness.

Ms. SCHWARTZ. Madam Speaker, as the American people have witnessed over the past several days, the instability in the financial markets requires immediate attention.

The longer this instability continues, the harder it will be for employers to meet payroll, for retirement plans to meet their obligation to retirees, and for families to access the credit they need to pay for college, for a car, for a home, or for just getting by.

The road has been difficult, but the risk posed to everyday Americans is simply too great not to act.

My constituents and I were appalled when President Bush asked us to hand over $700 billion with no oversight, no accountability, and no reforms to the fundamentally flawed policies that allowed this crisis to occur.

Due to bipartisan cooperation—and now compromise between the Senate and the House of Representatives—this economic recovery proposal is fundamentally different than the proposal first brought to us by President Bush.

Today, we have an economic recovery proposal before us that will protect the interests of hardworking Americans by:

Restoring investor confidence in our economy and the financial markets;

Protecting taxpayers by requiring full transparency of actions taken by the Treasury Secretary, creating a strong oversight board appointed by Congress, and establishing an independent Inspector General to guarantee compliance;

Ensuring fiscal responsibility by making resources available in installments that require congressional and Presidential approval, and guaranteeing that the financial services industry repays any losses to the U.S. Treasury;

Helping distressed homeowners avoid foreclosure by facilitating loan modifications; and

Limiting the compensation for the corporate executives that created this crisis by eliminating multimillion dollar golden parachutes.

I will vote for the proposal before us today because I believe that the current economic crisis requires action by Congress.

It is unfortunate that the Senate took this opportunity to add unrelated measures to this bill.

These measures include items that I have strongly supported—such as: mental health parity; Alternative Minimum Tax relief; property tax relief; the personal deduction for higher education expenses; incentives for energy

conservation and the development of alternative and renewable energy; and the extension of current tax policies that encourage innovation and help U.S. companies compete internationally.

I support these proposals and I appreciate that they will become law by our action today. But, I believe that we should have—and could have—covered the cost of these provisions, had the Senate not acted first.

It is also embarrassing that just a few Senators would use this critical economic recovery proposal to enact narrowly targeted tax benefits—risking passage and angering American taxpayers who have rightfully called for reform of such practices

Nonetheless, action is required to stabilize our financial markets. We must begin the process of economic recovery by making credit and capital available to families and businesses of all sizes to meet their obligations and move this country forward.

There is still more to do. We must focus on the regulation of our financial markets, strong enforcement, and sound fiscal policies in Government and in the private sector that are all necessary to restore our economy to one of prosperity, opportunity and growth—not just for a few—but for all Americans.

Mr. UDALL of New Mexico. Madam Speaker, 4 days ago, I opposed a bailout plan that did too little for homeowners, too much for executives, and nothing to prevent Wall Street from repeating the mistakes that got us into this crisis. That bill would have put the U.S. taxpayer on the hook for $700 billon to bail out Wall Street, the very people whose irresponsibility helped to undermine America's economy and threaten the jobs and life savings of millions of American families.

Make no mistake: America faces a serious crisis. We must do something, but we cannot let fear drive our decision-making. Our solution should meet the demands of the day without producing more suffering in the future. We have the time to get this right, but the proposal we considered on Monday had significant problems.

At that time, I suggested several commonsense changes to Monday's bill. Those changes have not been made.

I said we must do more to protect taxpayers. Today's bill still falls short.

I said we should do more to protect responsible homeowners and their neighbors from foreclosures and plummeting property values. This bill still falls short.

I said we must ensure executives who ran their companies into the ground cannot walk away with millions in taxpayer-funded golden parachutes. This bill still falls short.

And I said that while American taxpayers continue to struggle we should not bail out foreign companies whose governments are doing nothing. Again, this bill still falls short.

Perhaps most importantly, this legislation does nothing to protect us from facing a similar crisis in the future. Today's situation is the direct result of a culture in Washington that allowed Wall Street to gamble with America's future. This legislation sends the message that when Wall Street's gambles do not pay off, the taxpayer will bail them out. Imagine for a moment that you send a friend into a casino and tell him: if you win, you keep the winnings; if you lose, I'll pay your losses. You would expect nothing but irresponsibility, and that is exactly what this bill will give us. We need commonsense rules to protect against that irresponsibility, and this bill provides none.

For all these reasons, I will vote against today's proposal, just as I voted against very similar legislation 4 days ago. The only difference between this bill and the bill we rejected on Monday that has anything to do with America's financial markets is an increase in FDIC insurance limits. This may do something, but it is nowhere near enough to justify supporting today's bill.

Whether or not this legislation passes today, Congress must keep working on a new framework for our financial system. Experts have produced good proposals on a variety of issues. Some have even passed this House. But we also need to begin working on a systemic overhaul of our regulatory structures, our financial rules, and the incentives that govern our markets. In this hour of crisis, we have a rare opportunity to protect future generations from the turmoil we have seen. We must seize this opportunity.

Unfortunately, the Senate has chosen to add unrelated provisions rather than fixing a deeply flawed proposal. I want to note that my vote today does not suggest any disagreement with the important package of tax cuts that was added in the last few days. I have consistently supported tax cuts for the middle class, including fixes for the Alternative Minimum Tax. I have advocated mental health parity legislation, and voted for it repeatedly. I have fought for tax credits to spur green industries and produce jobs. And I have worked to protect the Secure Rural Schools and Payment In Lieu of Taxes programs that would be extended by this bill. However, even with these provisions, I cannot support a $700 billion taxpayer bailout—a plan that will have a large and widespread impact for generations—that has been rushed through with so many serious flaws and so many problems left unaddressed.

Today's vote is difficult, but I believe it is what's right for New Mexico's Third Congressional District, and the people of New Mexico and our Nation.

Mr. VAN HOLLEN. Madam Speaker, many of my constituents are current or former employees of Government Sponsored Enterprises, GSEs, that provide residential mortgage services on behalf of the Federal Government. These employees are concerned that the Treasury Secretary's newly authorized control over their organizations may compromise their retirement benefits. I have consulted with Congressman BARNEY FRANK, the Chairman of the Financial Services Committee, regarding this issue. Chairman FRANK has assured me that in drafting this legislation he was careful to ensure that the Secretary's control over these GSEs will have no impact upon the retirement benefits of the rank-and-file employees who are not regarded as ''executives'' under the regulations of the Securities and Exchange Commission. I greatly appreciate the Chairman's work to protect the benefits of these hard working employees.

Mr. WELDON of Florida. Madam Speaker, many of my constituents have called and written me in opposition to the current plan to deal with the Nations financial crisis. I consider this to be one of the most serious and important issues I have dealt with in my 14 years in the House.

My father was born in 1919 into a poor working class family in New York City. During his most critical formative years from the time he was 10, until he went off to fight in WWII, all he knew was the deprivation of the great depression. He and his brothers and sisters regularly went to bed hungry, on many nights dinner consisted of a choice of either a ketchup or a mustard sandwich.

He was a good student, nonetheless had to drop out of school at age 15 so he could go to work, often making only pennies a day, but his family needed food. After the war he met my mother and had a family and was never able to go back to school.

One of the things that emerged from his experience was a tremendous amount of appreciation for having a good job and the importance of saving and preparing for retirement. Those enduring values he passed on to me.

Today, our Nation is faced with what is being described by many economists as the worst financial crisis since the great depression. With the decline in the housing market there are many banks and other financial institutions that have been adversely effected. This has caused many of these banks to have to stop or reduce lending money. Many banks have gone bankrupt.

There is no question that this problem was started by the Federal Government's efforts to modify lending rules to allow those with lower incomes and poor credit scores to purchase homes, often with no money down. The inappropriate and meddling actions by the Government-sponsored entities Fannie May and Freddie Mac laid the groundwork for this crisis and it was made worse by unscrupulous Wall Street Bankers and mortgage brokers.

What started as a housing market decline has now become a credit crisis effecting global finance, and it is beginning to affect the retirement savings of millions of Americans and our national economy. Many companies are starting to find it difficult to get financing and we are starting to have leaders in finance and business tell us that if this is not contained we may begin to see spreading business failures and unemployment.

It is against this backdrop that Treasury Secretary Paulson and the head of the Federal Reserve Ben Bernanke originally proposed a plan that calls for the U.S. Treasury to purchase with cash many of these mortgage backed securities held by these banks. Many of the assets are backed by real estate, but because there is no market for them today the bankers are being told they are worthless under the new accounting rules put in place after the Enron scandal.

Banks loan out money at a ratio of 10 to 1. For every 100 dollars of assets they have on their books they are able to make $1,000 in loans. The banks that now hold these mortgaged backed securities have seen the value of many of these plummet to zero which has wiped out hundreds of billions of dollars of capital from their balance sheets. This has taken trillions of dollars out of the capital markets because of this 10:1 ratio. If you were a bank and on your balance sheet was a $100 million dollars worth of mortgage backed securities that the accountants are telling you it is worth zero then you can't do $1 billion in loans.

The Paulson Plan called for purchasing these mortgage-backed securities with cash. I was not happy with the original plan put forth by the Secretary. It called for providing him unfettered access to $700 billion.

The bill I voted for on Monday September 29th and which failed to get a majority was a significant improvement over Secretary Paulson's original proposal. It reduced by half the amount of cash he could access without coming back to Congress. It required that he also develop an option other then asset purchase that included offering insurance to back up the value of these mortgage securities. It also had strong restrictions on excessive executive salaries for many of these troubled companies. No golden parachutes.

Despite the improvements in the bill it did not get my support because I liked it. I voted for it because I was concerned that inaction was too risky. My preferred approach was that proposed by former FDIC Chairman William Isaac. This plan was never given a vote.

Since that failed House vote, the Senate took up the bill and it has added some good things. There are several extensions of existing tax breaks that help families and businesses that were due to expire. Two important items are the coritinuation of sales tax deductibility for the people of Florida and the increase of FDIC insurance to $250,000. It also has a provision to modify the alternative minimum tax. If this provision is not enacted over 20 million families in America will be saddled with huge tax increases next year at a time when they can least afford it.

Unfortunately, the Senate put in several unnecessary items as well such as earmarked tax breaks for special interests. Despite the many flaws in this bill it is the only bill that I will be given a chance to vote on by the Democrat leadership. In light of the very serious problems in our economy, I will give it my support with a yes vote.

I realize that there are many like-minded conservatives in District 15 of Florida and around the country that disagree. I am reminded at this time of the great controversy surrounding the drafting of the Constitution and its ratification at the birth of our Nation.

Today, the Constitution is revered and it has served out Nation well for over 200 years. But the debate surrounding its drafting and ratification was highly controversial with many patriots at the time being strongly opposed to it.

Time will determine if this financial rescue package will serve our Nation well. I am concerned that we are heading into a recession. This package if it works well will likely not allow us to avert a recession, but may allow us to avert a depression.

Ms. SPEIER. Madam Speaker, Wednesday night, before returning to Washington, I had a telephone townhall in my district with over 5,500 constituents.

I'm here to report that they are angry.

They are angry that the Government allowed Wall Street mega-banks and manipulators to act so irresponsibly that they have led our economy to the brink of disaster.

They are angry that for over a decade, greed and abuse have been considered higher virtues than oversight and regulation.

Madam Speaker, I'm angry, too. Because of the mess we're in, school districts back home have lost hundreds of millions of dollars in their reserve accounts. A San Bruno man who worked for 30 years at United Airlines is seeing his pension dissolve before his eyes. And Tony, an independent businessman from San Carlos, will likely have to close his remodeling business if he is unable to get short-term credit for supplies.

Now we hear that the State of California may have to declare bankruptcy.

These reasons are why I will vote for this bill.

But Madam Speaker, no one should interpret this vote as approval of the situation we find ourselves in.

This anger will not easily dissipate. We must commit ourselves in the next Congress to reregulate the markets and repair the damage that years of ineptitude and inattention have wrought on our economy.

Mr. FRELINGHUYSEN. Madam Speaker, I rise in support of H.R. 1424, the Emergency Economic Stabilization Act of 2008.

Our Nation is facing unprecedented challenges and Congress needs to act, with bipartisanship, to restore confidence in our financial markets and get our economy back on the right track. People are depending on the Government to help restore stability.

This legislation before us today, passed by the Senate Wednesday, is substantially improved from the version this House rejected on Monday.

Some of my concerns from the earlier bill have been addressed, but not all. But I am in Washington to look for the best deal for the taxpayers.

The most significant change is that this rescue package now includes Alternative Minimum Tax relief for my constituents in New Jersey, not just relief for Wall Street.

The previous bill presented the taxpayer with a huge bill. This measure contains real relief for the hard-working New Jersey families and I commend the Senate for including what House Democrats have resisted.

My colleagues, no one likes the concept of an unprecedented and expensive Federal Government intervention in our financial markets. But the cold, hard reality is that this rescue package, however oversized, is designed to shield millions of Americans from economic shock waves from problems they did not create.

Our economy is built on credit and we need to get credit back into the markets.

There can be no doubt that our financial markets are in crisis, suffering from a number of problems:

(1) Banks and other financial institutions have billions of dollars of bad housing-related debt on their books, to the extent that many are technically insolvent.

(2) But we also have a problem stemming from a serious crisis of confidence that has frozen the credit system. Financial institutions are, in essence, ''hoarding'' capital. Most are not lending money.

As a result, we see credit markets which are limiting the ability of people and businesses to borrow. It's a crisis that is affecting a wide range of Americans: Employees working for businesses dependent on available credit to cover payroll or buy inventory; retirees who count on their stocks and other investments to pay their bills and for future expenses; workers who have built pension funds and 401(k)s for their future security; families who have seen their home values drop precipitously, and their nest eggs are directly related to that value; families trying to buy homes or cars or secure student loans for college; men and women who work every day to keep their small businesses afloat. Without reliable credit, they cannot stay in business, let alone create jobs.

With that said, I recognize that many people may not like the expensive rescue plan. But we have no alternative but to approve this legislation and do it quickly.

Madam Speaker, the package that this House rejected, on a bipartisan basis, on Monday was much stronger than the original proposal offered by the Treasury Secretary 2 weeks ago. That bill cut the Treasury's upfront spending authority in half, included several important taxpayer protections, limitations on executive bonuses, improved bipartisan oversight and deleted ''slush fund'' financing for such partisan groups as ACORN, and trial lawyer giveaways.

I am pleased that the package before us today is vastly improved over Monday's bill. That legislation, in effect, handed the American people nothing but a huge bill to pay. This measure protects middle income Americans from tax increases and gives businesses the financial support they need to create and maintain jobs.

Specifically, we are shielding tens of thousands of New Jersey taxpayers from the unfair Alternative Minimum Tax increase.

New Jersey has the highest per capita rate of citizens subject to the AMT in the country. Without this fix approximately 1.6 million residents of New Jersey, including over 141,000 families in my district, would be subject to the AMT this year. The provisions included in the Emergency Economic Stabilization Act will prevent approximately an additional 100,000 residents of my district from paying this unfair tax.

It is never a ''good time'' to raise taxes, but I cannot imagine a worse idea in times of economic slowdown.

The bill also expands Federal Deposit Insurance Corporation protection for bank accounts to $250,000 per account from $100,000. This provision is designed to send a strong signal to depositors, individuals and small businesses alike, that their money is backed by the United States Government.

The bill also includes:

Tax relief for middle-class families and American businesses—the engine of job creation. These include credits and deductions for college tuition, children, and research and development.

The extension of renewable energy tax incentives designed to build momentum toward reducing our dangerous dependence on foreign oil.

Landmark mental health ''parity'' legislation which will increase health care coverage for Americans suffering with mental illness.

I am also encouraged that the Securities and Exchange Commission, SEC, has issued accounting guidelines that allow banks to move away from ''mark-to-market'' accounting rules that artificially undervalue good mortgage assets and have helped aggravate this economic crisis.

My colleagues, I am confident that, given additional time, we could make even more improvements to this legislation after we listen further to our constituents. However, it has become very apparent to me that we do not have additional time.

We are in ''panic mode'' brought about by the unwise use of leverage, poor accounting rules, program trading, an explosion in the use of financial instruments, and lax regulation of our markets.

Credit markets have frozen. Americans everywhere are feeling the pain through their

businesses, through their jobs, through their inability to get a mortgage, or a loan to buy a car, complete a home renovation, or finance a college education.

As I stated initially, our economy faces historic and unprecedented challenges. Congress must take swift, decisive and bipartisan action to restore immediate confidence to the markets and set our economy back on the right track.

This is a rescue package designed to shield millions of Americans from catastrophic shock waves of problems they did not create.

We need to vote yes, and we need to vote now.

But even after this vote, our work is not done. We need aggressive oversight over the actions of the Treasury and the Federal Reserve and more transparency in our financial markets.

I urge passage of H.R. 1424.

Mr. RAMSTAD. Madam Speaker, I rise in support of the revised economic recovery bill.

The inclusion of the mental health parity bill, major tax relief and bank deposit, FDIC, insurance increases caused me to reconsider my position and I believe there's too much at stake to let the legislation fail.

The revised bill is a recovery bill for the economy and a recovery bill for millions of Americans suffering the ravages of mental illness and addiction.

This revised legislation will also protect 22 million middle-income taxpayers from the enormous tax increases of the Alternative Minimum Tax, AMT.

Madam Speaker, the revised bill also extends research and development tax credits to create jobs and renewable energy credits to reduce our dependence on foreign oil. The revised bill also includes higher education deductions and child credits to help families and students.

Also, the revised bill increases bank deposit insurance limits, FDIC, to $250,000 to protect depositors and help small businesses that need credit.

Madam Speaker, I will vote for the revised economic recovery plan to help Minnesota's working families, seniors and small businesses during this historic crisis in our economy. The credit crisis is real, and it's destroying jobs, retirement savings and the American dream.

Mr. TERRY. Madam Speaker, I rise in support of H.R. 1424 because it is, in my opinion, our last opportunity to save jobs, save small businesses, and I pray prevent a collapse of our economy. I believe that is what we are facing today.

I have heard from hundreds of Nebraskans who have contacted me by phone, email, or have just come up to me when I was home. All of them are angry. Angry at the greed, arrogance, and just plain reckless nature of Wall Street. Angry at Congress and the administration who have now proposed using taxpayers' dollars to bail out those greedy investment bankers, traders, and CEOs. People have every right to be angry at these self-important Wall Street executives who cared more about themselves by making a quick buck no matter the risk or lack of ethics just so they could earn multi-million dollar salaries.

Madam Speaker, I share that anger. Maybe even a little more, as my constituents have transferred their anger onto the one who they can reach out to—me. I have to admit that listening to their anger and fright, sharing their true feelings, but knowing that I have the responsibility as their Representative in Congress to do something to help them, has increased my frustration to a level I've never experienced before as a Member of Congress. Still, something must be done. Inaction may be ''something,'' but it is not the answer.

I now know that to save ourselves we must also save the pigs. Those greedy pigs on Wall Street don't deserve help from hard-working Americans. But allowing them to fail will cause so many other businesses that conducted their business in good faith, ethically and conservatively to lose access to credit, lose business, and eventually maybe have to close their doors. Yes, even in Nebraska, far away from Wall Street. I have heard from several business leaders in Omaha who say they will have to lay off some employees if liquidity in our financial system is not restored. One business owner told me they are at risk of shutting their doors and every employee will be laid off. My vote today is to help the people of Nebraska, protect their jobs, and protect their savings.

So, is this bill the best answer? Probably not. I prefer stimulating the economy by eliminating or suspending the capital gains tax, providing an incentive to purchase of homes with a tax credit, transferring the toxic mortgage debt to the free market, using insurance to cover future debt, and encouraging the Federal Reserve to release more money to central banks for increased liquidity. I also support suspending an arcane federal accounting rule mandated on publicly traded companies known as ''mark to market''.

The mark to market rule forces firms to report the current market value of an asset. So when no market exists at a point in time for an asset then its value is zero or next to zero. But the asset has value and will have more value in the future. The rule is unforgiving and has caused companies to declare they are bankrupt—when they are really worth more.

Madam Speaker, the first bill brought to Congress by Treasury Secretary Paulson on Monday, September 22, was insulting. The bill would have given Secretary Paulson complete control over $700 billion, no questions asked, no transparency, no accountability, and no punishment of the hogs on Wall Street.

After several listening sessions with Members our leadership began negotiations with Secretary Paulson. These talks were painful and long with many starts and stops and a premature declaration of done deal. After several days, a true deal was announced. Some of the good ideas by Members to improve the bill were included, but very few.

I knew we could do a much better job to protect the taxpayers and I felt the responsibility to continue to try. I also knew that I could vote ''no,'' and allow the bill to fail. Then, maybe then, the administration would listen.

That's exactly what happened. I voted against it and once again offered seven provisions to the White House and leadership to make it a better bill. Those improvements included suspension of mark to market, more use of FDIC insurance, and reinstating the so-called ''uptick'' rule. The first two priorities were agreed to and made a part of the final bill.

This bill prohibits the use of tax dollars for executive severance packages, creates a board of directors to approve of the Secretary of Treasury's decisions spending tax dollars, greater oversight by Congress, slowing the release of tax dollars, allowing the SEC Chairman to waive the mark to market rule when no market exists for a particular asset (the SEC chairman agreed to do so), and providing insurance to limit the taxpayer's risk of loss where the Government purchased toxic debt.

Finally, I want to thank a number of individuals in the Omaha community who took the time to talk to me about the bill and legitimacy of the crisis. They made me better informed about this problem from a Nebraska perspective, thereby allowing me to step back and be more thoughtful on how to proceed. Your advice and assistance was much appreciated.

Madam Speaker, this is not the perfect solution, it's not even a good one, but it is the solution before us today. And I will support it because I can't look into the eyes of someone who has just lost their job and say, ''I did nothing to help.''

Mr. DINGELL. Madam Speaker, on Monday I urged my colleagues to support economic recovery legislation, and I continue to urge them to do so today. When I voted against the Gramm-Leech-Bliley Act in 1999 I warned my colleagues that the Government would one day be called upon to rescue failing financial institutions. As angry as I am that my prediction was accurate, I know that on this day inaction is not an option. I still have reservations about this legislation. I do not believe it sufficiently addresses the financial services industry deregulation that allowed this crisis to happen, and I do not believe that it does enough for struggling families. However, I know that the people of this country cannot afford to go another day without action.

After our failure to pass this legislation on Monday the stock market suffered the greatest one day decline in its history. The Wall Street executives and investment bankers that got us into this mess surely took a hit, but so too did individual retirement accounts and state pension funds. For example, the State of Michigan estimates that individual investors in the state have lost over $27 billion in the stock market in the last year, and the Michigan Pension Fund lost $2.3 billion on Monday after the House voted down this plan. Should Wall Street decline further and the value of the dollar continue to fall, it will mean greater unemployment, even higher prices for basic commodities, and access to credit for things like college education or home improvements will be even harder to obtain. The impact on the broader economy will be felt by every American.

In fact, the lack of credit in the marketplace is already affecting some parts of the broader economy. Auto sales were down 27 percent in the past year, in part because consumers cannot get access to credit for car loans. The automobile financing companies are not responsible for the current credit crisis, but they will be eligible to participate in this program to obtain the credit they need to keep vehicle sales strong. This week I learned about a financially sound manufacturing company in Michigan that is seeking a mortgage to replace its current building, which it has outgrown, with a new facility that will allow the company to expand its operations and add much needed jobs. This company is struggling to even find a bank willing to loan it money. Small and medium-sized businesses did not cause this crisis, but unless this crisis is addressed and the credit markets are restored they will find themselves unable to do business.

Despite my lingering concerns that this is not the best possible way to address this crisis, we clearly have to act to avert a much larger economic failure. In the months ahead, we can continue to revisit these issues and work together to adopt measures that restore the regulatory structure that is supposed to protect the financial system from this kind of failure, and that provide much needed assistance to the hard-working men and women who are suffering because of the economic climate created by irresponsible parties on Wall Street and here in Washington. I urge my colleagues to support the legislation before us today as a matter of great national urgency.

Mr. COOPER. Madam Speaker, I would like to submit for the RECORD a letter of support for the economic rescue plan currently before Congress submitted by the Business Roundtable.

BUSINESS ROUNDTABLE,
Washington, DC, October 1, 2008.

To: Members of Congress
Re: Economic Rescue Plan

The failure to pass emergency legislation to rescue the U.S. financial system will put our entire economy at risk. The resulting turmoil in equity markets has already wiped out hundreds of billions of dollars in household wealth and the retirement savings of the American people. But the impact of this crisis extends well beyond the financial industry.

As business leaders representing companies that generate more than $5 trillion of U.S. GDP—more than one-third of the U.S. economy—we are already seeing the damage spread to every sector of our economy. Credit is being shut off to both small businesses trying to meet payroll and families struggling to pay college tuition bills. Retail sales are declining each week as consumer confidence collapses. More business failures, job losses and significantly higher unemployment loom on the horizon.

Further delay will only increase these adverse impacts on America's economy. We urge Congress to act immediately to pass bipartisan legislation to stabilize the U.S. financial system and contain the damage to our broader economy while that opportunity still exists. The American people have always risen to whatever economic challenges they have faced, and with swift congressional action we can meet this crisis and restore our economy to its historic path of strong growth and rising prosperity.

Sincerely,

Enrique O. Santacana, President and Chief Executive Officer, ABB Inc.; Miles D. White, Chairman and CEO, Abbott; William D. Green, Chairman & CEO, Accenture; Evan G. Greenberg, Chairman and Chief Executive Officer, ACE Group; Gary C. Butler, President and CEO, ADP; Ronald A. Williams, Chairman and CEO, Aetna Inc.; Klaus Kleinfeld, President and CEO, Alcoa Inc.; John E. McGlade, Chairman, President, and CEO, Air Products and Chemicals, Inc.; James L. Wainscott, Chairman, President & CEO, AK Steel Corporation; Thomas J. Wilson, Chairman, President & CEO, Allstate Insurance Company; Lee Styslinger, III, Chairman & CEO, Altec, Inc.; Michael G. Morris, Chairman, President and Chief Executive Officer, American Electric Power Company, Inc.

Kenneth I. Chenault, Chairman and CEO, American Express Company; James M. Cracchiolo, Chairman and Chief Executive Officer, Ameriprise Financial; James T. Hackett, Chairman, President & CEO, Anadarko Petroleum Corporation; Paul W. Jones, Chairman and CEO, A.O. Smith Corporation; G. Steven Farris, President, Chief Executive Officer and Chief Operating Officer, Apache Corporation; Steven F. Leer, Chairman & CEO, Arch Coal, Inc.; Patricia A. Woertz, Chairman, CEO & President, Archer Daniels Midland Company; Charles G. ''Chip'' McClure, Chairman, CEO and President, ArvinMeritor, Inc.; Dean A. Scarborough, President & CEO, Avery Dennison; Ronald L. Nelson, Chairman & CEO, Avis Budget Group; Riley P. Bechtel, Chairman & CEO, Bechtel Group, Inc.; Stephen A. Schwarzman, Chairman and CEO, The Blackstone Group.

W. James McNerney, Jr., Chairman of the Board, President and Chief Executive Officer, The Boeing Company; Robert A. Malone, Chairman & President, BP America Inc.; Michael T. Dan, Chairman, President & CEO, The Brink's Company; John A. Swainson, CEO, CA, Inc.; Harold D. Boyanovsky, President and CEO, Case New Holland Inc.; James W. Owens, Chairman and CEO, Caterpillar, Inc.; Kathryn V. Marinello, Chairman and Chief Executive Officer, Ceridian Corporation; Dave O'Reilly, Chairman and CEO, Chevron Corporation; H. Edward Hanway, Chairman and Chief Executive Officer, CIGNA corporation; Muhtar Kent, President and Chief Operating Officer, The Coca-Cola Company; Mayo A. Shattuck, III, Chairman, President & CEO, Constellation Energy; David F. Dougherty, President and CEO, Convergys Corporation.

Douglas W. Stotlar, President & CEO, Con-way Inc.; Wendell P. Weeks, Chairman and Chief Executive Officer, Corning Incorporated; Eric C. Fast, President & Chief Executive Officer, Crane Co.; Michael J. Ward, Chairman, President & CEO, CSX Corporation; Tim Solso, Chairman & CEO, Cummins Inc.; Robert W. Lane, Chairman and CEO, Deere & Company; James H. Quigley, Chief Executive Officer, Deloitte Touche Tohmatsu; Robert S. Miller, Executive Chairman, Delphi Corporation; J.T. Battenberg, III, Chairman, CEO—Retired, Delphi Corporation; Andrew N Liveris, Chairman & CEO, The Dow Chemical Company; Chad Holiday, Chairman and CEO, DuPont; J. Brian Ferguson, Chairman and Chief Executive Officer, Eastman Chemical Company.

Antonio M. Perez, Chairman and CEO, Eastman Kodak Company; Alexander M. Cutler, Chairman and CEO, Eaton Corporation; John C. Lechleiter, President and CEO, Eli Lilly and Company; James S. Turley, Chairman and Chief Executive Officer, Ernst & Young LLP; William G. Walter, President and Chief Executive Officer, FMC Corporation; Lewis Hay, III, Chairman and Chief Executive Officer, FPL Group, Inc.; Jeffrey R. Immelt, Chairman & CEO, GE; G.R. Wagoner, Jr., Chairman and Chief Executive Officer, General Motors Corporation; Marshall O. Larsen, Chairman, President & CEO, Goodrich Corporation; Dinesh C. Paliwal, Chairman & CEO, Harman International Industries, Inc.; David M. Cote, Chairman and Chief Executive Officer, Honeywell International Inc.; Brendan McDonagh, CEO, HSBC North America Holdings Inc.

Mike McCallister, President and Chief Executive Officer, Humana Inc.; Samuel J Palmisano, Chairman, President & CEO, IBM Corporation; John V. Faraci, Chairman and Chief Executive Officer, International Paper; Steven R. Loranger, Chairman, President and CEO, ITT Corporation; Steve Roell, Chairman and CEO, Johnson Controls, Inc.; Timothy P. Flynn, Chairman & CEO, KPMG; Edmund F. Kelly, Chairman, President and CEO, Liberty Mutual Group; Stuart H. Reese, Chairman, President and CEO, MassMutual Financial Group; Harold McGraw III, Chairman, President and CEO, The McGraw-Hill Companies; John H. Hammergren, Chairman and CEO, McKesson Corporation; David B. Snow, Jr., Chairman & CEO, Medco Health Solutions, Inc.; Gregory Q. Brown, President & Co-CEO, Motorola, Inc.

John A. Luke, Jr., Chairman & CEO, MWV Corporation; Thomas C. Nelson, Chairman, President & CEO, National Gypsum Company; Jerry Jurgensen, Chief Executive Officer, Nationwide Mutual Insurance Company; Dan Ustian, Chairman, President & CEO, Navistar; Ted Mathas, President & CEO, New York Life Insurance; C.W. Moorman, Chairman, President and CEO, Norfolk Southern Corporation; Daniel R DiMicco, Chairman and CEO, NUCOR CORPORATION; Steve Odland, Chairman & CEO, Office Depot, Inc.; Michael H. Thaman, Chairman and CEO, Owens Corning; Richard L. Wambold, Chairman and CEO, Pactiv Corporation; Jeffrey B. Kindler, Chairman and CEO, Pfizer Inc.; Steve Angel, Chairman and CEO, Praxair, Inc.

Dennis M. Nally, Chairman and Senior Partner, PricewaterhouseCoopers; Larry Zimpleman, President and Chief Executive Officer, Principal Financial Group; A.G. Lafley, Chairman of the Board and Chief Executive Officer, The Procter & Gamble Company; Ralph Izzo, Chairman of the Board, President & Chief Executive Officer, Public Service Enterprise Group Inc.; Henry R. Silverman, Chairman, Realogy Corporation; Keith D. Nosbusch, Chairman & CEO, Rockwell Automation; Brenda C. Barnes, Chairman and CEO, Sara Lee Corporation; James H. Goodnight, CEO and Founder, SAS; Fred Hassan, Chairman and Chief Executive Officer, Schering-Plough Corporation; J. Patrick Spainhour, CEO, ServiceMaster Global Holdings; George Nolen, CEO, Siemens Corporation; Edward B. Rust Jr., Chairman and CEO, State Farm Insurance.

Lewis B. Campbell, Chairman, President and Chief Executive Officer, Textron Inc.; Marijn E. Dekkers, President and CEO, Thermo Fisher Scientific; Tom Lynch, Chief Executive Officer, Tyco Electronics; Edward D. Breen, Chairman and CEO, Tyco International; Jim Young, Chairman, Union Pacific; Louis R. Chênevert, President & Chief Executive Officer, United Technologies Corporation; Ivan Seidenberg, Chairman and CEO, Verizon; Dan Fulton, President and CEO, Weyerhaeuser Company; Jeff M. Fettig, Chairman and CEO, Whirlpool Corporation; Steven J. Malcolm, Chairman, President & CEO, The Williams Companies, Inc.; Anne M. Mulcahy, Chairman and Chief Executive Officer, Xerox Corporation; William D. Zollars, Chairman, President & CEO, YRC Worldwide.

Mr. CONYERS. Madam Speaker, today the House of Representatives will vote for the second time this week on Secretary Paulson's flawed bailout legislation. His plan lacks the

core principles needed to improve the economy. To be a viable plan, the legislation must include (1) enacting a moratorium on foreclosures, (2) restructuring mortgages to make them more affordable, and (3) prohibiting interest rate increases associated with subprime loans. These initiatives can be achieved without spending one dollar of the taxpayer's money. In addition, empowering the Federal Deposit Insurance Corporation to guarantee all depositors and bond holders would provide immediate liquidity to credit markets.

If the Congress acts imprudently today, we may end up draining our national treasury of over $700 billion in resources without curing our economic ills. Such a decision could effectively tie the hands of the next President and kill universal health care and job programs before they are ever drafted.

I agree with former World Bank chief economist Joseph Stiglitz and other leading economists that action must be taken to tackle the problem posed by the tightening of the credit market. I simply disagree with the administration's proposed solution.

Although it hasn't been reported in the mainstream media, there are real legislative alternatives to this bailout that have been vetted by some of the best economic minds in the Congress.

One plan, offered by Representative PETER DEFAZIO and other members of the so-called ''Bailout Skeptics'' Caucus, proposes some common sense changes to Securities and Exchange Commission rules and Federal Deposit Insurance Corporation policies. I have cosponsored this legislation because I believe it will efficiently free-up capital, protect the taxpayer, and give the next President the fiscal flexibility he will need to address the dire problems brought about by the current economic slowdown.

Another plan, proposed by billionaire financier George Soros, mimics a successful model used in Norway and Sweden. The plan would inject credit into the markets in a direct and low-risk manner by empowering the Treasury Department to purchase preferred stock and discounted common stock from faltering lenders. I called for this type of direct capital deployment measure earlier this week, because it would provide the taxpayers with a tangible return on their investment and keep toxic mortgage-backed securities off the government's books.

On top of these plans, I and many of my progressive colleagues have continually advocated for bankruptcy reform that would give judges the freedom to renegotiate home mortgages during court proceedings. National Assistance Corporation of America CEO Bruce Marks and I agree that this reform is a necessary component of any bailout plan.

Most Americans have never heard of any of these alternative proposals because they have only been presented with a single, flawed narrative—either accept this bailout plan or tempt economic catastrophe. This is a false choice that, unfortunately, has been successfully peddled by the President's fear-mongers and broadcast by a compliant media.

The tactic being used by Paulson creates an atmosphere of fear. The events of the last two weeks are reminiscent of the days leading up to the adoption of the Patriot Act, and to the invasion of Iraq—times where fear-mongering dampened the careful and deliberate consideration of alternative courses of action. This time, instead of scaring the American people with tales of weapons of mass destruction or planes piloted by terrorists, the President bullies the taxpayer with dire warnings of a credit freeze that will bring our economy to its knees.

There are serious options for dealing with this crisis that don't involve giving away billions to the richest, most irresponsible businessmen. My vote against the bailout today is not a do-nothing vote; it is a vote for a real solution. We cannot afford to repeat the mistakes of the past. Detroiters, Michiganders, Americans, and billions of people around the world are depending on us to get it right.

Mr. MORAN of Virginia. Madam Speaker, under the Emergency Economic Stabilization Act of 2008, the Treasury Department's Troubled Assets Relief Program (TARP) will have the ability to support the financial system through the purchase of securities and through investing in equity/preferred securities. I strongly believe equity infusion if used wisely will have greater benefits for our economy and yield higher returns to American taxpayers.

A strong consensus among financiers and economists has developed supporting these conclusions. George Soros, Joeseph Stigliz, Bradford Delong, Paul Krugman, John Makin, Alex Pollack, Lucien Bebchuk, and Edmund Phelps are a sample of the bipartisan expertise that has contributed to the debate and strongly support the finding that using capital infusions rather than distressed asset purchases alone will have a far greater re-invigorating effect on our economy.

If done effectively, equity infusions will introduce 10 to 12 times the amount of the initial government investment into our credit markets. This means that capital infusions of $700 billion would yield credit flow effects totaling $8.4 trillion. In contrast, distressed asset purchases of $700 billion yield credit flow effects of only $700 billion. Capital infusions could give us 12 times the support for the communities and small businesses that badly need credit.

The capital infusion approach would involve using Warren Buffett type investment strategies and would result in the government owning equity interests in the institutions which are assisted. If these government investments do only half as well as Buffett's investments in distressed institutions such as Goldman Sachs, U.S. taxpayers will earn as much as $200 billion profit when the financial sector recovers. This is far beyond any forecast return to taxpayers from buying distressed assets. In fact the difference for taxpayers of the two methods could be as large as $375 billion. This will result in lower taxes longer term and better health care, better schools, and a cleaner environment. Because it is sound, transparent and effective, it will restore global confidence in the U.S. economy.

I attach three articles from George Soros, Lucien Bebchuk, and Joseph Stiglitz, to be included in the RECORD.

[From the Financial Times, Oct. 1, 2008]

RECAPITALISE THE BANKING SYSTEM

(By George Soros)

The emergency legislation currently before Congress was ill-conceived—or more accurately, not conceived at all. As Congress tried to improve what Treasury originally requested, an amalgam plan has emerged that consists of Treasury's original Troubled Asset Relief Programme (Tarp) and a quite different capital infusion programme in which the government invests and stabilises weakened banks and profits from the economy's eventual improvement. The capital infusion approach will cost tax payers less in future years, and may even make money for them.

Two weeks ago the Treasury did not have a plan ready—that is why it had to ask for total discretion in spending the money. But the general idea was to bring relief to the banking system by relieving banks of their toxic securities and parking them in a government-owned fund so that they would not be dumped on the market at distressed prices. With the value of their investments stabilised, banks would then be able to raise equity capital.

The idea was fraught with difficulties. The toxic securities in question are not homogenous and in any auction process the sellers are liable to dump the dregs on to the government fund. Moreover, the scheme addresses only one half of the underlying problem—the lack of credit availability. It does very little to enable house owners to meet their mortgage obligations and it does not address the foreclosure problem. With house prices not yet at the bottom, if the government bids up the price of mortgage backed securities, the taxpayers are liable to lose; but if the government does not pay up, the banking system does not experience much relief and cannot attract equity capital from the private sector.

A scheme so heavily favouring Wall Street over Main Street was politically unacceptable. It was tweaked by the Democrats, who hold the upper hand, so that it penalises the financial institutions that seek to take advantage of it. The Republicans did not want to be left behind and imposed a requirement that the tendered securities should be insured against loss at the expense of the tendering institution. The rescue package as it is now constituted is an amalgam of multiple approaches. There is now a real danger that the asset purchase programme will not be fully utilised because of the onerous conditions attached to it.

Nevertheless, a rescue package was desperately needed and, in spite of its shortcomings, it would change the course of events. As late as last Monday, September 22, Treasury secretary Hank Paulson hoped to avoid using taxpayers' money; that is why he allowed Lehman Brothers to fail. Tarp establishes the principle that public funds are needed and if the present programme does not work, other programmes will be instituted. We will have crossed the Rubicon.

Since Tarp was ill-conceived, it is liable to arouse a negative response from America's creditors. They would see it as an attempt to inflate away the debt. The dollar is liable to come under renewed pressure and the government will have to pay more for its debt, especially at the long end. These adverse consequences could be mitigated by using taxpayers' funds more effectively.

Instead of just purchasing troubled assets the bulk of the funds ought to be used to recapitalise the banking system. Funds injected at the equity level are more high-powered than funds used at the balance sheet level by a minimal factor of twelve—effectively giving the government $8,400bn to reignite the flow of credit. In practice, the effect would be even greater because the injection of government funds would also attract private capital. The result would be more economic recovery and the chance for taxpayers to profit from the recovery.

This is how it would work. The Treasury secretary would rely on bank examiners rather than delegate implementation of Tarp to Wall Street firms. The bank examiners would establish how much additional equity

capital each bank needs in order to be properly capitalised according to existing capital requirements. If managements could not raise equity from the private sector they could turn to Tarp.

Tarp would invest in preference shares with warrants attached. The preference shares would carry a low coupon (say 5 per cent) so that banks would find it profitable to continue lending, but shareholders would pay a heavy price because they would be diluted by the warrants; they would be given the right, however, to subscribe on Tarp's terms. The rights would be tradeable and the secretary of the Treasury would be instructed to set the terms so that the rights would have a positive value.

Private investors, including me, are likely to jump at the opportunity. The recapitalised banks would be allowed to increase their leverage, so they would resume lending. Limits on bank leverage could be imposed later, after the economy has recovered. If the funds were used in this way, the recapitalisation of the banking system could be achieved with less than $500bn of public funds.

A revised emergency legislation could also provide more help to homeowners. It could require the Treasury to provide cheap financing for mortgage securities whose terms have been renegotiated, based on the Treasury's cost of borrowing. Mortgage service companies could be prohibited from charging fees on foreclosures, but they could expect the owners of the securities to provide incentives for renegotiation as Fannie Mae and Freddie Mac are already doing.

Banks deemed to be insolvent would not be eligible for recapitalization by the capital infusion programme, but would be taken over by the Federal Deposit Insurance Corporation. The FDIC would be recapitalised by $200bn as a temporary measure. FDIC, in turn could remove the $100,000 limit on insured deposits. A revision of the emergency legislation along these lines would be more equitable, have a better chance of success, and cost taxpayers less in the long run.

[From the Financial Times, Oct. 1st, 2008]

THE RESCUE PLAN: DIRECT CAPITAL INVESTMENTS WOULD BE BETTER FOR BOTH MARKETS AND TAXPAYERS

(By Lucian Bebchuk)

Most immediate reactions to the defeat of the emergency legislation in the House of Representatives seem to assume that, facing a choice between approval and government inaction that could bring about a financial meltdown, the House irresponsibly and irrationally opted for the latter. But the defeat of this particular bill hardly leaves us with inaction as the only alternative.

The bill was defeated at least partly because of its inability to gather sufficient public support due to its evident flaws. Congress can and should adopt quickly a bill that would address these flaws and consequently enjoy strong public support.

There is widespread recognition of the depth of the crisis and the need for governmental intervention. Why was the bill nonetheless defeated? Because there is an equally widespread recognition that spending $700 billion on purchasing (and insuring) toxic paper would be a highly flawed form of intervention.

During the week preceding the vote, it has become evident that the government's contemplated plans for valuing troubled assets would lead to a quagmire. Opposition to the bill grew due to expectations that purchasing toxic paper could well result in massive complexities, large giveaways, and substantial public losses.

At the same time, recognition has grown that, notwithstanding these large costs, the proposed plan would fail to provide the financial sector with capital infusions that would be as immediate, large, and appropriately targeted as needed. Because the bill would provide financial firms with extra capital largely through overpaying for troubled assets (or under-pricing insurance for such assets), it would provide capital only following the consummation of complex and time-consuming processes and cannot be counted on to supply capital where and when it would be most useful.

Suppose that a financial firm runs into trouble, needs a substantial infusion of capital within days, and is viewed by the government as important to save. Even if the rejected bill were in effect at present, it would not provide the government with effective tools to deal with such a situation. For one thing, purchasing the many types of troubled assets the firm may own through the bill's contemplated valuation procedures would require a long delay.

Consider the government's recent infusion of capital into AIG. Facing the risk of AIG's collapse, the government provided $85 billion right away and received in return an agreed upon set of debt and equity instruments. Had the bill passed on Monday and AIG subsequently needed assistance, the funds authorised by the bill might not be usable for such capital infusion by the government. Purchasing the large and highly heterogeneous portfolio of troubled assets owned by AIG through valuation processes would not provide an effective and timely form of intervention.

The passage of the defeated bill thus would not have effectively dispelled the financial markets' worries. To do so, Congress should not reconsider the rejected bill but rather pass an authorization for the treasury to infuse capital into financial firms. The same big, market-reassuring number can be used: $700 billion. But the bill, which I expect to obtain wide public support, should focus on and permit direct capital investment of the authorised funds.

The Treasury's direct capital investments should be guided by the objectives of restoring stability to the financial markets and protecting taxpayers. When a firm is solvent and undercapitalised, the Treasury should insist on getting a set of new capital securities that would provide the government with adequate return on its investment.

In cases in which a firm is insolvent and not merely undercapitalised, the Treasury should still be permitted to make a capital investment if it views the firm's continued operations as necessary to avoid disruption to the financial markets. Taxpayer losses from the legislation would be limited to such cases, and these losses would be kept to a minimum by the government's investing in such cases only on terms effectively enabling it to take over the firm's equity.

It would be perfectly fine for Congress to include authorisation to purchase toxic assets in the adopted legislation. But the bill should not contemplate that such purchases would be a primary form for injecting capital to financial firms, and it should allow such purchases only if they are done at fair market value.

Financial markets should be reassured that the Treasury is equipped with the best tools for addressing distress in financial firms and for shoring up these firms' capital. Congress should move quickly to adopt legislation authorizing the use of $700 billion for infusing capital into financial firms. If it does, Monday's defeat of the proposal to spend $700 billion on purchasing toxic paper might turn into a blessing.

[From The Nation, Sept. 26, 2008]

A BETTER BAILOUT

(By Joseph E. Stiglitz)

The champagne bottle corks were popping as Treasury Secretary Henry Paulson announced his trillion-dollar bailout for the banks, buying up their toxic mortgages. To a skeptic, Paulson's proposal looks like another of those shell games that Wall Street has honed to a fine art. Wall Street has always made money by slicing, dicing and recombining risk. This ''cure'' is another one of these rearrangements: somehow, by stripping out the bad assets from the banks and paying fair market value for them, the value of the banks will soar.

There is, however, an alternative explanation for Wall Street's celebration: the banks realized that they were about to get a free ride at taxpayers' expense. No private firm was willing to buy these toxic mortgages at what the seller thought was a reasonable price; they finally had found a sucker who would take them off their hands—called the American taxpayer.

The administration attempts to assure us that they will protect the American people by insisting on buying the mortgages at the lowest price at auction. Evidently, Paulson didn't learn the lessons of the information asymmetry that played such a large role in getting us into this mess. The banks will pass on their lousiest mortgages. Paulson may try to assure us that we will hire the best and brightest of Wall Street to make sure that this doesn't happen. (Wall Street firms are already licking their lips at the prospect of a new source of revenues: fees from the U.S. Treasury.) But even Wall Street's best and brightest do not exactly have a credible record in asset valuation; if they had done better, we wouldn't be where we are. And that assumes that they are really working for the American people, not their long-term employers in financial markets. Even if they do use some fancy mathematical model to value different mortgages, those in Wall Street have long made money by gaming against these models. We will then wind up not with the absolutely lousiest mortgages, but with those in which Treasury's models most underpriced risk. Either way, we the taxpayers lose, and Wall Street gains.

And for what? In the S&L bailout, taxpayers were already on the hook, with their deposit guarantee. Part of the question then was how to minimize taxpayers' exposure. But not so this time. The objective of the bailout should not be to protect the banks' shareholders, or even their creditors, who facilitated this bad lending. The objective should be to maintain the flow of credit, especially to mortgages. But wasn't that what the Fannie Mae/Freddie Mac bailout was supposed to assure us?

There are four fundamental problems with our financial system, and the Paulson proposal addresses only one. The first is that the financial institutions have all these toxic products—which they created—and since no one trusts anyone about their value, no one is willing to lend to anyone else. The Paulson approach solves this by passing the risk to us, the taxpayer—and for no return. The second problem is that there is a big and increasing hole in bank balance sheets—banks lent money to people beyond their ability to repay—and no financial alchemy will fix that. If, as Paulson claims, banks get paid fairly for their lousy mortgages and the complex products in which they are embedded, the hole in their balance sheet will remain. What is needed is a transparent equity injection, not the non-transparent ruse that the administration is proposing.

The third problem is that our economy has been supercharged by a housing bubble which

has now burst. The best experts believe that prices still have a way to fall before the return to normal, and that means there will be more foreclosures. No amount of talking up the market is going to change that. The hidden agenda here may be taking large amounts of real estate off the market—and letting it deteriorate at taxpayers' expense.

The fourth problem is a lack of trust, a credibility gap. Regrettably, the way the entire financial crisis has been handled has only made that gap larger.

Paulson and others in Wall Street are claiming that the bailout is necessary and that we are in deep trouble. Not long ago, they were telling us that we had turned a corner. The administration even turned down an effective stimulus package last February—one that would have included increased unemployment benefits and aid to states and localities—and they still say we don't need another stimulus. To be frank, the administration has a credibility and trust gap as big as that of Wall Street. If the crisis was as severe as they claim, why didn't they propose a more credible plan? With lack of oversight and transparency the cause of the current problem, how could they make a proposal so short in both? If a quick consensus is required, why not include provisions to stop the source of bleeding, to aid the millions of Americans that are losing their homes? Why not spend as much on them as on Wall Street? Do they still believe in trickle-down economics, when for the past eight years money has been trickling up to the wizards of Wall Street? Why not enact bankruptcy reform, to help Americans write down the value of the mortgage on their overvalued home? No one benefits from these costly foreclosures.

The administration is once again holding a gun at our head, saying, ''My way or the highway.'' We have been bamboozled before by this tactic. We should not let it happen to us again. There are alternatives. Warren Buffet showed the way, in providing equity to Goldman Sachs. The Scandinavian countries showed the way, almost two decades ago. By issuing preferred shares with warrants (options), one reduces the public's downside risk and insures that they participate in some of the upside potential. This approach is not only proven, it provides both incentives and wherewithal to resume lending. It furthermore avoids the hopeless task of trying to value millions of complex mortgages and even more complex products in which they are embedded, and it deals with the ''lemons'' problem—the government getting stuck with the worst or most overpriced assets.

Finally, we need to impose a special financial sector tax to pay for the bailouts conducted so far. We also need to create a reserve fund so that poor taxpayers won't have to be called upon again to finance Wall Street's foolishness.

If we design the right bailout, it won't lead to an increase in our long-term debt—we might even make a profit. But if we implement the wrong strategy, there is a serious risk that our national debt—already overburdened from a failed war and eight years of fiscal profligacy—will soar, and future living standards will be compromised. The president seemed to think that his new shell game will arrest the decline in house prices, and we won't be faced holding a lot of bad mortgages. I hope he's right, but I wouldn't count on it: it's not what most housing experts say. The president's economic credentials are hardly stellar. Our national debt has already climbed from $5.7 trillion to over $9 trillion in eight years, and the deficits for 2008 and 2009—not including the bailouts—are expected to reach new heights. There is no such thing as a free war—and no such thing as a free bailout. The bill will be paid, in one way or another.

Perhaps by the time this article is published, the administration and Congress will have reached an agreement. No politician wants to be accused of being responsible for the next Great Depression by blocking key legislation. By all accounts, the compromise will be far better than the bill originally proposed by Paulson but still far short of what I have outlined should be done. No one expects them to address the underlying causes of the problem: the spirit of excessive deregulation that the Bush Administration so promoted. Almost surely, there will be plenty of work to be done by the next president and the next Congress. It would be better if we got it right the first time, but that is expecting too much of this president and his administration.

Ms. JACKSON-LEE of Texas. Madam Speaker, I would like to thank the chairman of financial services BARNEY FRANK for bringing this important piece of legislation to the floor. I also rise with a sense of the solemnity of this moment. However, I rise today with the confidence that our system of government is strong and the constitutional protections of the full faith and credit of our government must protect Main Street America while we reform America's Wall Street.

The first three articles of the United States Constitution address the three branches of government and their enumerated powers. These articles govern the legislature, the executive, and the judicial branches. Because there is no specific grant of constitutional authority for the actions that will be taking place here today, we the members of Congress need to exercise oversight over the powers and actions of the executive. Should the executive or its agencies exceed the powers granted to it in the Constitution, the judicial can review the determinations made by the executive and the legislative branches. These concepts are fundamental to our Constitution and our system of constitutional checks and balances. These checks and balances were established by the Founding Fathers to reign in the unbridled power of the executive.

Today we are engaged in a fundamental exercise of the constitutional powers extended to the Congress. Today's vote is critically important.

Several questions come to mind when I consider the present financial crisis:

Where was the FDIC?

Where was the SEC?

Where was the Federal Reserve?

I have worked with leadership to offer consistent amendments, not once but twice unsuccessfully, that would have strengthened the enforcement measures over the past week to change the Administration's proposal to make it more encompassing, effective, and better for the American people. While the present legislation is impressive, it is also impressive regarding what needs clarification in the present legislation. For example, the legislation needs clarification on its bankruptcy restructuring; enforcement; and judicial review. These are all issues that I have been very concerned about.

Because I am concerned and desire that the maximum number of Americans get relief from this bill, I offered amendments yesterday. To ensure that this bill provides relief for Americans, I offered the following amendments:

First, many are concerned about the dollar amount that will be set aside for those individuals facing mortgage foreclosure. Therefore, I asked that language be inserted into the bill so that $10 billion be utilized for the Secretary of the Treasury to restructure mortgages.

Second, as Senator BARACK OBAMA has recently stated, he is committed to altering the Bankruptcy Code in the future to assist homeowners on the question of restructuring their mortgages. Therefore, I believe that there should have been Sense of Congress language that the Congress should review and amend the Bankruptcy Code to permit bankruptcy judges to address the question of individual home mortgage restructuring. This would have sent a clear message that Congress is interested in helping Americans pay off their debt despite its not changing the Bankruptcy Code at this time.

Third, there needs to be greater enforcement. In the section on judicial review (section 119), there should have been language that specifically states that ''the courts should be able to exercise their discretion to grant injunctive and/or equitable relief if the court determines that such relief would not destabilize financial markets.''

Fourth, the legislation should have created a new, independent commission to exercise oversight over what happened and the commission should regularly provide reports to Congress. This Commission would be backward looking.

Fifth, the legislation should have been narrowly crafted so that corporate executives who may be convicted of criminal malfeasance in the financial sector might be barred from conducting financial business with the government for a period of seven (7) years.

Sixth, the legislation should have permanently lifted the present insurance cap of $100,000 that the FDIC has established to insure funds stored in FDIC-backed banking institutions to $250,000. I believe that this has already been included in the Senate bill; but, my amendment would have made the change permanent.

Eighth, in section 109, which addresses ''foreclosure mitigation efforts,'' the language should be changed from ''shall encourage'' to ''shall require'' to provide stronger relief for Americans.

Specifically, current section 109(a) states in pertinent part that ''the Secretary shall implement a plan that seeks to maximize assistance for homeowners and use the authority of the Secretary to encourage the servicers of the underlying mortgages . . . to minimize foreclosures.'' I believe if the true intent is to bailout ''Main Street,'' the Secretary should be ''required'' to minimize foreclosures.

Can you clarify how this legislation has any enforcement? I understand that H.R. 1424 establishes a Financial Stability Oversight Board in section 104; Oversight and Audits in section 116; and a Congressional Oversight Panel in section 125. However, none of these sections appear to provide penalties or sanctions for non-compliance.

I intend to have the following questions answered:

Ms. JACKSON-LEE of Texas. Can you explain why the bankruptcy provisions were removed from the bill?

Ms. JACKSON-LEE of Texas. Without bankruptcy I offered an amendment that $10 billion dollars should be set aside so that the Department of Treasury could use those funds to address the question of individuals facing home mortgage foreclosure. I considered it important to set aside money because I wanted to ensure that Main Street received something from this bailout and not just Wall Street. Can you explain what provisions

in the bill would ensure that the monies are spent on persons in mortgage foreclosure?

Ms. JACKSON-LEE of Texas. Can we add report language indicating to the Secretary how monies are to be used when it comes to Americans in mortgage foreclosure and can we add language that the Secretary should attempt to restructure the mortgages of homeowners that are in mortgage foreclosure?

Ms. JACKSON-LEE of Texas. The Administration has labeled the current economic situation as a crisis that requires emergency measures. Because these are ''exigent'' circumstances that are in need of correction, what in the bill prevents the Secretary from using all the $350 billion by January 2009?

Ms. JACKSON-LEE of Texas. Above all, my concern is to ensure that the American people receive the relief that they deserve. If the American people are facing mortgage foreclosure, it is my desire that monies be provided to them so that they can continue to stay in their home and pay their mortgages and their bills. Everyone deserves the economic dream of owning their own home. But the financial institutions were dilatory in their responsibility to assess the borrower's ability to pay for loans and purchase a home. It was the squandering of this responsibility and preoccupation with greed and avarice that has led us to where we are today.

There are substantial improvements in the present version of the bill compared to the Bush administration proposal. However, the bill as it is presently written, in my view needs some clarification as to how it provides the necessary relief to middle-class America. Frankly, the bill provides no panacea to our present economic woes. Our markets will have the full faith and credit of the United States.

There are provisions now that address accountability measures by requiring a plan to ensure the taxpayer is repaid in full, and requiring Congressional review after the first $350 billion for future payments.

Principally, there are three phases of a financial rescue with strong taxpayer protections: reinvest, reimburse, and reform. One of the phases is to re-invest in the troubled financial markets to stabilize the markets. Another, reimburses the taxpayer and requires a plan to guarantee that they will be repaid in full. The last is to reform how business is done on Wall Street. The current legislation provides for fewer golden parachutes and, to its credit, provides sweeping Congressional oversight.

There are critical improvements to the rescue plan that yield greater protection to the American taxpayers and even to Main Street. However, with a ''pause'' we can help the financial markets and make America secure. I still have concern that there is enough in the bill to help Americans struggling with their mortgages. Is there some bright hope you can share with me to relieve me of my anxiety?

Ms. JACKSON-LEE of Texas. Chairman Frank, on many occasions, you have reiterated the concern of the American people, which we both share, the wish that this legislation had stronger and more comprehensive relief for home owners facing foreclosures. Please elaborate on your interest, willingness, and commitment for us to work together to introduce and pass stronger and more comprehensive housing foreclosure legislation in the next Congress?

Thank you, Mr. Chairman, to you and your staff, for your commitment to this issue.

Ms. ESHOO. Madam Speaker, I rise today to express my support for H.R. 1424 the Emergency Economic Stabilization Act.

Nearly two weeks ago the President presented legislation to Congress requesting a $700 billion recovery package, with the Treasury Secretary empowered to set the rules for *all* transactions. The bill included no safeguards, no transparency, no accountability, and no oversight. This plan was wrong for the American people and we rejected it.

The House, through bipartisan negotiations, completely reshaped the bill to include three crucial elements to rebuild our financial system. One, we reinvested in troubled financial markets to stabilize our economy and insulate Main Street from Wall Street. Two, we guaranteed that the taxpayer will be first in line to be reimbursed through ownership shares and asset recovery as the plan begins to work. Finally, the bill reformed how business is done on Wall Street including the prohibition of golden parachutes.

While I voted for the bill, it failed to gather the necessary votes for it to pass. Following the vote I returned home this week and saw, not only in my District, but all over the country, the negative effects of our continued inaction. Already, our commercial and consumer credit markets are drying up and if we continue to do nothing, the ability for my constituents to obtain home mortgages, car loans, student loans, loans for small businesses, or even credit cards will become highly difficult or impossible. Even more financial institutions and businesses could fail and millions could lose their pensions and retirement savings, thousands of jobs could be lost, and large parts of our economy could cease to function. The repercussions would be far greater than the cost of a financial rescue program.

Not only have small businesses and families felt the effect of the credit crunch, my home state of California is feeling it. According to our State Treasurer, Bill Lockyer, this current crisis threatens to deplete California's cash reserves. Without those reserves the state will be unable to pay teachers, first responders, or nursing care workers. Additionally, he thinks without action the state, ''. . . will be unable to sell voter-approved bonds for highway construction, schools, and housing or water projects.'' If we don't pass this bill the effects will almost immediately be felt throughout the country and the world.

H.R. 1424 includes strong independent oversight and transparency through an establishment of an independent bipartisan board to provide oversight, review and accountability of taxpayer funds. The Government Accountability Office will have a presence at Treasury to oversee the program and conduct audits to ensure strong internal controls, and to prevent waste, fraud, and abuse. There will be an independent Inspector General to monitor the Treasury Secretary's decisions in regard to this program and all transactions will be posted online for the public to review.

Rather than giving the Treasury all the funds at once, the legislation gives the Treasury $250 billion immediately, then requires the President to certify that additional funds are needed ($100 billion, then $350 billion, subject to Congressional disapproval) and there are limits on golden parachutes for executives whose companies participate in the program. We will help homeowners by allowing the government to change the terms of mortgages to help reduce the 2 million projected foreclosures in the next year. It will also assist school districts, cities and counties who held investments in failed institutions.

The bill temporarily raises the FDIC insurance cap to $250,000 from $100,000. It also includes three additional pieces of legislation that are critical to the health of our economy and our constituents. This legislation will extend tax credits and incentives that are important to encourage innovation and entrepreneurship. It extends tax benefits to the renewable energy industry. Solar and wind energy, fuel cells, and biofuels are but a few of the technologies that will benefit from the legislation that we are considering today, and they will all play a role in our nation's energy future. While I remain committed to totally eliminating the Alternative Minimum Tax, this bill includes a ''one-year fix'' that will prevent an additional 25 million American taxpayers from being subject to the AMT on their 2008 tax returns and it will reduce or eliminate the AMT obligation for 121,033 tax filers in my Congressional District. Finally, the legislation includes the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act, which will provide for equity in the coverage of mental health and substance use disorders when compared to medical and surgical disorders.

The vote I took earlier this week was as tough as any I've ever taken during my time in Congress and today's vote will not be any easier. I will vote ''yes'' because I believe it's the right thing do for our country.

I believe doing nothing is a higher risk to our country and would hurt millions of Americans across the nation. I didn't come to Congress to hurt people. My ''yes'' vote is to help restore confidence in our economy, help move the country move forward, protect taxpayers, help Main Street, protect pensions, protect 401Ks, and restore our credit markets and, with no rewards for those whose greed and foolishness have so jeopardized our economy.

Mr. CHABOT. Madam Speaker, I rise in opposition to the bill we are considering today.

This week marks a critical point in our Nation's history for a number of reasons, but none more important than redefining the appropriate role for government in our market system.

There is no doubt that we must stabilize our financial markets as quickly as possible. But, in my view, asking cash-strapped Americans to pay more than $700 billion to bail out an industry, some of whom were reckless, is just wrong and sets a dangerous precedent.

We need a targeted approach to respond to this crisis. One that provides those troubled institutions with the capital they need to start lending again. Yet, we also need standards in place to hold these institutions accountable to prevent this crisis from repeating itself in the future.

H.R. 1424 sets government on a new and dangerous course. Gone are the days of personal responsibility. Gone are the days where executives are held responsible for bad decisions. Gone are the days when the market determines success or failure. After today, taxpayers will be responsible for everyone's decision.

Equally disturbing, in my view, is the fact that this legislation makes no substantive reforms to prevent a repeat of what caused this financial meltdown in the first place. Last fall, the House passed, with my full support, H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act. This would have been an important step towards bringing more restraint and oversight to the lending industry. Unfortunately the Senate took no action so it never became law. Are those important reforms in this bill? No.

We have a duty to the hardworking families who act responsibly on a daily basis to be prudent with their tax dollars. I remain unconvinced that the bill we are considering today fulfills this obligation. That's why I'll be voting no.

Mr. STARK. Madam Speaker, I will be voting no on this bill. I recently read in the press that 8 out of 10 of my colleagues know nothing about economics or banking. This bill shows that account is quite right.

This bill does nothing but bail out Wall Street and large corporate America. It spends $800 billion that taxpayers will end up having to pay for and it does nothing for middle-income Americans.

Is there a crisis in this country? Yes there is. But this is not the solution for those people who have been working and trying to pay their bills.

There is not a crisis facing your average community bank which has no problem in liquidity. There is not a crisis for your credit cards—endangering their ability to work.

This rushed bailout package is nothing more than President Bush's Treasury Secretary Paulson's way to scare us as Colin Powell tried to scare us some years ago by saying if we didn't vote for an ill-conceived war, we'd see terrorists on the street.

You're getting the same kind of misinformation now—the same kind of rush to judgment—to tell you that a crisis will occur. It won't. Vote no, and let's come back and help work on a bill that will help all Americans.

Mr. MOORE of Kansas. Madam Speaker, I rise today in support of taking action to help community banks, which are an important part of our financial landscape, in Kansas and across the country.

One of the lessons learned from the current financial crisis is that financial institutions that rely on core deposits are in the best position to weather a financial storm. One thing banking regulators can do to help banks attract and retain more core deposits is to recognize that certain deposits that may technically be considered as ''brokered'' nevertheless function like core deposits.

This situation occurs, for instance, when insured depository institutions exchange funds, dollar-for-dollar, with members of a group of insured depository institutions, where each member of the group sets the interest rate to be paid on the entire amount of funds it places with other group members. Such an arrangement enables a member of the group to offer its customers a convenient means to obtain access to FDIC insurance on large deposits by working solely with the bank with whom the customer has a relationship. As a result, the bank is able to accept the large deposits without having to post collateral, which in turn makes more funds available to meet the credit needs of the bank's community.

Regulators could take several constructive steps within the current law governing brokered deposits. First, the FDIC could permit banks that become adequately capitalized (and therefore need a waiver from the FDIC to accept brokered deposits) to continue accepting funding through the arrangement described above while a waiver request is pending. Second, the FDIC could recognize that such finding is stable and should be permitted as a general matter when the FDIC reviews a waiver request. Third, it would be appropriate for the FDIC to exclude such funding from the category of ''brokered deposits'' if the FDIC elects to charge a bank a higher insurance premium due a heavy reliance on brokered deposits.

If the FDIC were to take these steps, banks—and, in particular, community banks—would be in a better position to attract and retain large deposits, thereby providing additional liquidity that the banks can use to make loans that are so vitally needed by our Nation's communities.

Mr. EVERETT. Madam Speaker, in the years since I was first sworn in to office in 1993, our Nation has faced a number of major challenges that required tough and courageous decisions. I have always believed public service to be the noblest of calling. I still believe in the concept of ''citizen statesmen'' as envisioned by our Founding Fathers who recognized that private citizens motivated to serve in Congress were vital to the future of our Nation. I came to Washington not as a politician, but as a businessman ready to make tough votes for the good of the country. I believe my final vote to pass the Emergency Economic Stabilization Act is such a vote.

The impact of nearly a decade of granting home loans that were doomed to fail has reached a crisis point in our economy. The combined weight of hundred of billions of dollars in low value mortgages has created an economic aneurysm that is beginning to burst and usher in the collapse of our financial markets and take with it many American jobs. The national media have repeatedly spun this dilemma as one that solely afflicts ''Wall Street.'' This is simply not accurate.

Many Americans believe this is a cry of Chicken Little and that it is not their problem, and we should let the markets fail and let the consequences fall as they may. However, if we allow our markets to fail—no one will be insulated from the impact. Our whole economy is underpinned by the availability of credit. Without access to credit, banks fail, businesses are forced to layoff workers or close altogether, and even people with good credit cannot get loans for cars, college, new homes, or other essential needs. We are already seeing that universities are having trouble accessing their funds, municipalities are experiencing losses in property taxes since mortgage banks can not pay on foreclosed homes, and lack of availability of bonds for infrastructure and other local needs. Soon our farmers will be getting ready to start planning for next year's crop—and there is fear they will not have access to the credit necessary to plant next year's crop. We have already seen food prices increase over the last few years, and that pain will have been nothing if farmers do not have the necessary credit.

As a conservative Republican, I believe in a free market and less government intervention. However, these are extraordinary circumstances that will impact all of us. Many Americans might not have felt the effects directly yet and hopefully they will not because of the action being taken today. This legislation includes safeguards to protect taxpayers, not making the total amount of funds available at once, ensuring that there are no golden parachutes, and holding executives accountable.

I cannot leave office taking any position that is counter to the best interest of our Nation. I would have preferred to not have the Federal Government intervention, but failure to act to shore up our economy would allow far greater damage to millions of average Americans and hundreds of thousands of Alabamians. I have been honored to serve the Second District these 16 years and would never have thought one of my last votes in Congress would have been on this type of legislation. Very few things are easy in politics, and I have thought long and hard on this difficult issue, and I believe that voting in favor of the Emergency Economic Stabilization Act is the necessary thing to do.

Mr. SHUSTER. Madam Speaker, this is one of the most difficult and complex issues I have had to deal with in my 8 years in Congress. I am proud of my no vote on Monday against the original rescue plan. My no vote enabled me to push this legislation forward towards an improved and positive bill. This is a different bill. It is an improved bill.

I have pushed as far as I can and we are at the point where the only two directions we can go from here are backwards or nothing. Neither is an option.

I share the anger of my constituents that we have been forced into this economic crisis by Wall Street greed and irresponsible lending by Freddie Mac and Fannie Mae. But we cannot let our anger cloud our judgment.

Over the past 5 days, I have been hearing from more and more of my constituents who are beginning to feel the pain of the economic crisis we are entering. I am convinced that my constituents will feel that pain grow if we do not act, and that pain will be felt in job losses.

Therefore, I have decided to support this economic recovery effort. Make no mistake, this bill is a far better deal for American taxpayers than what was originally brought to the House floor. My colleagues and I fought hard to include additional taxpayer and market driven protections that will restore trust in our banks, including raising the FDIC insurance limit to protect my constituents' bank accounts. My vote is the right decision for my constituents and America, not for political popularity.

Mr. FEENEY. Madam Speaker, I would like to quote Financial Services Chairman BARNEY FRANK, author of this bailout bill, ''The free market failed, it's up to government to fix the problem.''

It is important that we understand the how we got here in order to address a solution to the problem. Who and what caused the subprime bubbles and the current economic crisis?

Treasury Secretary Alan Greenspan in 2005 said:

If Fannie Mae and Freddie Mac ''continue to grow . . . they potentially create ever-growing potential systemic risk down the road . . . we are placing the total financial system of the future at substantial risk.''

During a Financial Services Committee legislative markup on May 24, 2005, the Hensarling/Feeney Amendment was offered to protect taxpayers from crushing bailouts of Fannie Mae and Freddie Mac.

The Hensarling/Feeney Amendment established a new regulator to:

(1) repeal the Congressional charters of Fannie Mae and Freddie Mac

(2) create a bank-like secondary mortgage market, and

(3) establish new charters for limited purpose mortgage securitization entities that could be auctioned off competitively.

I voted YES but the Democrats unanimously voted NO and killed reform and taxpayer protection.

Why?

Leading Democrat BARNEY FRANK said in 2003:

These two entities—Fannie Mae and Freddie Mac—are not facing any kind of financial crisis.

The more people exaggerate these problems, the more pressure there is on these companies, the less we will see in terms of affordable housing.''

After billions in accounting scandals at both Fannie Mac and Freddie Mac, BARNEY FRANK said in 2004:

I don't see anything in your report that raises safety and soundness problems.

I have seen nothing in here that suggests the safety and soundness are an issue. And, I think it serves us badly to raise safety and soundness as kind of a general [inaudible] when it does not seem to be an issue.

Democratic leader MAXINE WATERS said:

Through nearly a dozen hearings that we were, frankly, trying to fix something that wasn't broke. Mr. Chairman we do not have a crisis at Freddie Mac, and in particular Fannie Mae under the outstanding leadership of Mr. Frank Rains.

I also voted in 2005 to cut off a $2 billion line of credit from U.S. taxpayers to Fannie Mae and Freddie Mac.

Today, the same people who protected the corrupt and out-of-control Fannie Mae and Freddie Mac are proposing a $700 billion bailout of Wall Street speculators.

BARNEY FRANK and other Democratic leaders revised the Community Reinvestment Act in 1995, forcing Fannie Mae and Freddie Mac, and all American lenders to make risky loans to people in poor communities. Loans were given regardless of the borrower's ability to pay!

And, ACORN, a corrupt left wing ''community group'' engaged in extensive voter registration fraud across this country, was given taxpayer money to extort banks and lenders into making more bad loans.

Taxpayer money was used to browbeat lenders to make non-creditworthy loans.

Since the economic credit crisis began, we were told by Secretary Paulson and BARNEY FRANK that:

1. The $152 billion ''stimulus'' package would resolve the American economic problem. (I predicted it is a silly ''rain dance,'' having no long term stimulus)

2. The Bear Stearns taxpayer bailout would resolve the credit crisis.

3. The Fannie/Freddie bailout in July would totally resolve the financial crisis and the U.S. Treasury would not have to take over Fannie Mae and Freddie Mac. (I voted no and predict bigger problems for America)

4. The federal government takeover of AIG, the largest insurer in America, would end this global crisis.

The current $700 billion bailout, touted by Treasury Secretary Paulson and Chairman BARNEY FRANK, fixes none of the fundamental structural problems the federal government is responsible for.

Buying troubled assets on Wall Street balance sheets does NOT stimulate American banks on Main Street in Central Florida to increase lending and credit.

It adds short term money, which banks will HOARD, as they are required to increase reserves and make fewer loans to healthy consumers and businesses.

It does NOT privatize Fannie Mae and Freddie Mac.

It does not repeal the community Reinvestment Act.

It creates a huge new bureaucracy which may control lending in America and become the largest leap toward socialism in my lifetime.

What we must do (now or later) to save American freedom and our economy.

1. Stop naked short selling of bank stocks—Predatory investors, including foreigners, sell stocks they don't own to drive down the price of the stock, which they can later buy cheaper and profit.

This kills bank equity and forces banks to stop making loans in order to meet material reserve requirements.

2. Guarantee bank deposits in excess of $100,000 and bank creditors—This will bolster bank share prices and lead to more immediate lending to families and small businesses.

3. Issue guaranteed network certificates in exchange for bank promissory notes—This will get banks to save lending restrictions and give them time to work through the real estate mess.

4. End ''mark to market'' accounting rules—Banks and institutions that hold packages of securitized mortgages cannot sell those packages because in this environment there are NO buyers. But those mortgages are secured by real estate worth some value, even if it is not 100 percent of the loan value.

These mortgages are not worth zero, just because there is no market to buy them during this crisis. Banks have to count such mortgage holdings as ZERO asset reserves. Every dollar a bank counts as reserves would result in $10 in lending ability today.

Mark these assets at ''fair market value.''

5. Jump start private purchase of mortgage securities—Don't buy $700 billion in troubled mortgage securities with taxpayer money. have an auction for private investors using private money to make such purchasers. To start buyer activity, grant buyers a zero percent capital gains tax—not the 28 percent tax Senator OBAMA proposes, but 0 percent.

Most mortgages will be purchased without any taxpayer exposure.

6. Establish a privately funded insurance model for mortgage backed securities—Holders of these securities would pay risk-based premiums to fully fund a guarantee of asset values, without taxpayer exposure.

7. Unleash the American Economy—Immediately pass comprehensive energy policy that will put hundreds of billions of dollars into the American economy overnight.

Congress should pass free trade legislation including agreements with Columbia, Panama, and South Korea to help American exporters.

Without delay, Congress should kill the built-in Democrat tax increases which are scheduled to raise taxes on Florida families by $3,040 a year.

Finally, the Paulson/Frank bailout bill raises the Federal Government's debt to $11.3 trillion—a 26 percent increase. In the less than two years Democrats have controlled Congress, the national debt has jumped over $8,000 for every man, woman, and child in America. Can we afford two more years of that behavior?

Mr. LANGEVIN. Madam Speaker, we are meeting today to again consider the Emergency Economic Stabilization Act—a critical piece of legislation, but one that none of us look forward to voting on. During this difficult economic crisis, I am proud of this Congress for coming together at a crucial moment to reach a bipartisan compromise to rescue not only our financial markets but our entire economy. However, no one is celebrating today about the tough decisions that had to be made.

Over the last two weeks hundreds of Rhode Islanders have contacted my office expressing serious concerns about the proposal and a firm belief that the taxpayers' needs must be a priority. I share their anger and frustration that for far too long, many on Wall Street were given carte blanche to make increasingly risky investments—investments which, in some cases, the firms themselves didn't even fully understand. There is plenty of blame to go around, from Wall Street and mortgage lenders to government regulators and Congress. Unfortunately, the actions of these firms do not take place in a bubble: they are inextricably linked to the every day transactions of every day American families. Our economy is in dire shape and drastic action is needed. If we do not act now, a domino effect could easily trigger major job losses and a significant period of economic downturn with negative consequences not just on Wall Street, but on every street in our country.

This crisis originated with faulty lending practices and the creation of subprime mortgages made to people who often could not afford to pay them back. These subprime mortgages were then pooled together into packages that were transformed into highly-rated securities purchased around the world. The eventual collapse of the subprime mortgage market infected the prime mortgage market, which in turn poisoned the entire financial system. In response, Treasury Secretary Hank Paulson proposed a plan under which the Federal Government would buy—at a deep discount—so-called ''toxic'' assets, which currently no one is willing to buy. These assets include home mortgages which have been bundled into such complex packages that there is great uncertainty about their underlying value. Secretary Paulson considers these purchases to be investments by the federal government, which could return a substantial proportion of their value to American taxpayers once the market has settle down.

I recognize the urgency of the situation and understand that Secretary Paulson and all responsible government leaders are trying to ward off even worse outcomes. This year, we have seen the fall of some of the largest investment banks in the world—Bear Stearns, Lehman Brothers, and Merrill Lynch—and the last two standing—Morgan Stanley and Goldman Sachs—last week chose to be switched over to commercial banks, seeking greater protection at the price of greater regulation. Meanwhile, the federal government loaned $85 billion to American International Group, Inc., AIG, the 18th largest company in the world, when it was unable to access credit for its daily operations. On September 26, we also saw the biggest bank failure in our country's history when Washington Mutual collapsed. One week later, Wachovia had been bought out by another bank. Even Bank of America recently decided it would no longer extend new lines of credit to McDonald's franchisees, which have been turning a profit for years and run a clean balance sheet.

When the credit market seizes up at the highest levels, it is not just a problem for Wall

Street. It quickly impacts all of us, making it harder for average families to secure car loans, home loans or mortgage refinancing. It means that small business owners can't access the quick capital they need to make payroll or invest in their companies. It impacts the student loan market, where more than 50 firms have abandoned or cut back their student loan programs. And it threatens the pensions and savings that our retirees are counting on. While no one wanted to be in this position, I do believe that passing this rescue plan is essential for Rhode Island families.

However, I have been vocal about my own concerns with the Administration's original proposal, and early on I outlined priorities that must be included in any bill I would be able to support. I am pleased that the legislation before us today is a vast improvement over the initial plan Secretary Paulson presented, and it contains significant protections for families across the country who had nothing to do with creating this crisis but are feeling its effects in many ways. First, this bill protects taxpayers by requiring strong Congressional oversight over expenditures under the plan; giving taxpayers a share of profits in participating companies; and requiring a President to ensure taxpayers are repaid in full, with Wall Street making up any difference. Furthermore, we have endured that CEOs do not benefit from risky behavior by severely limiting executive compensation and ''golden parachute'' packages for any firms that take advantage of the government assistance. Finally, the bill requires the government to implement a plan to reduce foreclosures as it buys troubled financial assets like mortgage backed securities.

At its core, H.R. 1424 authorizes $700 billion for the Treasury Department to buy distressed mortgage-backed securities, expiring on December 31, 2009. Of that total, $250 billion would be for immediate release, with another $100 billion upon a presidential certification of need. The final $350 billion could be made available if the president transmits a written report to Congress requesting the funds, and Congress would have the right to disapprove this last installment. Spending authority would be overseen by a new Financial Stability Oversight Board, which will review the Treasury Department's actions and its effects on the financial markets and the housing market, and by a special inspector general office to conduct and supervise audits and investigations of the actions taken under this bill. Treasury must also report to Congress 60 days after it begins using this authority, and every 30 days thereafter.

Furthermore, H.R. 1424 establishes a joint congressional oversight panel to review the current state of the financial markets and the regulatory system. This panel will submit a report on the current regulatory system and its effectiveness at overseeing the participants in the financial system and protecting consumers. This provision is critical, since going forward, we must ensure that our financial sector is no longer allowed to put ordinary Americans in danger by pursuing high-risk behavior with little to no oversight. We must investigate companies that took advantage of lenient regulation or possibly acted outside of federal regulations entirely. And we must learn from our mistakes, establishing new regulations and ensuring the laws already on the books are enforced.

Madam Speaker, in just the four days since the House defeated the original economic recovery bill, we have already seen clear signs of what awaits our country if we do not take action today. Within hours after that first vote, the Dow Jones Industrial Average lost nearly 800 points, its biggest point drop in history. The markets have remained shaky, threatening the financial holdings and retirement savings of millions of American families. Meanwhile, anxiety continues to rise in industries across the country, from agriculture to manufacturing. Countless businesses, small and large, are having trouble securing credit for everyday operations and they are terrified of what the future might hold. Car loans are becoming more expensive, mortgages more difficult to obtain. And on Monday, Wachovia limited the access of nearly 1,000 colleges and universities to their own funds invested with the bank.

These are troubling warning signals of the potential for real economic catastrophe if we do not come together as a Congress and show the real leadership on difficult issues that our constituents expect. This is not an easy vote for any of us, but I am convinced that it is the right one. I know it is not a perfect bill, but rarely is there a perfect solution to such a complex and troubling set of problems. I believe the revised measure before us today is somewhat improved over the original version, largely due to the inclusion of an increase in FDIC coverage for bank accounts from $100,000 to $250,000. Unfortunately, I am disappointed that the tax extenders legislation—which I was happy to support when its costs were fully paid for—has been added to this bill without sufficient offsets. Nonetheless, I will again cast a vote in favor of this package because it is too important to fail again.

Madam Speaker, let me close by assuring my colleagues and my constituents that if I thought the bill before us today was nothing more than a hand-out to high-flying Wall Street investors who suddenly found themselves in trouble and decided they didn't like losing money, I would be the first in line to cast a no vote. Unfortunately, this problem is much bigger and much less selective about whom it might hurt. We need to take action, and we need to do it now. This legislation represents a good, bipartisan solution to a situation none of us wanted to find ourselves in. I want to thank speaker PELOSI, Chairman FRANK and many other colleagues for their tireless work on this bill. I encourage all my colleagues to vote for this bill.

Ms. RICHARDSON. Madam Speaker, I rise in support of H.R. 1424. I want to commend Chairman BARNEY FRANK of the Financial Services Committee for his hard work, leadership, insight, and guidance throughout this process.

The Congress and Senate did not come to the decision of supporting this legislation lightly. All of my colleagues on both sides of the aisle participated in numerous Caucus meetings and conference calls with Secretary Paulson, and Federal Reserve Chairman Bernanke. We took into consideration the views of renowned economists, and we considered numerous legislative proposals. After much deliberation we came to the conclusion that this legislation was the best bipartisan effort to contain strict oversight to prevent repeating this crisis, limit executive compensation, initiate provisions for mortgage stabilization, and ensure protections that taxpayers deserve.

This legislation is a rescue plan. Main Street is hurting because small businesses do not have access to credit, which they depend on to cover the cost of their daily operations, including payroll. Likewise parents and students cannot get student loans, so it is clear that the financial crisis is hitting every street corner in America.

Perhaps what has been lost in this debate is the effect that this crisis has had on our municipalities and local governments. Many of these municipalities and local governments had their investments tied to these Wall Street institutions. In California public entities have at least $300 million at stake; in fact San Mateo has lost $150 million. If our local governments fail, they will not be able to provide the most basic services (i.e.—police & fire services, trash collection, and education).

I recognize that this is a difficult decision for many of my colleagues. Historians have said these are dire times only second to the Great Depression. I urge my colleagues to act now, and support this critical piece of legislation that will stabilize our residential neighborhoods, small businesses across this country and our economy.

Mr. COSTELLO. Madam Speaker, four days ago I voted against the historic $700 billion bailout legislation proposed by President Bush and Treasury Secretary Paulson. It seemed clear to me that the message sent by that bill's defeat was that we needed to slow and consider other alternatives to deal with the problems facing our economy. Numerous professional economists and other experts, including William Isaac, former head of the Federal Deposit Insurance Corporation, FDIC, have said that we could provide the confidence the credit markets need in other, less expensive ways.

Unfortunagtely, that message fell on deaf ears. The Senate leadership took the Bush/Paulson proposal and added $100 billion in tax breaks and other so-called incentives. While I do support expanding FDIC insurance limits to $250,000, I do not see how making a $700 billion bill an $800 billion bill benefits our economy. What these additions cannot do is hide the fact that at its core, this bill is the same as the one the House rejected Monday, and I will vote against it.

Madam Speaker, I understand that many Americans are uneasy about the state of our economy. I share their anxiety. But I am equally anxious about the long-term ramifications of this legislation. I think it is highly possible that this bill will make our economic problems worse in the long run. While we should take action, we should act prudently and with a thorough review of our options. We have failed to do this, and I cannot vote to expend $800 billion in taxpayer dollars without absolute confidence in the course being taken. I will again vote no.

Mr. ETHERIDGE. Madam Speaker, I rise in support of H.R. 1424, the Emergency Economic Stabilization Act of 2008, as amended by the Senate. Today, the United States faces the most significant financial crisis since the Great Depression. Homeowners, small businesses, retirement savings plans, and community banks—American people from every walk of life—are put at risk by the turbulence in our financial sector. This bill puts us on the right path to recovery for our economy.

If there was any question whether action is necessary, one needs to look no further than

the stock market reaction to Congress' inaction on Monday. Leading up to that vote, I spoke with the leaders of some of North Carolina's local and state banks and credit unions about the effect of this crisis on the communities they serve. While I wish that this action was unnecessary, the financial system's problems call for strong steps. If lending does not resume, Americans will be unable to grow their small business, buy a car, pay for college, or buy a home. Without action, this financial crisis will threaten the entire American economy.

Like the bill we voted on earlier this week, H.R. 1424 is a vast improvement over the blank check that the Bush Administration originally proposed. This bill contains key provisions, negotiated by Democratic leaders in Congress, to ensure this bill benefits Main Street. As I demanded when an economic recovery plan was first proposed, this bill protects taxpayer money, provides help for struggling homeowners, prevents Wall Street CEOs from gaining a windfall at taxpayer expense, and provides the accountability and oversight that have been missing. While it contains strict oversight provisions, the plan also contains the flexibility needed to address a problem of this magnitude.

First and foremost, this plan protects taxpayer money. Democratic leaders made sure that the public will share in the benefit of the economic relief provided by adding provisions that allow taxpayers to share in profits if a financial institution we invest in grows healthy in the future. To ensure Main Street is not left with the bill for Wall Street's problems, H.R. 1424 calls for a plan to require financial institutions to repay any losses to the government in the future. I am also pleased that this bill now temporarily increases the amount of money insured by the Federal Insurance Corporation from $100,000 to $250,000 for one year. This provision insures taxpayers' savings and boosts public confidence in our banks. Finally, H.R. 1424 looks after the taxpayers bottom line by requiring that any profit resulting from this plan be used to reduce the growing national debt.

In order to further ensure that assistance benefits Main Street, the Emergency Economic Stabilization Act of 2008 will help ensure those who have been hurt by the economic downturn and predatory lending practices can remain in their homes when possible. The bill authorizes new loan guarantees and credit enhancement to prevent foreclosures, and requires a plan to encourage mortgage servicers to modify loans through the Federal Housing Administration's Hope for Homeowners and other initiatives.

H.R. 1424 makes sure that Wall Street executives do not profit excessively from the government assistance provided. It includes limits on executive compensation and golden parachutes not only for institutions that the government buys, but also for those holding loans that are supported by this bill. It holds executives accountable for statements they have made about their company's financial strength, forcing those promise gains that later turn out to be false or inaccurate to repay the taxpayer.

Congress has also increased oversight and transparency in this bill. Rather than providing $700 billion in one lump sum, H.R. 1424 authorizes an initial $250 billion so that we can see how the plan works. Another $100 billion is available with Presidential notification, and the remaining $350 billion requires Congressional action to be released. H.R. 1424 requires public disclosure, within two days, of purchases made by the Secretary, and provides a strong oversight board with authority over the Treasury Secretary's actions. Additionally, H.R. 1424 establishes an independent Inspector General to monitor the use of the Secretary's actions. Additionally, H.R. 1424 establishes an independent Inspector General to monitor the use of the Secretary's authority. Given the extent and range of the problems in our financial markets, it is critical that the Treasury Secretary have a variety of tools to address these problems. H.R. 1424 includes a Republican proposal that gives the Treasury Department the option to guarantee companies' troubled assets, including mortgage-backed securities, purchased before March 18, 2008, with insurance that is paid for through risk-based premiums paid by the financial industry.

The Emergency Economic Stabilization Act of 2008 also provides tax relief for millions of Americans while spurring business investment and innovation in renewable energy. While we support the financial system that enables our families and businesses to grow, we should also address the tax burden they face.

H.R. 1424 includes critical tax relief for families facing the Alternative Minimum Tax, AMT. The AMT was originally intended to ensure that the nation's wealthiest taxpayers were not able to avoid paying taxes altogether. However, because the AMT is not indexed for inflation, today millions of middle income Americans who pay their taxes as required would see a huge tax increase. H.R. 1424 raises the exemption limits and protects 25 million middle-class families across the country, including more than 30,000 taxpayers in my district, from this extra tax.

The Emergency Economic Stabilization Act of 2008 will benefit the families of millions of children by expanding the child tax credit to those earning $8,500 a year in 2009. This bill also helps families by extending the state and local sales tax deduction, and will help over 4 million families better afford college by providing a tuition deduction. As a former superintendent of schools, I am pleased that this legislation includes a tax deduction that will save money for more than 3 million teachers when they pay for classroom supplies and expenses. The bill also includes an additional $400 million for Quality Zone Academy Bonds to help states and localities address school construction and renovation needs.

This bill provides critical support in the form of tax breaks and incentives to the small businesses that form the backbone of our economy. This bill extends the Research and Development Tax Credit for two years to spur American innovation and business investment as well as a two year extension of the 15-year straight-line cost recovery for leasehold improvements and qualified restaurant improvements.

Developing alternative energy sources and reducing our dependence on foreign oil is one the most critical challenges facing our country. H.R. 1424 will increase the production of renewable fuels and renewable electricity, and encourage greater energy efficiency. This bill features an eight-year extension of the investment tax credit for solar energy and a multi-year extension of the production tax credit for other sources of alternative energy like biomass, geothermal, hydropower, and solid waste. With millions of Americans struggling to afford rising gas prices, H.R. 1424 includes tax incentives for the installation of E–85 pumps for flex-fuel vehicles, and a $3,000 tax credit toward the purchase of fuel-efficient, plug-in hybrid vehicles. There are also incentives for incorporating energy conservation in commercial buildings and residential structures. The energy provisions in H.R. 1424 will help create and preserve more than 500,000 good-paying green collar jobs at a time when our economy is struggling and unemployment is at a five-year high.

Finally, H.R. 1424 contains language I have supported to expand access to mental health care for all Americans. My home state of North Carolina was one of the first states to adopt a mental health parity law back in 1991, and last year the State Legislature expanded and strengthened its mental health parity provisions. I support the efforts of North Carolina's mental health professionals in bringing this issue to the forefront of our State's agenda, and I am pleased that we are following suit today in passing this bill. H.R. 1424 simply requires those insurers or group health plans who do chose to cover mental health to do so on an equal basis with other covered health needs. This will ensure that those in need can get the treatment that is medically necessary, without creating an undue hardship on employers or insurers. As health care consumes an increasing percentage of America's income, it is critical that we provide support for all medical needs.

I support H.R. 1424, Emergency Economic Stabilization Act of 2008 as amended by the Senate, and I urge my colleagues to join me in voting for its passage.

Mr. DICKS. Madam Speaker, amid the sharp debate over the Emergency Economic Stabilization Bill being considered this week in Congress we have heard dire predictions from both extremes warning of a financial Armageddon if we don't approve the bill or of squandering billions of taxpayer dollars if we do. Beyond the intense rhetoric though, there is a growing body of evidence of serious impacts in every American community this month as the shrinking credit market has already affected consumers' ability to buy cars, purchase inventory for their businesses, afford college loans, and obtain home mortgages.

And it's only going to get worse until Congress takes some action that will have a direct effect on the credit markets and on our confidence in the integrity of the U.S. banking system.

Unfortunately in the search for an appropriate remedy, I fear that ''perfect'' may have become the enemy of ''good.'' Warren Buffet put it bluntly in an interview when he was asked his opinion of the legislation we're considering this week. He said ''I don't think it's perfect, but I don't know that I could draw one that's perfect. I would rather be approximately right than precisely wrong. And it would be precisely wrong to turn it down.''

The Gallup poll conducted this week for USA TODAY indicated that more than half of all Americans—56 percent—say their financial situation has already been harmed by the financial meltdown of the 2 weeks, with 20 percent of our population saying they have been seriously harmed. The longer term outlook is even more gloomy.

In Washington State, the failure of one of our biggest banks—Washington Mutual—last week has been a local reminder of the gravity of this crisis, as was the Wachovia failure a few days later. Thousands of financial industry employees, including Washington Mutual employees in the Puget Sound area, will likely lose their jobs in this collapse, which has largely resulted from bad decisions made by executives that most Americans consider to be grossly overpaid. It's understandable for Americans to be angry and to oppose any direct bailout of Wall Street.

But a lot of the people who are being hurt by this crisis today are not overpaid bankers or stock market executives. They are working class families in our towns whose small businesses can't get credit for inventory or payroll and people down the street who are not able to obtain a car loan to replace a broken down automobile.

Economists remind us that auto sales are typically one of the first indicators of economic trouble. Last month, car sales dropped by 27 percent from September 2007, the slowest pace of auto purchases since 1991. The chief economist at J.D. Power and Associates, Bob Schnorbus, estimates that the credit crunch alone is responsible for more than 40,000 people being denied loans every month. And as the crisis has deepened in recent weeks, even people with good jobs and credit are having difficulty arranging auto financing.

The financial disruption is also affecting student loans—the primary way through which we as a nation open the doors of higher education to middle and lower class Americans. The buyout of Wachovia has limited the access of nearly 1,000 colleges to $9.3 billion the bank has held for them in a short-term investment fund. Many of these schools are struggling to meet their payrolls and other commitments, including scholarships, as we start another school year.

Over the longer term, if credit contracts further, so will the availability and affordability of student loans. If it closes the doors of higher education to American kids, this short-term financial crisis has the potential to result in a long-term loss of competitiveness in the global marketplace.

Small businesses are also feeling the burden. As my colleagues know, small businesses account for roughly half of the nation's total economic output and employ about 40 percent of the total U.S. workforce. The chief economist for the Small Business Administration noted in an interview this week that these businesses are either being denied capital to grow and add jobs or they are simply afraid to seek capital because they are scared of the direction of the economy. More than anything else, cutting off capital to small businesses will be an enormous drag on the economy and job creation over the long term.

The credit squeeze is already having a downstream impact on our economy. Consumer spending this quarter appears to be declining for the first time in 17 years. Last month, unemployment reached a 5-year high—6.1 percent—and new filings for unemployment hit the highest level since just after the September 11th attacks. Factory orders are down, and manufacturing activity has fallen to the lowest level in seven years.

Two major employers in the rural areas in my district—Port Townsend Paper and Grays Harbor Paper—are victims of this loss of confidence. These firms, both critical to employment in their respective cities, have stated that they are already taking steps to protect themselves from a recession, holding off on investments and new hires as they prepare for a decline in sales.

So with mounting evidence that the impact of this crisis is being felt well beyond Wall Street, I am supporting this bill. I am not doing so in order to boost the salaries of Wall Street executives, but so that janitors and nurses and secretaries and teachers and car dealers in my district can keep their jobs. I am supporting this bill so that kids and their parents will still have the access to affordable loans to go to college—an advantage I had as a young man.

I am not suggesting this is a perfect solution. But like Warren Buffet, I would rather be approximately right than precisely wrong. And I am absolutely convinced that we must take action very soon before the credit crisis deepens and before it affects the lives and livelihoods of even more of our friends and neighbors. The time to act is now. This is the only option before us. We must pass it.

Mr. MEEK of Florida. Madam Speaker, my constituents didn't cause this economic mess, but if our action to this crisis is inaction, they would disproportionally bear the brunt of this financial meltdown. The credit market would severely tighten, preventing consumers with excellent credit scores from purchasing a new automobile, sending a son or daughter to college, or refinancing their mortgage to avoid foreclosure. Pension funds would erode, putting senior citizens from our community in an impossible financial situation. Layoffs would be felt throughout south Florida, and inflation would erode buyers' purchasing power. The Department of Labor reported today that the American economy lost 159,000 jobs in September, bringing the total number of jobs lost in 2008 to 760,000.

A Wall Street banker will never bear the brunt of this economic downturn like a small business owner, high school teacher, or law enforcement officer struggling to get by in this economy. To stabilize our economy and insulate Main Street from Wall Street, we must reinvest in the troubled markets, reimburse the taxpayer by requiring the plan to be repaid in full, and reform how business is done on Wall Street by enacting strict oversight measures and limiting excessive compensation for CEOs and executives.

Florida is ground zero for the housing foreclosure crisis, and this legislation provides property tax relief for up to 30 million homeowners nationwide and allows the Government to now work more directly with loan service providers to make problem loans more affordable.

I have significant reservations about this financial recovery legislation, as do many of my Democratic and Republican colleagues. This is a vote that I did not cast lightly, but knowing that families, retirees and small business owners were suffering along Main Street, I was left with no option but to support the package.

Mr. THORNBERRY. Madam Speaker, deciding how to vote on this issue has been among the most difficult votes I have cast in Congress. The economic condition and well-being of every American will be affected.

I continue to be uncomfortable with the degree of government intrusion into our economy that this bill would authorize. I also continue to be concerned about the economic consequences to all Americans if some sort of action is not taken. It is balancing those two positions that make this vote an extremely difficult one.

The bill is better now than it was earlier. The increase in the amount of deposits that can be insured by the FDIC will help bring significantly more capital into all banks—those that are troubled and those who have not made the risky loans that precipitated this crisis. The SEC announcement ''clarifying'' the mark-to-market accounting rules could help unleash billions of dollars that were sidelined. Both of these changes will help bring more private capital into the system so that the entire burden of stabilizing troubled institutions does not fall on the taxpayers.

If the asset purchase program is managed competently, the cost to the taxpayers should be far less than the $700 billion authorized, as both the Office of Management and Budget, OMB, and the Congressional Budget Office, CBO, have said.

The other major consideration for me is that if this bill does not pass, a far worse bill probably will. I would like to write this bill differently and to have other options considered. I have little doubt, however, that if this improved bill does not pass today, the next bill will veer to the left in an attempt to attract more Democratic votes and will result in more government intrusion and a higher cost to the taxpayers.

As I weigh my concerns about the level of government intervention with my concerns for the economic consequences of inaction or of a far worse bill, I have decided that it is in the best interests of the Nation for this bill to pass so that hopefully the economic recovery can begin.

There is a crisis of confidence in our credit system, and there is a real danger that if it spreads, Americans all across the country will not be able to get car loans, home mortgages, or loans to operate their businesses. There is even a danger that some may not be able to withdraw their money from various retirement accounts. The result could be a severe recession, greater unemployment, and consequences that all Americans will feel.

It is likely that the United States will face more economic problems in the days ahead even with this bill. We will never know what bigger problems might be averted. But, in my view, the potential consequences of not acting outweigh the deep reservations I have about this proposal.

I understand that any measure will be somewhat unfair in that those who took the excessive risks and made unwise decisions will be protected from the full consequences of their decisions. Unfortunately, some degree of unfairness is inevitable, but calculations of fairness must also consider what is best for the whole country.

Finally, a tax bill was added to this measure. It would have been better to have kept the two bills separate. I strongly support extending current tax law so that Americans will not face a tax increase, which would be a huge blow to economic growth. However, I am not pleased with the numerous special interest tax provisions that are included and are exactly the kind of thing that understandably frustrates the American people about their government.

A former minister in my home church used to say that ''Sometimes you have to put aside

your principles and do what's right.'' I believe at this extraordinary time passing this flawed bill is the right thing to do.

Mr. CLYBURN. Madam Speaker, I rise today in strong support of the Emergency Economic Stabilization Act of 2008 and believe this bill must be enacted as soon as possible to stop our country from falling deeper into recession. Today, Madam Speaker, we were informed that our economy lost jobs for the ninth month in a row. This brings the total jobs lost this year to 760,000. But, Madam Speaker, jobs are not the only thing Americans across this Nation are losing; they are losing their hold on the American Dream. That dream, Madam Speaker, is upward economic mobility and home ownership. Nowhere is this problem more acute than in minority communities.

Madam Speaker, this bill is about more than Wall Street; it is about Broad Street and Walker Street. It is about grocery stores, beauty salons, barber shops, community banks, and automobile dealerships.

Madam Speaker, minority communities are hemorrhaging jobs, homes, income, and most importantly, credit. Consider this fact, African Americans received 35 percent of the subprime purchase loans issued from 2004–2007; of these loans 62 percent of them will reset to a higher rate by the end of 2008. Many of these homes' values have dropped by 25 percent, access to refinancing credit is no longer available, and their pension plans have lost substantial value. These dynamics are debilitating to minority businesses and communities.

These powerful and destructive economic forces coupled with a lost of liquidity on Wall Street have led to the greatest reduction of wealth in the minority community since the Great Depression.

That is why I am here today. I believe this bill must pass. We must ensure that the minority communities do not just survive but thrive.

Mr. CARNAHAN. Madam Speaker, I rise today in support of the Emergency Economic Stabilization Act 2008 for a second time.

Thousands of my constituents in Missouri have contacted me to share their anxiety and anger about the financial crisis we are facing. I too am angry about the current economic crisis in our country—angry about those who caused it and those who have bungled solutions.

Year of de-regulation of the financial markets, coupled with lax oversight by the Bush administration of these institutions, has had devastating effects on the lives of many Missourians.

I strongly opposed the original Bush/Paulson Bailout Plan that was basically a blank check with no accountability for an industry that made poor decisions. But the risk of taking no action is too great and too dangerous for our economy, and the financial stability of all Americans.

We must pass this legislation, even with its imperfections, to unlock the credit market that is essential to both individuals and businesses. Without a properly functioning credit market, small businesses, the backbone of Missouri's economy, risk not making payroll. Americans will have increasing difficulty obtaining car loans, home loans, farm loans, student loans, as well as other forms of credit upon which we all rely.

I have heard from many Missourians concerned about the effect of tightened money-lending standards. From the hardworking couple just about to retire who have watched the value of the retirement savings dramatically decline over the past month to the family who needs to buy a new car but cannot qualify for a loan because of the freeze in the credit market.

The economic downturn is also hitting our small businesses. In my hometown of St. Louis, Feld Chevrolet, a St. Louis leader for over 27 years, has shut its doors because the lender stopped financing the dealership's inventory.

Stories like these make it clear we have a responsibility to act before the credit crisis further undermines our economy.

Without decisive action, most economists have noted that the situation will only worsen, credit markets will freeze, Main Street will suffer, and Missouri families will struggle.

My constituents as well as yours will not be able to make basic home and car loans. Small businesses will not be able to make their payrolls, and credit card interest rates will soar.

The legislation before us today is a vast improvement over the original proposal put forward by the Bush administration, which gave unprecedented and unchecked authority to the Secretary of the Treasury to spend $700 billion. We have made it clear that Congress does not write blank checks to Wall Street.

This legislation will require the Government to develop an emergency line of credit to reduce foreclosures as it buys troubled financial assets, allows the Government to purchase other types of mortgages to unfreeze the credit market, and allows the Government to purchase certain troubled assets form pension plans to ensure individual retirement security.

This bipartisan proposal will help insulate the American people and Main Street from the crisis on Wall Street as we stabilize the markets. It will also, protect taxpayers by ensuring public investments reap any profits and the financial industry is responsible for any short fall and it ends excess compensation for executives of participating financial institutions.

Following, the House vote last Monday, the stock market plunged an historic 777 points, costing the American economy $1.2 trillion. Americans across the country saw their 401Ks, pension plans and savings account lose value. This was a loud wake up call that we must take swift and decisive action.

The legislation we are considering today is no longer focused on just a bailout of Wall Street; more importantly it is a buy-in so that we can turn our entire economy around and help hard working Americans.

In no way are we out of the woods. Times are and will continue to be difficult, but I believe passage of this bill can help us get back on track and help prevent our economy from spiraling out of control. These times will certainly demand additional steps and common sense leadership to get America back on her feet again.

I urge my colleagues to vote for this bill.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1525, the previous question is ordered.

The question is on the motion by the gentleman from Massachusetts (Mr. FRANK).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. FRANK of Massachusetts. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15-minute vote on the motion to concur will be followed by a 5-minute vote on suspending the rules and passing S. 3197.

The vote was taken by electronic device, and there were—yeas 263, nays 171, as follows:

[Roll No. 681]

YEAS—263

Abercrombie
Ackerman
Alexander
Allen
Andrews
Arcuri
Baca
Bachus
Baird
Baldwin
Barrett (SC)
Bean
Berkley
Berman
Berry
Biggert
Bishop (GA)
Bishop (NY)
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boren
Boswell
Boucher
Boustany
Boyd (FL)
Brady (PA)
Brady (TX)
Braley (IA)
Brown (SC)
Brown, Corrine
Buchanan
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capps
Capuano
Cardoza
Carnahan
Carson
Castle
Clarke
Cleaver
Clyburn
Coble
Cohen
Cole (OK)
Conaway
Cooper
Costa
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Tom
DeGette
DeLauro
Dent
Dicks
Dingell
Donnelly
Doyle
Dreier
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
Eshoo
Etheridge
Everett
Fallin
Farr
Fattah
Ferguson
Fossella
Foster
Frank (MA)
Frelinghuysen
Gerlach
Giffords
Gilchrest
Gonzalez
Gordon
Granger
Green, Al
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herger
Higgins
Hinojosa
Hirono
Hobson
Hoekstra
Holt
Honda
Hooley
Hoyer
Inglis (SC)
Israel
Jackson (IL)
Jackson-Lee (TX)
Johnson, E. B.
Kanjorski
Kennedy
Kildee
Kilpatrick
Kind
King (NY)
Kirk
Klein (FL)
Kline (MN)
Knollenberg
Kuhl (NY)
LaHood
Langevin
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Loebsack
Lofgren, Zoe
Lowey
Lungren, Daniel E.
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matsui
McCarthy (NY)
McCollum (MN)
McCrery
McGovern
McHugh
McKeon
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Miller (NC)
Miller, Gary
Miller, George
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Myrick
Nadler
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Pelosi
Perlmutter
Peterson (PA)
Pickering
Pomeroy
Porter
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Reyes
Reynolds
Richardson
Rogers (AL)
Rogers (KY)
Ros-Lehtinen
Ross
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Sarbanes
Saxton
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Sessions
Sestak
Shadegg
Shays
Shuster
Simpson
Sires
Skelton
Slaughter
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Space
Speier
Spratt
Sullivan
Sutton
Tancredo
Tanner
Tauscher
Terry
Thompson (CA)

Thornberry
Tiberi
Tierney
Towns
Tsongas
Upton
Van Hollen
Velázquez
Walden (OR)
Walsh (NY)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Welch (VT)
Weldon (FL)
Weller
Wexler
Wilson (NM)
Wilson (OH)
Wilson (SC)
Wolf
Woolsey
Wu
Yarmuth

NAYS—171

Aderholt
Akin
Altmire
Bachmann
Barrow
Bartlett (MD)
Barton (TX)
Becerra
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blumenauer
Boyda (KS)
Broun (GA)
Brown-Waite, Ginny
Burgess
Burton (IN)
Butterfield
Buyer
Capito
Carney
Carter
Castor
Cazayoux
Chabot
Chandler
Childers
Clay
Conyers
Costello
Courtney
Culberson
Davis (KY)
Davis, David
Davis, Lincoln
Deal (GA)
DeFazio
Delahunt
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Doolittle
Drake
Duncan
English (PA)
Feeney
Filner
Flake
Forbes
Fortenberry
Foxx
Franks (AZ)
Gallegly
Garrett (NJ)
Gillibrand
Gingrey
Gohmert
Goode
Goodlatte
Graves
Green, Gene
Grijalva
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herseth Sandlin
Hill
Hinchey
Hodes
Holden
Hulshof
Hunter
Inslee
Issa
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Kagen
Kaptur
Keller
King (IA)
Kingston
Kucinich
Lamborn
Lampson
Latham
LaTourette
Latta
Linder
Lipinski
LoBiondo
Lucas
Lynch
Mack
Manzullo
Marchant
Matheson
McCarthy (CA)
McCaul (TX)
McCotter
McDermott
McHenry
McIntyre
McMorris Rodgers
Mica
Michaud
Miller (FL)
Miller (MI)
Moran (KS)
Murphy, Tim
Musgrave
Napolitano
Neugebauer
Nunes
Paul
Payne
Pearce
Pence
Peterson (MN)
Petri
Pitts
Platts
Poe
Price (GA)
Rehberg
Reichert
Renzi
Rodriguez
Rogers (MI)
Rohrabacher
Roskam
Rothman
Roybal-Allard
Royce
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Scalise
Scott (VA)
Sensenbrenner
Serrano
Shea-Porter
Sherman
Shimkus
Shuler
Smith (NE)
Smith (NJ)
Stark
Stearns
Stupak
Taylor
Thompson (MS)
Tiahrt
Turner
Udall (CO)
Udall (NM)
Visclosky
Walberg
Walz (MN)
Westmoreland
Whitfield (KY)
Wittman (VA)
Young (AK)
Young (FL)

□ 1322

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate has passed without amendment bills of the House of the following titles:

H.R. 4010. An act to designate the facility of the United States Postal Service located at 100 West Percy Street in Indianola, Mississippi, as the ''Minnie Cox Post Office Building''.

H.R. 4131. An act to designate a portion of California State Route 91 located in Los Angeles County, California, as the ''Juanita Millender-McDonald Highway''.

H.R. 6197. An act to designate the facility of the United States Postal Service located at 7095 Highway 57 in Counce, Tennessee, as the ''Pickwick Post Office Building''.

H.R. 6558. An act to designate the facility of the United States Postal Service located at 1750 Lundy Avenue in San Jose, California, as the ''Gordon N. Chan Post Office Building''.

H.R. 6834. An act to designate the facility of the United States Postal Service located at 4 South Main Street in Wallingford, Connecticut, as the ''CWO Richard R. Lee Post Office Building''.

H.R. 6902. An act to designate the facility of the United States Postal Service located at 513 6th Avenue in Dayton, Kentucky, as the ''Staff Sergeant Nicholas Ray Carnes Post Office''.

H.R. 6982. An act to designate the facility of the United States Postal Service located in 210 South Ellsworth Avenue in San Mateo, California as the ''Leo J. Ryan Post Office Building''.

The message also announced that the Senate has agreed to without amendment a House Joint Resolution and House Concurrent Resolutions of the following titles:

H. J. Res. 100. Joint resolution appointing the day for the convening of the first session of the One Hundred Eleventh Congress and establishing the date for the counting of the electoral votes for President and Vice President cast by the electors in December 2008.

H. Con. Res. 378. Concurrent resolution expressing support for designation of September 6, 2008, as Louisa Swain Day.

H. Con. Res. 426. Concurrent resolution recognizing the 10th anniversary of the establishment of the Minority AIDS Initiative.

The message also announced that the Senate has passed bills of the following titles in which the concurrence of the House is requested.

S. 2579. An act to require the Secretary of the Treasury to mint coins in recognition and celebration of the establishment of the United States Army in 1775, to honor the American soldier of both today and yesterday, in wartime and in peace, and to commemorate the traditions, history, and heritage of the United States Army and its role in American society, from the Colonial period to today.

S. 3521. An act to designate the facility of the Unites States Postal Service located at 95 Dogwood Street in Cary, Mississippi, as the ''Spencer Byrd Powers, Jr. Post Office''.

S. 3625. An act to designate the facility of the United States Postal Service located at 245 North Main Street in New York City, New York, as the ''Kenneth Peter Zebrowski Post Office Building''.

The message also announced that pursuant to Public Law 96–114, as amended, the Chair, on behalf of the Majority Leader, appoints the following individual to the Congressional Award Board:

Kathryn Weeden of Washington, D.C.

NATIONAL GUARD AND RESERVISTS DEBT RELIEF ACT OF 2008

The SPEAKER pro tempore. The unfinished business is the vote on the motion to suspend the rules and pass the Senate bill, S. 3197, on which the yeas and nays were ordered.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. CONYERS) that the House suspend the rules and pass the Senate bill, S.3197.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 411, nays 0, not voting 22, as follows:

[Roll No. 682]

YEAS—411

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Altmire
Andrews
Arcuri
Baca
Bachmann
Bachus
Baird
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bean
Becerra
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boren
Boswell
Boucher
Boustany
Boyd (FL)
Boyda (KS)
Brady (PA)
Brady (TX)
Braley (IA)
Broun (GA)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Castle
Castor
Cazayoux
Chabot
Chandler
Childers
Clarke
Clay
Cleaver
Clyburn
Coble
Cohen
Cole (OK)
Conaway
Conyers
Cooper
Costa
Costello
Courtney
Cramer
Crenshaw
Crowley
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis (KY)
Davis, David
Davis, Lincoln
Davis, Tom
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Donnelly
Doolittle
Doyle
Drake
Dreier
Duncan
Edwards (MD)
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Fallin
Farr
Fattah
Feeney
Ferguson
Filner
Flake
Forbes
Fortenberry
Fossella
Foster
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Garrett (NJ)
Gerlach
Giffords
Gillibrand
Gonzalez
Goode
Goodlatte
Gordon
Granger
Graves
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall (NY)
Hall (TX)
Hare
Hastings (WA)
Hayes
Heller
Hensarling
Herger
Herseth Sandlin
Higgins
Hill
Hinchey
Hinojosa
Hirono
Hodes
Hoekstra
Holden
Holt
Honda
Hooley
Hoyer
Hulshof
Hunter
Inglis (SC)
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jordan
Kagen
Kanjorski
Kaptur
Keller
Kennedy
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kirk
Klein (FL)
Kline (MN)
Knollenberg
Kucinich
Kuhl (NY)
Lamborn
Lampson
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Latta
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Mahoney (FL)
Maloney (NY)
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul (TX)
McCollum (MN)
McCotter
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)