

Anbar Province strategy, with the Sunnis, the Shiaas turning on al-Qaida, was the defining moment in this war. When General Petraeus came up with a strategy to try to get the Sunni population to break away from al-Qaida by providing better security, that turned the tide in Anbar.

The political progress we have seen with 15 of the 18 benchmarks being met by the Maliki government is a direct result of Ambassador Crocker and General Petraeus sitting down with the Iraqi leadership and doing a lot of hand holding.

The military side of this is important, but I hope the members of the body will appreciate how sophisticated General Petraeus, General Odierno, and Ambassador Crocker have been when it comes to the economic and political aspects of this. They have put money into projects that changed the quality of life in Iraq, that got people more emboldened to join with the Government. They pushed the Sunnis, the Shiaas, and the Kurds to reach political compromise.

These are two of the most talented politicians I have ever met, even though they are in uniform. They are American commanders who were dealt a tough hand. And the politics of Iraq they understood as well, I believe, as the counterinsurgency problems the military faced. What they have brought to the table will go down in history as the most successful counterinsurgency operation in the history of warfare. I have worked on judicial issues. They provided security to the judges, additional capacity in the rule of law area. General Petraeus told me early on: The population has to believe in the law, because if they do not believe in the Government and the law, they will go to militias.

So we celebrate the success of these two men. But on their behalf, I wish to thank all of those who served under them, because they are the ones who made it happen, along with great leadership. We are winning now. We have not won yet, but the difference in Iraq before and after is stunning. It is for all of us to see—progress politically, economically and militarily. I look forward to promoting these two fine officers. Hats off to them and all those who serve in Iraq.

Mr. WARNER. Mr. President, I thank our colleague from South Carolina. He is too modest to say it, but I think he has logged as many trips into that region as any of us here, very often in the company of Senator MCCAIN, who likewise has strong support for both of these officers. I thank the Senator for his work and his important contribution to the debate.

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will return to legislative session.

#### AMERICAN HOUSING RESCUE AND FORECLOSURE PREVENTION ACT OF 2008—CONTINUED

The PRESIDING OFFICER. The Senator from Louisiana.

##### ROAD HOME TAX

Ms. LANDRIEU. I thank the Senator from Virginia for his comments on the pending nominations.

But I wanted to take a moment to speak about the housing bill that passed. It was a very significant piece of legislation. On behalf of the people of Louisiana, I wanted to come to the floor to specifically thank Senator DODD for his extraordinary leadership and tenacity in getting this bill through the floor of the Senate. It has been stuck for weeks. He got it unstuck this morning and passed it, and it has significant relief for homeowners throughout America, to help us stem the foreclosure rate, to stem the tide of economic downturn in many counties throughout our country. But for Louisiana, it has some very special relief. Part of that bill was actually crafted by Senator BAUCUS and Senator GRASSLEY as chair and ranking member of the Finance Committee, and there was a big piece of that in this housing bill. In that Finance piece was a tax relief provision that is, in my view, central, crucial, and vital to the recovery, ongoing recovery of South Louisiana and the gulf coast.

We added this language to the Foreclosure Prevention Act back in April, where it passed the Senate on a 74-5 vote and I am pleased to see that the combined housing package preserves this critical assistance.

In short, the legislation ensures that hurricane survivors are treated both fairly and with dignity as they struggle to rebuild their lives.

As you know, when these storms, Katrina and Rita, hit, now 3 years ago, they were unprecedented in the size and scope of the destruction. This country has not seen anything like it in well over 100 years, and hopefully we will not see anything like it for another 200 or 300 years. When we went to the Federal toolbox, if you will, to see what tools were available to help the 250,000 homeowners who lost their homes, many did not have insurance because their homes were paid for, or they were not in the flood plain. They lost everything, their homes, their business, their place of worship, the schools their children went to. So when we went to the toolbox, there were not adequate tools to help them. We have been crafting those tools slowly. It has been agonizing for people who are waiting for us to give them a hand.

Many of these taxpaying, hard-working citizens are not asking for charity; they are asking for a chance to get their business back, get their feet back underneath them.

As you know, I am sure it is this way in Virginia. Most middle-class and upwardly mobile families have most of their net worth tied up in their home.

So when their home is considered destroyed and the contents as well, it impacts the financial stability of that family.

That is why I have stayed focused on homes, on home rebuilding, and on small businesses, because it is the backbone of our recovery. I am proud to say that in this bill, we were able to deliver \$1 billion of relief, literally \$1 billion of relief to homeowners who you could argue deserve more help than almost any group of homeowners in America.

Again, these homeowners are suffering kind of a double whammy. Not only did they go through Katrina and Rita, but they are also now in an atmosphere of a slow real estate market; in some places a market that is spiraling downward because of the atmosphere of the country and the economy; although actually at home our economy relative to the country is doing pretty well.

This underlying bill provides relief to homeowners along the gulf coast who had their homes destroyed after Hurricanes Katrina, Rita, and Wilma. In 2005, thousands of people along the gulf coast took casualty loss deductions on their tax returns due to damage that their properties sustained from the hurricanes.

In 2007, many of the same people began to receive payments to cover uninsured losses to their property under Louisiana's Road Home program, Mississippi's Housing Assistance program and similar programs in Florida and in Texas.

The IRS has concluded, however, that individuals who took the casualty loss deduction in 2005 and subsequently received a grant payment must add the value of the casualty loss deduction their 2007 income.

This decision not only increases the amount of taxable income but also: increases an individual's tax rate by bumping them into a higher tax bracket; subjects certain taxpayers to the Alternative Minimum Tax; phases out deductions; subjects an individual's Social Security benefits to additional taxation; and makes a taxpayer ineligible for Federal student loan aid.

So this relief was absolutely essential. Take the example of two very similar families—the Jones and the Smiths. Both earn \$75,000 a year and both had homes that suffered substantial damage in Hurricane Rita. Both of the families received a road home grant of \$75,000 in 2007 to cover uninsured losses to their homes. So at this point, they are exactly the same.

In 2005, however, the Smiths took a \$75,000 casualty loss deduction which entitled them to a refund of about \$7,000.

According to the IRS, the Smith family had to add the value of their 2005 casualty loss deduction, totaling \$75,000, to their 2007 income. So what is the result of this?

The Smith family had to pay \$25,000 in taxes while the Jones family will