

111TH CONGRESS
1ST SESSION

S. 862

To require the Secretary of the Treasury to use any amounts repaid by a financial institution that is a recipient of assistance under the Troubled Assets Relief Program for debt reduction.

IN THE SENATE OF THE UNITED STATES

APRIL 22, 2009

Mr. THUNE introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To require the Secretary of the Treasury to use any amounts repaid by a financial institution that is a recipient of assistance under the Troubled Assets Relief Program for debt reduction.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Debt Reduction Pri-
5 ority Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) On October 7, 2008, Congress established
2 the Troubled Assets Relief Program (TARP) as part
3 of the Emergency Economic Stabilization Act (Pub-
4 lic Law 110–343; 122 Stat. 3765) and allocated
5 \$700,000,000,000 for the purchase of toxic assets
6 from banks with the goal of restoring liquidity to the
7 financial sector and restarting the flow of credit in
8 our markets.

9 (2) The Department of Treasury, without con-
10 sultation with Congress, changed the purpose of
11 TARP and began injecting capital into financial in-
12 stitutions through a program called the Capital Pur-
13 chase Program (CPP) rather than purchasing toxic
14 assets.

15 (3) Lending by financial institutions was not
16 noticeably increased with the implementation of the
17 CPP and the expenditure of \$250,000,000,000 of
18 TARP funds, despite the goal of the program.

19 (4) The recipients of amounts under the CPP
20 are now faced with additional restrictions related to
21 accepting those funds.

22 (5) A number of community banks and large fi-
23 nancial institutions have expressed their desire to re-
24 turn their CPP funds to the Department of Treas-

1 ury and the Department has begun the process of
2 accepting receipt of such funds.

3 (6) The Department of the Treasury should not
4 unilaterally determine how these returned funds are
5 spent in the future and the Congress should play a
6 role in any determination of future spending of
7 funds returned through the TARP.

8 **SEC. 3. DEBT REDUCTION.**

9 (a) IN GENERAL.—Title I of the Emergency Eco-
10 nomic Stabilization Act of 2008 (12 U.S.C. 5211 et seq.)
11 is amended by adding at the end the following:

12 **“SEC. 137. DEBT REDUCTION.**

13 “Not later than 30 days after the date of enactment
14 of this section, the Secretary of the Treasury shall estab-
15 lish a procedure whereby—

16 “(1) any amounts received by the Secretary for
17 repayment of financial assistance or for payment of
18 any interest on the receipt of such financial assist-
19 ance by an entity that has received financial assist-
20 ance under the TARP or any program enacted by
21 the Secretary under the authorities granted to the
22 Secretary under this Act, including the Capital Pur-
23 chase Program, are deposited in the General Fund
24 of the Treasury; and

25 “(2) the Secretary—

1 “(A) dedicates any such amounts so re-
2 ceived for the sole purpose of debt reduction;
3 and

4 “(B) is prohibited from using such
5 amounts as an offset for other spending in-
6 creases or revenue reductions.”.

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