Murphy, Patrick
Murphy, Tim
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Nunes
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pence
Perlmutter
Peterson (MN)
Peterson (PA)
Petri
Pitts
Platts
Poe
Porter
Price (GA)
Price (NC)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Sarbanes
Saxton
Scalise
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shays
Shea-Porter
Sherman
Shuler
Shuster
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Space
Speier
Spratt
Stearns
Stupak
Sullivan
Sutton
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Tsongas
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walberg
Walden (OR)
Walz (MN)
Wamp
Wasserman Schultz
Waters
Watson
Watt
Weiner
Welch (VT)
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (OH)
Wilson (SC)
Wittman (VA)
Wolf
Woolsey
Wu
Yarmuth
Young (FL)

NOT VOTING—31

Blackburn
Castor
Conaway
Cubin
DeFazio
Diaz-Balart, M.
Doolittle
Fattah
Feeney
Fossella
Gilchrest
Grijalva
Gutierrez
Jefferson
Johnson, Sam
Knollenberg
Langevin
Linder
McCrery
Pickering
Pomeroy
Pryce (OH)
Scott (VA)
Simpson
Stark
Tancredo
Walsh (NY)
Waxman
Weldon (FL)
Weller
Wexler

□ 0926

Messrs. MCNERNEY, ALLEN, and MCINTYRE changed their vote from ''yea'' to ''nay.''

So the motion to adjourn was rejected.

The result of the vote was announced as above recorded.

## EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

Mr. FRANK of Massachusetts. Madam Speaker, pursuant to House Resolution 1517, I call up from the Speaker's table the bill (H.R. 3997) to amend the Internal Revenue Code of 1986 to provide earnings assistance and tax relief to members of the uniformed services, volunteer firefighters, and Peace Corps volunteers, and for other purposes, and offer the motion at the desk.

The Clerk read the title of the bill.

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

The Clerk read the title of the bill.

The text of the Senate amendment to the House amendment to the Senate amendment is as follows:

In lieu of the matter proposed to be inserted by the amendment of the House to the amendment of the Senate, insert the following:

***SECTION 1. SHORT TITLE, ETC.***

*(a) SHORT TITLE.—This Act may be cited as the ''Defenders of Freedom Tax Relief Act of 2007''.*

*(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act 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 Act is as follows:*

*Sec. 1. Short title, etc.*

*TITLE I—BENEFITS FOR MILITARY*

*Sec. 101. Election to include combat pay as earned income for purposes of earned income tax credit.*
*Sec. 102. Modification of mortgage revenue bonds for veterans.*
*Sec. 103. Survivor and disability payments with respect to qualified military service.*
*Sec. 104. Treatment of differential military pay as wages.*
*Sec. 105. Special period of limitation when uniformed services retired pay is reduced as a result of award of disability compensation.*
*Sec. 106. Distributions from retirement plans to individuals called to active duty.*
*Sec. 107. Disclosure of return information relating to veterans programs made permanent.*
*Sec. 108. Contributions of military death gratuities to Roth IRAs and Education Savings Accounts.*
*Sec. 109. Suspension of 5-year period during service with the Peace Corps.*
*Sec. 110. Credit for employer differential wage payments to employees who are active duty members of the uniformed services.*
*Sec. 111. State payments to service members treated as qualified military benefits.*
*Sec. 112. Permanent exclusion of gain from sale of a principal residence by certain employees of the intelligence community.*
*Sec. 113. Special disposition rules for unused benefits in health flexible spending arrangements of individuals called to active duty.*
*Sec. 114. Option to exclude military basic housing allowance for purposes of determining income eligibility under low-income housing credit and bond-financed residential rental projects.*

*TITLE II—REVENUE PROVISIONS*

*Sec. 201. Increase in penalty for failure to file partnership returns.*
*Sec. 202. Increase in penalty for failure to file S corporation returns.*
*Sec. 203. Increase in minimum penalty on failure to file a return of tax.*
*Sec. 204. Revision of tax rules on expatriation.*
*Sec. 205. Special enrollment option by employer health plans for members of uniform services who lose health care coverage.*

*TITLE III—TAX TECHNICAL CORRECTIONS*

*Sec. 301. Short title.*
*Sec. 302. Amendment related to the Tax Relief and Health Care Act of 2006.*
*Sec. 303. Amendments related to title XII of the Pension Protection Act of 2006.*
*Sec. 304. Amendments related to the Tax Increase Prevention and Reconciliation Act of 2005.*
*Sec. 305. Amendments related to the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users.*
*Sec. 306. Amendments related to the Energy Policy Act of 2005.*
*Sec. 307. Amendments related to the American Jobs Creation Act of 2004.*
*Sec. 308. Amendments related to the Economic Growth and Tax Relief Reconciliation Act of 2001.*
*Sec. 309. Amendments related to the Tax Relief Extension Act of 1999.*
*Sec. 310. Amendment related to the Internal Revenue Service Restructuring and Reform Act of 1998.*
*Sec. 311. Clerical corrections.*

*TITLE IV—PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS*

*Sec. 401. Parity in application of certain limits to mental health benefits.*

***TITLE I—BENEFITS FOR MILITARY***

***SEC. 101. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME TAX CREDIT.***

*(a) IN GENERAL.—Clause (vi) of section 32(c)(2)(B) (defining earned income) is amended to read as follows:*

*''(vi) a taxpayer may elect to treat amounts excluded from gross income by reason of section 112 as earned income.''.*

*(b) SUNSET NOT APPLICABLE.—Section 105 of the Working Families Tax Relief Act of 2004 (relating to application of EGTRRA sunset to this title) shall not apply to section 104(b) of such Act.*

*(c) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years ending after December 31, 2007.*

***SEC. 102. MODIFICATION OF MORTGAGE REVENUE BONDS FOR VETERANS.***

*(a) QUALIFIED MORTGAGE BONDS USED TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.—Subparagraph (D) of section 143(d)(2) (relating to exceptions) is amended by striking ''and before January 1, 2008''.*

*(b) INCREASE IN BOND LIMITATION FOR ALASKA, OREGON, AND WISCONSIN.—Clause (ii) of section 143(l)(3)(B) (relating to State veterans limit) is amended by striking ''$25,000,000'' each place it appears and inserting ''$100,000,000''.*

*(c) DEFINITION OF QUALIFIED VETERAN.—Paragraph (4) of section 143(l) (defining qualified veteran) is amended to read as follows:*

*''(4) QUALIFIED VETERAN.—For purposes of this subsection, the term 'qualified veteran' means any veteran who—*

*''(A) served on active duty, and*

*''(B) applied for the financing before the date 25 years after the last date on which such veteran left active service.''.*

*(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after December 31, 2007.*

***SEC. 103. SURVIVOR AND DISABILITY PAYMENTS WITH RESPECT TO QUALIFIED MILITARY SERVICE.***

*(a) PLAN QUALIFICATION REQUIREMENT FOR DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (36) the following new paragraph:*

*''(37) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—A trust shall not constitute a qualified trust unless the plan provides that, in the case of a participant who dies while performing qualified military service (as defined in section 414(u)), the survivors of the participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided*

*under the plan had the participant resumed and then terminated employment on account of death.''.*

*(b) TREATMENT IN THE CASE OF DEATH OR DISABILITY RESULTING FROM ACTIVE MILITARY SERVICE FOR BENEFIT ACCRUAL PURPOSES.—Subsection (u) of section 414 (relating to special rules relating to veterans' reemployment rights under USERRA) is amended by redesignating paragraphs (9) and (10) as paragraphs (10) and (11), respectively, and by inserting after paragraph (8) the following new paragraph:*

*''(9) TREATMENT IN THE CASE OF DEATH OR DISABILITY RESULTING FROM ACTIVE MILITARY SERVICE.—*

*''(A) IN GENERAL.—For benefit accrual purposes, an employer sponsoring a retirement plan may treat an individual who dies or becomes disabled (as defined under the terms of the plan) while performing qualified military service with respect to the employer maintaining the plan as if the individual has resumed employment in accordance with the individual's reemployment rights under chapter 43 of title 38, United States Code, on the day preceding death or disability (as the case may be) and terminated employment on the actual date of death or disability. In the case of any such treatment, and subject to subparagraphs (B) and (C), any full or partial compliance by such plan with respect to the benefit accrual requirements of paragraph (8) with respect to such individual shall be treated for purposes of paragraph (1) as if such compliance were required under such chapter 43.*

*''(B) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A) shall apply only if all individuals performing qualified military service with respect to the employer maintaining the plan (as determined under subsections (b), (c), (m), and (o)) who die or became disabled as a result of performing qualified military service prior to reemployment by the employer are credited with service and benefits on reasonably equivalent terms.*

*''(C) DETERMINATION OF BENEFITS.—The amount of employee contributions and the amount of elective deferrals of an individual treated as reemployed under subparagraph (A) for purposes of applying paragraph (8)(C) shall be determined on the basis of the individual's average actual employee contributions or elective deferrals for the lesser of—*

*''(i) the 12-month period of service with the employer immediately prior to qualified military service, or*

*''(ii) if service with the employer is less than such 12-month period, the actual length of continuous service with the employer.''.*

*(c) CONFORMING AMENDMENTS.—*

*(1) Section 404(a)(2) is amended by striking ''and (31)'' and inserting ''(31), and (37)''.*

*(2) Section 403(b) is amended by adding at the end the following new paragraph:*

*''(14) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—This subsection shall not apply to an annuity contract unless such contract meets the requirements of section 401(a)(37).''.*

*(3) Section 457(g) is amended by adding at the end the following new paragraph:*

*''(4) DEATH BENEFITS UNDER USERRA-QUALIFIED ACTIVE MILITARY SERVICE.—A plan described in paragraph (1) shall not be treated as an eligible deferred compensation plan unless such plan meets the requirements of section 401(a)(37).''.*

*(d) EFFECTIVE DATE.—*

*(1) IN GENERAL.—The amendments made by this section shall apply with respect to deaths and disabilities occurring on or after January 1, 2007.*

*(2) PROVISIONS RELATING TO PLAN AMENDMENTS.—*

*(A) IN GENERAL.—If this subparagraph applies to any plan or contract amendment, such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subparagraph (B)(iii).*

*(B) AMENDMENTS TO WHICH SUBPARAGRAPH (A) APPLIES.—*

*(i) IN GENERAL.—Subparagraph (A) shall apply to any amendment to any plan or annuity contract which is made—*

*(I) pursuant to the amendments made by subsection (a) or pursuant to any regulation issued by the Secretary of the Treasury under subsection (a), and*

*(II) on or before the last day of the first plan year beginning on or after January 1, 2009.*

*In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this clause shall be applied by substituting ''2011'' for ''2009'' in subclause (II).*

*(ii) CONDITIONS.—This paragraph shall not apply to any amendment unless—*

*(I) the plan or contract is operated as if such plan or contract amendment were in effect for the period described in clause (iii), and*

*(II) such plan or contract amendment applies retroactively for such period.*

*(iii) PERIOD DESCRIBED.—The period described in this clause is the period—*

*(I) beginning on the effective date specified by the plan, and*

*(II) ending on the date described in clause (i)(II) (or, if earlier, the date the plan or contract amendment is adopted).*

***SEC. 104. TREATMENT OF DIFFERENTIAL MILITARY PAY AS WAGES.***

*(a) INCOME TAX WITHHOLDING ON DIFFERENTIAL WAGE PAYMENTS.—*

*(1) IN GENERAL.—Section 3401 (relating to definitions) is amended by adding at the end the following new subsection:*

*''(h) DIFFERENTIAL WAGE PAYMENTS TO ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.—*

*''(1) IN GENERAL.—For purposes of subsection (a), any differential wage payment shall be treated as a payment of wages by the employer to the employee.*

*''(2) DIFFERENTIAL WAGE PAYMENT.—For purposes of paragraph (1), the term 'differential wage payment' means any payment which—*

*''(A) is made by an employer to an individual with respect to any period during which the individual is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) while on active duty for a period of more than 30 days, and*

*''(B) represents all or a portion of the wages the individual would have received from the employer if the individual were performing service for the employer.''.*

*(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to remuneration paid after December 31, 2007.*

*(b) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS FOR RETIREMENT PLAN PURPOSES.—*

*(1) PENSION PLANS.—*

*(A) IN GENERAL.—Section 414(u) (relating to special rules relating to veterans' reemployment rights under USERRA), as amended by section 103(b), is amended by adding at the end the following new paragraph:*

*''(12) TREATMENT OF DIFFERENTIAL WAGE PAYMENTS.—*

*''(A) IN GENERAL.—Except as provided in this paragraph, for purposes of applying this title to a retirement plan to which this subsection applies—*

*''(i) an individual receiving a differential wage payment shall be treated as an employee of the employer making the payment,*

*''(ii) the differential wage payment shall be treated as compensation, and*

*''(iii) the plan shall not be treated as failing to meet the requirements of any provision described in paragraph (1)(C) by reason of any contribution or benefit which is based on the differential wage payment.*

*''(B) SPECIAL RULE FOR DISTRIBUTIONS.—*

*''(i) IN GENERAL.—Notwithstanding subparagraph (A)(i), for purposes of section 401(k)(2)(B)(i)(I), 403(b)(7)(A)(ii), 403(b)(11)(A), or 457(d)(1)(A)(ii), an individual shall be treated as having been severed from employment during any period the individual is performing service in the uniformed services described in section 3401(h)(2)(A).*

*''(ii) LIMITATION.—If an individual elects to receive a distribution by reason of clause (i), the plan shall provide that the individual may not make an elective deferral or employee contribution during the 6-month period beginning on the date of the distribution.*

*''(C) NONDISCRIMINATION REQUIREMENT.—Subparagraph (A)(iii) shall apply only if all employees of an employer (as determined under subsections (b), (c), (m), and (o)) performing service in the uniformed services described in section 3401(h)(2)(A) are entitled to receive differential wage payments on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the employer, to make contributions based on the payments on reasonably equivalent terms. For purposes of applying this subparagraph, the provisions of paragraphs (3), (4), and (5) of section 410(b) shall apply.*

*''(D) DIFFERENTIAL WAGE PAYMENT.—For purposes of this paragraph, the term 'differential wage payment' has the meaning given such term by section 3401(h)(2).''.*

*(B) CONFORMING AMENDMENT.—The heading for section 414(u) is amended by inserting ''AND TO DIFFERENTIAL WAGE PAYMENTS TO MEMBERS ON ACTIVE DUTY'' after ''USERRA''.*

*(2) DIFFERENTIAL WAGE PAYMENTS TREATED AS COMPENSATION FOR INDIVIDUAL RETIREMENT PLANS.—Section 219(f)(1) (defining compensation) is amended by adding at the end the following new sentence: ''The term compensation includes any differential wage payment (as defined in section 3401(h)(2)).''.*

*(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2007.*

*(c) PROVISIONS RELATING TO PLAN AMENDMENTS.—*

*(1) IN GENERAL.—If this subsection applies to any plan or annuity contract amendment, such plan or contract shall be treated as being operated in accordance with the terms of the plan or contract during the period described in paragraph (2)(B)(i).*

*(2) AMENDMENTS TO WHICH SECTION APPLIES.—*

*(A) IN GENERAL.—This subsection shall apply to any amendment to any plan or annuity contract which is made—*

*(i) pursuant to any amendment made by subsection (b)(1), and*

*(ii) on or before the last day of the first plan year beginning on or after January 1, 2009.*

*In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this subparagraph shall be applied by substituting ''2011'' for ''2009'' in clause (ii).*

*(B) CONDITIONS.—This subsection shall not apply to any plan or annuity contract amendment unless—*

*(i) during the period beginning on the date the amendment described in subparagraph (A)(i) takes effect and ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect, and*

*(ii) such plan or contract amendment applies retroactively for such period.*

***SEC. 105. SPECIAL PERIOD OF LIMITATION WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.***

*(a) IN GENERAL.—Subsection (d) of section 6511 (relating to special rules applicable to income taxes) is amended by adding at the end the following new paragraph:*

*''(8) SPECIAL RULES WHEN UNIFORMED SERVICES RETIRED PAY IS REDUCED AS A RESULT OF AWARD OF DISABILITY COMPENSATION.—*

*''(A) PERIOD OF LIMITATION ON FILING CLAIM.—If the claim for credit or refund relates*

*to an overpayment of tax imposed by subtitle A on account of—*

*''(i) the reduction of uniformed services retired pay computed under section 1406 or 1407 of title 10, United States Code, or*

*''(ii) the waiver of such pay under section 5305 of title 38 of such Code,*

*as a result of an award of compensation under title 38 of such Code pursuant to a determination by the Secretary of Veterans Affairs, the 3-year period of limitation prescribed in subsection (a) shall be extended, for purposes of permitting a credit or refund based upon the amount of such reduction or waiver, until the end of the 1-year period beginning on the date of such determination.*

*''(B) LIMITATION TO 5 TAXABLE YEARS.—Subparagraph (A) shall not apply with respect to any taxable year which began more than 5 years before the date of such determination.''.*

*(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to claims for credit or refund filed after the date of the enactment of this Act.*

*(c) TRANSITION RULES.—In the case of a determination described in paragraph (8) of section 6511(d) of the Internal Revenue Code of 1986 (as added by this section) which is made by the Secretary of Veterans Affairs after December 31, 2000, and before the date of the enactment of this Act, such paragraph—*

*(1) shall not apply with respect to any taxable year which began before January 1, 2001, and*

*(2) shall be applied by substituting ''the date of the enactment of the Defenders of Freedom Tax Relief Act of 2007'' for ''the date of such determination'' in subparagraph (A) thereof.*

***SEC. 106. DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.***

*(a) IN GENERAL.—Clause (iv) of section 72(t)(2)(G) is amended by striking '', and before December 31, 2007''.*

*(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals ordered or called to active duty on or after December 31, 2007.*

***SEC. 107. DISCLOSURE OF RETURN INFORMATION RELATING TO VETERANS PROGRAMS MADE PERMANENT.***

*(a) IN GENERAL.—Subparagraph (D) of section 6103(l)(7) (relating to disclosure of return information to Federal, State, and local agencies administering certain programs under the Social Security Act, the Food Stamp Act of 1977, or title 38, United States Code or certain housing assistance programs) is amended by striking the last sentence.*

*(b) TECHNICAL AMENDMENT.—Section 6103(l)(7)(D)(viii)(III) is amended by striking ''sections 1710(a)(1)(I), 1710(a)(2), 1710(b), and 1712(a)(2)(B)'' and inserting ''sections 1710(a)(2)(G), 1710(a)(3), and 1710(b)''.*

***SEC. 108. CONTRIBUTIONS OF MILITARY DEATH GRATUITIES TO ROTH IRAS AND EDUCATION SAVINGS ACCOUNTS.***

*(a) PROVISION IN EFFECT BEFORE PENSION PROTECTION ACT.—Subsection (e) of section 408A (relating to qualified rollover contribution), as in effect before the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:*

*''(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—*

*''(1) IN GENERAL.—The term 'qualified rollover contribution' means a rollover contribution to a Roth IRA from another such account, or from an individual retirement plan, but only if such rollover contribution meets the requirements of section 408(d)(3). Such term includes a rollover contribution described in section 402A(c)(3)(A). For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.*

*''(2) MILITARY DEATH GRATUITY.—*

*''(A) IN GENERAL.—The term 'qualified rollover contribution' includes a contribution to a Roth IRA maintained for the benefit of an individual made before the end of the 1-year period beginning on the date on which such individual receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—*

*''(i) the sum of the amounts received during such period by such individual under such sections with respect to such person, reduced by*

*''(ii) the amounts so received which were contributed to a Coverdell education savings account under section 530(d)(9).*

*''(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by subparagraph (A).*

*''(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.''.*

*(b) PROVISION IN EFFECT AFTER PENSION PROTECTION ACT.—Subsection (e) of section 408A, as in effect after the amendments made by section 824 of the Pension Protection Act of 2006, is amended to read as follows:*

*''(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section—*

*''(1) IN GENERAL.—The term 'qualified rollover contribution' means a rollover contribution—*

*''(A) to a Roth IRA from another such account,*

*''(B) from an eligible retirement plan, but only if—*

*''(i) in the case of an individual retirement plan, such rollover contribution meets the requirements of section 408(d)(3), and*

*''(ii) in the case of any eligible retirement plan (as defined in section 402(c)(8)(B) other than clauses (i) and (ii) thereof), such rollover contribution meets the requirements of section 402(c), 403(b)(8), or 457(e)(16), as applicable.*

*For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.*

*''(2) MILITARY DEATH GRATUITY.—*

*''(A) IN GENERAL.—The term 'qualified rollover contribution' includes a contribution to a Roth IRA maintained for the benefit of an individual made before the end of the 1-year period beginning on the date on which such individual receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—*

*''(i) the sum of the amounts received during such period by such individual under such sections with respect to such person, reduced by*

*''(ii) the amounts so received which were contributed to a Coverdell education savings account under section 530(d)(9).*

*''(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—Section 408(d)(3)(B) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).*

*''(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is not a qualified distribution, the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.''.*

*(c) EDUCATION SAVINGS ACCOUNTS.—Subsection (d) of section 530 is amended by adding at the end the following new paragraph:*

*''(9) MILITARY DEATH GRATUITY.—*

*''(A) IN GENERAL.—For purposes of this section, the term 'rollover contribution' includes a contribution to a Coverdell education savings account made before the end of the 1-year period beginning on the date on which the contributor receives an amount under section 1477 of title 10, United States Code, or section 1967 of title 38 of such Code, with respect to a person, to the extent that such contribution does not exceed—*

*''(i) the sum of the amounts received during such period by such contributor under such sections with respect to such person, reduced by*

*''(ii) the amounts so received which were contributed to a Roth IRA under section 408A(e)(2) or to another Coverdell education savings account.*

*''(B) ANNUAL LIMIT ON NUMBER OF ROLLOVERS NOT TO APPLY.—The last sentence of paragraph (5) shall not apply with respect to amounts treated as a rollover by the subparagraph (A).*

*''(C) APPLICATION OF SECTION 72.—For purposes of applying section 72 in the case of a distribution which is includible in gross income under paragraph (1), the amount treated as a rollover by reason of subparagraph (A) shall be treated as investment in the contract.''.*

*(d) EFFECTIVE DATES.—*

*(1) IN GENERAL.—Except as provided by paragraphs (2) and (3), the amendments made by this section shall apply with respect to deaths from injuries occurring on or after the date of the enactment of this Act.*

*(2) APPLICATION OF AMENDMENTS TO DEATHS FROM INJURIES OCCURRING ON OR AFTER OCTOBER 7, 2001, AND BEFORE ENACTMENT.—The amendments made by this section shall apply to any contribution made pursuant to section 408A(e)(2) or 530(d)(5) of the Internal Revenue Code of 1986, as amended by this Act, with respect to amounts received under section 1477 of title 10, United States Code, or under section 1967 of title 38 of such Code, for deaths from injuries occurring on or after October 7, 2001, and before the date of the enactment of this Act if such contribution is made not later than 1 year after the date of the enactment of this Act.*

*(3) PENSION PROTECTION ACT CHANGES.—Section 408A(e)(1) of the Internal Revenue Code of 1986 (as in effect after the amendments made by subsection (b)) shall apply to taxable years beginning after December 31, 2007.*

***SEC. 109. SUSPENSION OF 5-YEAR PERIOD DURING SERVICE WITH THE PEACE CORPS.***

*(a) IN GENERAL.—Subsection (d) of section 121 (relating to special rules) is amended by adding at the end the following new paragraph:*

*''(12) PEACE CORPS.—*

*''(A) IN GENERAL.—At the election of an individual with respect to a property, the running of the 5-year period described in subsections (a) and (c)(1)(B) and paragraph (7) of this subsection with respect to such property shall be suspended during any period that such individual or such individual's spouse is serving outside the United States—*

*''(i) on qualified official extended duty (as defined in paragraph (9)(C)) as an employee of the Peace Corps, or*

*''(ii) as an enrolled volunteer or volunteer leader under section 5 or 6 (as the case may be) of the Peace Corps Act (22 U.S.C. 2504, 2505).*

*''(B) APPLICABLE RULES.—For purposes of subparagraph (A), rules similar to the rules of subparagraphs (B) and (D) shall apply.''.*

*(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2007.*

***SEC. 110. CREDIT FOR EMPLOYER DIFFERENTIAL WAGE PAYMENTS TO EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.***

*(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. 45O. EMPLOYER WAGE CREDIT FOR EMPLOYEES WHO ARE ACTIVE DUTY MEMBERS OF THE UNIFORMED SERVICES.***

*''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible small business employer, the differential wage payment credit for any taxable year is an amount equal to 20 percent of the sum of the eligible differential wage payments for each of the qualified employees of the taxpayer during such taxable year.*

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

''(1) ELIGIBLE DIFFERENTIAL WAGE PAYMENTS.—The term 'eligible differential wage payments' means, with respect to each qualified employee, so much of the differential wage payments (as defined in section 3401(h)(2)) paid to such employee for the taxable year as does not exceed $20,000.

''(2) QUALIFIED EMPLOYEE.—The term 'qualified employee' means a person who has been an employee of the taxpayer for the 91-day period immediately preceding the period for which any differential wage payment is made.

''(3) ELIGIBLE SMALL BUSINESS EMPLOYER.—

''(A) IN GENERAL.—The term 'eligible small business employer' means, with respect to any taxable year, any employer which—

''(i) employed an average of less than 50 employees on business days during such taxable year, and

''(ii) under a written plan of the employer, provides eligible differential wage payments to every qualified employee of the employer.

''(B) CONTROLLED GROUPS.—For purposes of subparagraph (A), all persons treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer.

''(c) COORDINATION WITH OTHER CREDITS.—The amount of credit otherwise allowable under this chapter with respect to compensation paid to any employee shall be reduced by the credit determined under this section with respect to such employee.

''(d) DISALLOWANCE FOR FAILURE TO COMPLY WITH EMPLOYMENT OR REEMPLOYMENT RIGHTS OF MEMBERS OF THE RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES.—No credit shall be allowed under subsection (a) to a taxpayer for—

''(1) any taxable year, beginning after the date of the enactment of this section, in which the taxpayer is under a final order, judgment, or other process issued or required by a district court of the United States under section 4323 of title 38 of the United States Code with respect to a violation of chapter 43 of such title, and

''(2) the 2 succeeding taxable years.

''(e) CERTAIN RULES TO APPLY.—For purposes of this section, rules similar to the rules of subsections (c), (d), and (e) of section 52 shall apply.

''(f) TERMINATION.—This section shall not apply to any payments made after December 31, 2009.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (relating to general business credit) is amended by striking ''plus'' at the end of paragraph (30), by striking the period at the end of paragraph (31) and inserting '', plus'', and by adding at the end of following new paragraph:

''(32) the differential wage payment credit determined under section 45O(a).''.

(c) NO DEDUCTION FOR COMPENSATION TAKEN INTO ACCOUNT FOR CREDIT.—Section 280C(a) (relating to rule for employment credits) is amended by inserting ''45O(a),'' after ''45A(a),''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45O. Employer wage credit for employees who are active duty members of the uniformed services.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid after the date of the enactment of this Act.

**SEC. 111. STATE PAYMENTS TO SERVICE MEMBERS TREATED AS QUALIFIED MILITARY BENEFITS.**

(a) IN GENERAL.—Section 134(b) (defining qualified military benefit) is amended by adding at the end the following new paragraph:

''(6) CERTAIN STATE PAYMENTS.—The term 'qualified military benefit' includes any bonus payment by a State or political subdivision thereof to any member or former member of the uniformed services of the United States or any dependent of such member only by reason of such member's service in an combat zone (as defined in section 112(c)(2), determined without regard to the parenthetical).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made before, on, or after the date of the enactment of this Act.

**SEC. 112. PERMANENT EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.**

(a) PERMANENT EXCLUSION.—

(1) IN GENERAL.—Section 417(e) of division A of the Tax Relief and Health Care Act of 2006 is amended by striking ''and before January 1, 2011''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales or exchanges after December 31, 2010.

(b) DUTY STATION MAY BE INSIDE UNITED STATES.—

(1) IN GENERAL.—Section 121(d)(9)(C) (defining qualified official extended duty) is amended by striking clause (vi).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to sales or exchanges after the date of the enactment of this Act.

**SEC. 113. SPECIAL DISPOSITION RULES FOR UNUSED BENEFITS IN HEALTH FLEXIBLE SPENDING ARRANGEMENTS OF INDIVIDUALS CALLED TO ACTIVE DUTY.**

(a) IN GENERAL.—Section 125 (relating to cafeteria plans) is amended by redesignating subsections (h) and (i) as subsection (i) and (j), respectively, and by inserting after subsection (g) the following new subsection:

''(h) SPECIAL RULE FOR UNUSED BENEFITS IN HEALTH FLEXIBLE SPENDING ARRANGEMENTS OF INDIVIDUALS CALLED TO ACTIVE DUTY.—

''(1) IN GENERAL.—For purposes of this title, a plan or other arrangement shall not fail to be treated as a cafeteria plan or health flexible spending arrangement merely because such arrangement provides for qualified reservist distributions.

''(2) QUALIFIED RESERVIST DISTRIBUTION.—For purposes of this subsection, the term 'qualified reservist distribution' means, any distribution to an individual of all or a portion of the balance in the employee's account under such arrangement if—

''(A) such individual was (by reason of being a member of a reserve component (as defined in section 101 of title 37, United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, and

''(B) such distribution is made during the period beginning on the date of such order or call and ending on the last date that reimbursements could otherwise be made under such arrangement for the plan year which includes the date of such order or call.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

**SEC. 114. OPTION TO EXCLUDE MILITARY BASIC HOUSING ALLOWANCE FOR PURPOSES OF DETERMINING INCOME ELIGIBILITY UNDER LOW-INCOME HOUSING CREDIT AND BOND-FINANCED RESIDENTIAL RENTAL PROJECTS.**

(a) IN GENERAL.—The last sentence of 142(d)(2)(B) (relating to income of individuals; area median gross income) is amended to read as follows: ''For purposes of determining income under this subparagraph—

''(i) subsections (g) and (h) of section 7872 shall not apply, and

''(ii) in the case of determinations made before January 1, 2015, payments under section 403 of title 37, United States Code, as a basic pay allowance for housing shall be disregarded if the project is located in a census tract which is designated by the Governor (of the State in which such tract is located) as being in need of housing for members of the Armed Forces of the United States.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect with respect to determinations made after the date of the enactment of this Act.

## TITLE II—REVENUE PROVISIONS

**SEC. 201. INCREASE IN PENALTY FOR FAILURE TO FILE PARTNERSHIP RETURNS.**

(a) INCREASE IN PENALTY AMOUNT.—Paragraph (1) of section 6698(b) (relating to amount per month), as amended by section 8 of the Mortgage Forgiveness Debt Relief Act of 2007, is amended by striking ''$85'' and inserting ''$100''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 8 of the Mortgage Forgiveness Debt Relief Act of 2007.

**SEC. 202. INCREASE IN PENALTY FOR FAILURE TO FILE S CORPORATION RETURNS.**

(a) IN GENERAL.—Paragraph (1) of section 6699(b) (relating to amount per month), as added to the Internal Revenue Code of 1986 by section 9 of the Mortgage Forgiveness Debt Relief Act of 2007, is amended by striking ''$85'' and inserting ''$100''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 9 of the Mortgage Forgiveness Debt Relief Act of 2007.

**SEC. 203. INCREASE IN MINIMUM PENALTY ON FAILURE TO FILE A RETURN OF TAX.**

(a) IN GENERAL.—Subsection (a) of section 6651 is amended by striking ''$100'' in the last sentence and inserting ''$225''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns the due date for the filing of which (including extensions) is after December 31, 2007.

**SEC. 204. REVISION OF TAX RULES ON EXPATRIATION.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—All property of a covered expatriate shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence, determined without regard to paragraph (3).

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of paragraph (1) shall be reduced (but not below zero) by $600,000.

''(B) ADJUSTMENT FOR INFLATION.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2008, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in

*which the taxable year begins, by substituting 'calendar year 2007' for 'calendar year 1992' in subparagraph (B) thereof.*

*''(ii) ROUNDING.—If any amount as adjusted under clause (i) is not a multiple of $1,000, such amount shall be rounded to the nearest multiple of $1,000.*

*''(b) ELECTION TO DEFER TAX.—*

*''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the time for payment of the additional tax attributable to such property shall be extended until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).*

*''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.*

*''(3) TERMINATION OF EXTENSION.—The due date for payment of tax may not be extended under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).*

*''(4) SECURITY.—*

*''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.*

*''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—*

*''(i) it is a bond which is furnished to, and accepted by, the Secretary, which is conditioned on the payment of tax (and interest thereon), and which meets the requirements of section 6325, or*

*''(ii) it is another form of security for such payment (including letters of credit) that meets such requirements as the Secretary may prescribe.*

*''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer makes an irrevocable waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.*

*''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable.*

*''(7) INTEREST.—For purposes of section 6601, the last date for the payment of tax shall be determined without regard to the election under this subsection.*

*''(c) EXCEPTION FOR CERTAIN PROPERTY.—Subsection (a) shall not apply to—*

*''(1) any deferred compensation item (as defined in subsection (d)(4)),*

*''(2) any specified tax deferred account (as defined in subsection (e)(2)), and*

*''(3) any interest in a nongrantor trust (as defined in subsection (f)(3)).*

*''(d) TREATMENT OF DEFERRED COMPENSATION ITEMS.—*

*''(1) WITHHOLDING ON ELIGIBLE DEFERRED COMPENSATION ITEMS.—*

*''(A) IN GENERAL.—In the case of any eligible deferred compensation item, the payor shall deduct and withhold from any taxable payment to a covered expatriate with respect to such item a tax equal to 30 percent thereof.*

*''(B) TAXABLE PAYMENT.—For purposes of subparagraph (A), the term 'taxable payment' means with respect to a covered expatriate any payment to the extent it would be includible in the gross income of the covered expatriate if such expatriate continued to be subject to tax as a citizen or resident of the United States. A deferred compensation item shall be taken into account as a payment under the preceding sentence when such item would be so includible.*

*''(2) OTHER DEFERRED COMPENSATION ITEMS.—In the case of any deferred compensation item which is not an eligible deferred compensation item—*

*''(A)(i) with respect to any deferred compensation item to which clause (ii) does not apply, an amount equal to the present value of the covered expatriate's accrued benefit shall be treated as having been received by such individual on the day before the expatriation date as a distribution under the plan, and*

*''(ii) with respect to any deferred compensation item referred to in paragraph (4)(D), the rights of the covered expatriate to such item shall be treated as becoming transferable and not subject to a substantial risk of forfeiture on the day before the expatriation date,*

*''(B) no early distribution tax shall apply by reason of such treatment, and*

*''(C) appropriate adjustments shall be made to subsequent distributions from the plan to reflect such treatment.*

*''(3) ELIGIBLE DEFERRED COMPENSATION ITEMS.—For purposes of this subsection, the term 'eligible deferred compensation item' means any deferred compensation item with respect to which—*

*''(A) the payor of such item is—*

*''(i) a United States person, or*

*''(ii) a person who is not a United States person but who elects to be treated as a United States person for purposes of paragraph (1) and meets such requirements as the Secretary may provide to ensure that the payor will meet the requirements of paragraph (1), and*

*''(B) the covered expatriate—*

*''(i) notifies the payor of his status as a covered expatriate, and*

*''(ii) makes an irrevocable waiver of any right to claim any reduction under any treaty with the United States in withholding on such item.*

*''(4) DEFERRED COMPENSATION ITEM.—For purposes of this subsection, the term 'deferred compensation item' means—*

*''(A) any interest in a plan or arrangement described in section 219(g)(5),*

*''(B) any interest in a foreign pension plan or similar retirement arrangement or program,*

*''(C) any item of deferred compensation, and*

*''(D) any property, or right to property, which the individual is entitled to receive in connection with the performance of services to the extent not previously taken into account under section 83 or in accordance with section 83.*

*''(5) EXCEPTION.—Paragraphs (1) and (2) shall not apply to any deferred compensation item which is attributable to services performed outside the United States while the covered expatriate was not a citizen or resident of the United States.*

*''(6) SPECIAL RULES.—*

*''(A) APPLICATION OF WITHHOLDING RULES.—Rules similar to the rules of subchapter B of chapter 3 shall apply for purposes of this subsection.*

*''(B) APPLICATION OF TAX.—Any item subject to the withholding tax imposed under paragraph (1) shall be subject to tax under section 871.*

*''(C) COORDINATION WITH OTHER WITHHOLDING REQUIREMENTS.—Any item subject to withholding under paragraph (1) shall not be subject to withholding under section 1441 or chapter 24.*

*''(e) TREATMENT OF SPECIFIED TAX DEFERRED ACCOUNTS.—*

*''(1) ACCOUNT TREATED AS DISTRIBUTED.—In the case of any interest in a specified tax deferred account held by a covered expatriate on the day before the expatriation date—*

*''(A) the covered expatriate shall be treated as receiving a distribution of his entire interest in such account on the day before the expatriation date,*

*''(B) no early distribution tax shall apply by reason of such treatment, and*

*''(C) appropriate adjustments shall be made to subsequent distributions from the account to reflect such treatment.*

*''(2) SPECIFIED TAX DEFERRED ACCOUNT.—For purposes of paragraph (1), the term 'specified tax deferred account' means an individual retirement plan (as defined in section 7701(a)(37)) other than any arrangement described in subsection (k) or (p) of section 408, a qualified tuition program (as defined in section 529), a Coverdell education savings account (as defined in section 530), a health savings account (as defined in section 223), and an Archer MSA (as defined in section 220).*

*''(f) SPECIAL RULES FOR NONGRANTOR TRUSTS.—*

*''(1) IN GENERAL.—In the case of a distribution (directly or indirectly) of any property from a nongrantor trust to a covered expatriate—*

*''(A) the trustee shall deduct and withhold from such distribution an amount equal to 30 percent of the taxable portion of the distribution, and*

*''(B) if the fair market value of such property exceeds its adjusted basis in the hands of the trust, gain shall be recognized to the trust as if such property were sold to the expatriate at its fair market value.*

*''(2) TAXABLE PORTION.—For purposes of this subsection, the term 'taxable portion' means, with respect to any distribution, that portion of the distribution which would be includible in the gross income of the covered expatriate if such expatriate continued to be subject to tax as a citizen or resident of the United States.*

*''(3) NONGRANTOR TRUST.—For purposes of this subsection, the term 'nongrantor trust' means the portion of any trust that the individual is not considered the owner of under subpart E of part I of subchapter J. The determination under the preceding sentence shall be made immediately before the expatriation date.*

*''(4) SPECIAL RULES RELATING TO WITHHOLDING.—For purposes of this subsection—*

*''(A) rules similar to the rules of subsection (d)(6) shall apply, and*

*''(B) the covered expatriate shall be treated as having waived any right to claim any reduction under any treaty with the United States in withholding on any distribution to which paragraph (1)(A) applies unless the covered expatriate agrees to such other treatment as the Secretary determines appropriate.*

*''(5) APPLICATION.—This subsection shall apply to a nongrantor trust only if the covered expatriate was a beneficiary of the trust on the day before the expatriation date.*

*''(g) DEFINITIONS AND SPECIAL RULES RELATING TO EXPATRIATION.—For purposes of this section—*

*''(1) COVERED EXPATRIATE.—*

*''(A) IN GENERAL.—The term 'covered expatriate' means an expatriate who meets the requirements of subparagraph (A), (B), or (C) of section 877(a)(2).*

*''(B) EXCEPTIONS.—An individual shall not be treated as meeting the requirements of subparagraph (A) or (B) of section 877(a)(2) if—*

*''(i) the individual—*

*''(I) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and*

*''(II) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 10 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or*

*''(ii)(I) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and*

''(II) the individual has been a resident of the United States (as so defined) for not more than 10 taxable years before the date of relinquishment.

''(C) COVERED EXPATRIATES ALSO SUBJECT TO TAX AS CITIZENS OR RESIDENTS.—In the case of any covered expatriate who is subject to tax as a citizen or resident of the United States for any period beginning after the expatriation date, such individual shall not be treated as a covered expatriate during such period for purposes of subsections (d)(1) and (f) and section 2801.

''(2) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes his citizenship, and

''(B) any long-term resident of the United States who ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)).

''(3) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date on which the individual ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)).

''(4) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

''(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(5) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(6) EARLY DISTRIBUTION TAX.—The term 'early distribution tax' means any increase in tax imposed under section 72(t), 220(e)(4), 223(f)(4), 409A(a)(1)(B), 529(c)(6), or 530(d)(4).

''(h) OTHER RULES.—

''(1) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(A) any time period for acquiring property which would result in the reduction in the amount of gain recognized with respect to property disposed of by the taxpayer shall terminate on the day before the expatriation date, and

''(B) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(2) STEP-UP IN BASIS.—Solely for purposes of determining any tax imposed by reason of subsection (a), property which was held by an individual on the date the individual first became a resident of the United States (within the meaning of section 7701(b)) shall be treated as having a basis on such date of not less than the fair market value of such property on such date. The preceding sentence shall not apply if the individual elects not to have such sentence apply. Such an election, once made, shall be irrevocable.

''(3) COORDINATION WITH SECTION 684.—If the expatriation of any individual would result in the recognition of gain under section 684, this section shall be applied after the application of section 684.

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—

(1) IN GENERAL.—Subtitle B (relating to estate and gift taxes) is amended by inserting after chapter 14 the following new chapter:

**"CHAPTER 15—GIFTS AND BEQUESTS FROM EXPATRIATES**

''Sec. 2801. Imposition of tax.

**"SEC. 2801. IMPOSITION OF TAX.**

''(a) IN GENERAL.—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

''(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt (or, if greater, the highest rate of tax specified in the table applicable under section 2502(a) as in effect on the date), and

''(2) the value of such covered gift or bequest.

''(b) TAX TO BE PAID BY RECIPIENT.—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

''(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection (a) shall apply only to the extent that the value of covered gifts and bequests received by any person during the calendar year exceeds the dollar amount in effect under section 2503(b) for such calendar year.

''(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.—The tax imposed by subsection (a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

''(e) COVERED GIFT OR BEQUEST.—

''(1) IN GENERAL.—For purposes of this chapter, the term 'covered gift or bequest' means—

''(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, is a covered expatriate, and

''(B) any property acquired directly or indirectly by reason of the death of an individual who, immediately before such death, was a covered expatriate.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Such term shall not include—

''(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the covered expatriate, and

''(B) any property included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate.

''(3) EXCEPTIONS FOR TRANSFERS TO SPOUSE OR CHARITY.—Such term shall not include any property with respect to which a deduction would be allowed under section 2055, 2056, 2522, or 2523, whichever is appropriate, if the decedent or donor were a United States person.

''(4) TRANSFERS IN TRUST.—

''(A) DOMESTIC TRUSTS.—In the case of a covered gift or bequest made to a domestic trust—

''(i) subsection (a) shall apply in the same manner as if such trust were a United States citizen, and

''(ii) the tax imposed by subsection (a) on such gift or bequest shall be paid by such trust.

''(B) FOREIGN TRUSTS.—

''(i) IN GENERAL.—In the case of a covered gift or bequest made to a foreign trust, subsection (a) shall apply to any distribution attributable to such gift or bequest from such trust (whether from income or corpus) to a United States citizen or resident in the same manner as if such distribution were a covered gift or bequest.

''(ii) DEDUCTION FOR TAX PAID BY RECIPIENT.—There shall be allowed as a deduction under section 164 the amount of tax imposed by this section which is paid or accrued by a United States citizen or resident by reason of a distribution from a foreign trust, but only to the extent such tax is imposed on the portion of such distribution which is included in the gross income of such citizen or resident.

''(iii) ELECTION TO BE TREATED AS DOMESTIC TRUST.—Solely for purposes of this section, a foreign trust may elect to be treated as a domestic trust. Such an election may be revoked with the consent of the Secretary.

''(f) COVERED EXPATRIATE.—For purposes of this section, the term 'covered expatriate' has the meaning given to such term by section 877A(g)(1).''.

(2) CLERICAL AMENDMENT.—The table of chapters for subtitle B is amended by inserting after the item relating to chapter 14 the following new item:

''CHAPTER 15. GIFTS AND BEQUESTS FROM EXPATRIATES.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—

(1) IN GENERAL.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(50) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(g)(4).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 877(e) is amended to read as follows:

''(1) IN GENERAL.—Any long-term resident of the United States who ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)) shall be treated for purposes of this section and sections 2107, 2501, and 6039G in the same manner as if such resident were a citizen of the United States who lost United States citizenship on the date of such cessation or commencement.''.

(B) Paragraph (6) of section 7701(b) is amended by adding at the end the following flush sentence:

''An individual shall cease to be treated as a lawful permanent resident of the United States if such individual commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country, does not waive the benefits of such treaty applicable to residents of the foreign country, and notifies the Secretary of the commencement of such treatment.''.

(C) Section 7701 is amended by striking subsection (n) and by redesignating subsections (o) and (p) as subsections (n) and (o), respectively.

(d) INFORMATION RETURNS.—Section 6039G is amended—

(1) by inserting ''or 877A'' after ''section 877(b)'' in subsection (a), and

(2) by inserting ''or 877A'' after ''section 877(a)'' in subsection (d).

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(f) EFFECTIVE DATE.—

*(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (as defined in section 877A(g) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) is on or after the date of the enactment of this Act.*

*(2) GIFTS AND BEQUESTS.—Chapter 15 of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to covered gifts and bequests (as defined in section 2801 of such Code, as so added) received on or after the date of the enactment of this Act from transferors whose expatriation date is on or after such date of enactment.*

***SEC. 205. SPECIAL ENROLLMENT OPTION BY EMPLOYER HEALTH PLANS FOR MEMBERS OF UNIFORM SERVICES WHO LOSE HEALTH CARE COVERAGE.***

*(a) IN GENERAL.—Section 9801(f) (relating to special enrollment periods) is amended by adding at the end the following new paragraph:*

*''(3) LOSS OF MILITARY HEALTH COVERAGE.—*

*''(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a group health plan shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:*

*''(i) The employee or dependent, by reason of service in the uniformed services (within the meaning of section 4303 of title 38, United States Code), was covered under a Federal health care benefit program (including coverage under the TRICARE program (as that term is defined in section 1072 of title 10, United States Code) or by reason of entitlement to health care benefits under the laws administered by the Secretary of Veterans Affairs or as a member of the uniformed services on active duty), and the employee or dependent loses eligibility for such coverage.*

*''(ii) The employee or dependent is otherwise eligible to enroll for coverage under the terms of the plan.*

*''(iii) The employee requests such coverage not later than 90 days after the date on which the coverage described in clause (i) terminated.*

*''(B) EFFECTIVE DATE OF COVERAGE.—Coverage requested under subparagraph (A)(iii) shall become effective not later than the first day of the first month after the date of such request.''.*

*(b) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 701(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1181(f)) is amended by adding at the end the following:*

*''(3) LOSS OF MILITARY HEALTH COVERAGE.—*

*''(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:*

*''(i) The employee or dependent, by reason of service in the uniformed services (within the meaning of section 4303 of title 38, United States Code), was covered under a Federal health care benefit program (including coverage under the TRICARE program (as that term is defined in section 1072 of title 10, United States Code) or by reason of entitlement to health care benefits under the laws administered by the Secretary of Veterans Affairs or as a member of the uniformed services on active duty), and the employee or dependent loses eligibility for such coverage.*

*''(ii) The employee or dependent is otherwise eligible to enroll for coverage under the terms of the plan.*

*''(iii) The employee requests such coverage not later than 90 days after the date on which the coverage described in clause (i) terminated.*

*''(B) EFFECTIVE DATE OF COVERAGE.—Coverage requested under subparagraph (A)(iii) shall become effective not later than the first day of the first month after the date of such request.''.*

*(c) PUBLIC HEALTH SERVICE ACT.—Section 2701(f) of the Public Health Service Act (42 U.S.C. 300gg(f)) is amended by adding at the end the following:*

*''(3) LOSS OF MILITARY HEALTH COVERAGE.—*

*''(A) IN GENERAL.—Notwithstanding paragraphs (1) and (2), a group health plan, and a health insurance issuer offering group health insurance coverage in connection with a group health plan, shall permit an employee who is eligible, but not enrolled, for coverage under the terms of the plan (or a dependent of such an employee if the dependent is eligible, but not enrolled, for coverage under such terms) to enroll for coverage under the terms of the plan if each of the following conditions is met:*

*''(i) The employee or dependent, by reason of service in the uniformed services (within the meaning of section 4303 of title 38, United States Code), was covered under a Federal health care benefit program (including coverage under the TRICARE program (as that term is defined in section 1072 of title 10, United States Code) or by reason of entitlement to health care benefits under the laws administered by the Secretary of Veterans Affairs or as a member of the uniformed services on active duty), and the employee or dependent loses eligibility for such coverage.*

*''(ii) The employee or dependent is otherwise eligible to enroll for coverage under the terms of the plan.*

*''(iii) The employee requests such coverage not later than 90 days after the date on which the coverage described in clause (i) terminated.*

*''(B) EFFECTIVE DATE OF COVERAGE.—Coverage requested under subparagraph (A)(iii) shall become effective not later than the first day of the first month after the date of such request.''.*

*(d) REGULATIONS.—The Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services, consistent with section 104 of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 300gg–92 note), may promulgate such regulations as may be necessary or appropriate to require the notification of individuals (or their dependents) of their rights under the amendment made by this Act.*

*(e) EFFECTIVE DATE.—The amendments made by this section shall take effect 90 days after the date of the enactment of this Act.*

## *TITLE III—TAX TECHNICAL CORRECTIONS*

***SEC. 301. SHORT TITLE.***

*This title may be cited as the ''''.*

***SEC. 302. AMENDMENT RELATED TO THE TAX RELIEF AND HEALTH CARE ACT OF 2006.***

*(a) AMENDMENT RELATED TO SECTION 402 OF DIVISION A OF THE ACT.—Subparagraph (A) of section 53(e)(2) is amended to read as follows:*

*''(A) IN GENERAL.—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—*

*''(i) $5,000,*

*''(ii) 20 percent of the long-term unused minimum tax credit for such taxable year, or*

*''(iii) the amount (if any) of the AMT refundable credit amount determined under this paragraph for the taxpayer's preceding taxable year (as determined before any reduction under subparagraph (B)).''.*

*(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provision of the Tax Relief and Health Care Act of 2006 to which it relates.*

***SEC. 303. AMENDMENTS RELATED TO TITLE XII OF THE PENSION PROTECTION ACT OF 2006.***

*(a) AMENDMENT RELATED TO SECTION 1201 OF THE ACT.—Subparagraph (D) of section 408(d)(8) is amended by striking ''all amounts distributed from all individual retirement plans were treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion of such distribution under section 72'' and inserting ''all amounts in all individual retirement plans of the individual were distributed during such taxable year and all such plans were treated as 1 contract for purposes of determining under section 72 the aggregate amount which would have been so includible''.*

*(b) AMENDMENT RELATED TO SECTION 1203 OF THE ACT.—Subsection (d) of section 1366 is amended by adding at the end the following new paragraph:*

*''(4) APPLICATION OF LIMITATION ON CHARITABLE CONTRIBUTIONS.—In the case of any charitable contribution of property to which the second sentence of section 1367(a)(2) applies, paragraph (1) shall not apply to the extent of the excess (if any) of—*

*''(A) the shareholder's pro rata share of such contribution, over*

*''(B) the shareholder's pro rata share of the adjusted basis of such property.''.*

*(c) AMENDMENT RELATED TO SECTION 1215 OF THE ACT.—Subclause (I) of section 170(e)(7)(D)(i) is amended by striking ''related'' and inserting ''substantial and related''.*

*(d) AMENDMENTS RELATED TO SECTION 1218 OF THE ACT.—*

*(1) Section 2055 is amended by striking subsection (g) and by redesignating subsection (h) as subsection (g).*

*(2) Subsection (e) of section 2522 is amended—*

*(A) by striking paragraphs (2) and (4),*

*(B) by redesignating paragraph (3) as paragraph (2), and*

*(C) by adding at the end of paragraph (2), as so redesignated, the following new subparagraph:*

*''(C) INITIAL FRACTIONAL CONTRIBUTION.—For purposes of this paragraph, the term 'initial fractional contribution' means, with respect to any donor, the first gift of an undivided portion of the donor's entire interest in any tangible personal property for which a deduction is allowed under subsection (a) or (b).''.*

*(e) AMENDMENTS RELATED TO SECTION 1219 OF THE ACT.—*

*(1) Paragraph (2) of section 6695A(a) is amended by inserting ''a substantial estate or gift tax valuation understatement (within the meaning of section 6662(g)),'' before ''or a gross valuation misstatement''.*

*(2) Paragraph (1) of section 6696(d) is amended by striking ''or under section 6695'' and inserting '', section 6695, or 6695A''.*

*(f) AMENDMENT RELATED TO SECTION 1221 OF THE ACT.—Subparagraph (A) of section 4940(c)(4) is amended to read as follows:*

*''(A) There shall not be taken into account any gain or loss from the sale or other disposition of property to the extent that such gain or loss is taken into account for purposes of computing the tax imposed by section 511.''.*

*(g) AMENDMENT RELATED TO SECTION 1225 OF THE ACT.—*

*(1) Subsection (b) of section 6104 is amended—*

*(A) by striking ''INFORMATION'' in the heading, and*

*(B) by adding at the end the following: ''Any annual return which is filed under section 6011 by an organization described in section 501(c)(3) and which relates to any tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations) shall be treated for purposes of this subsection in the same manner as if furnished under section 6033.''.*

*(2) Clause (ii) of section 6104(d)(1)(A) is amended to read as follows:*

''(ii) any annual return which is filed under section 6011 by an organization described in section 501(c)(3) and which relates to any tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations),''.

(3) Paragraph (2) of section 6104(d) is amended by striking ''section 6033'' and inserting ''section 6011 or 6033''.

(h) AMENDMENT RELATED TO SECTION 1231 OF THE ACT.—Subsection (b) of section 4962 is amended by striking ''or D'' and inserting ''D, or G''.

(i) AMENDMENT RELATED TO SECTION 1242 OF THE ACT.—

(1) Subclause (II) of section 4958(c)(3)(A)(i) is amended by striking ''paragraph (1), (2), or (4) of section 509(a)'' and inserting ''subparagraph (C)(ii)''.

(2) Clause (ii) of section 4958(c)(3)(C) is amended to read as follows:

''(ii) EXCEPTION.—Such term shall not include—

''(I) any organization described in paragraph (1), (2), or (4) of section 509(a), and

''(II) any organization which is treated as described in such paragraph (2) by reason of the last sentence of section 509(a) and which is a supported organization (as defined in section 509(f)(3)) of the organization to which subparagraph (A) applies.''.

(j) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Pension Protection Act of 2006 to which they relate.

**SEC. 304. AMENDMENTS RELATED TO THE TAX INCREASE PREVENTION AND RECONCILIATION ACT OF 2005.**

(a) AMENDMENTS RELATED TO SECTION 103 OF THE ACT.—Paragraph (6) of section 954(c) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

''(B) EXCEPTION.—Subparagraph (A) shall not apply in the case of any interest, rent, or royalty to the extent such interest, rent, or royalty creates (or increases) a deficit which under section 952(c) may reduce the subpart F income of the payor or another controlled foreign corporation.''.

(b) AMENDMENTS RELATED TO SECTION 202 OF THE ACT.—

(1) Subparagraph (A) of section 355(b)(2) is amended to read as follows:

''(A) it is engaged in the active conduct of a trade or business,''.

(2) Paragraph (3) of section 355(b) is amended to read as follows:

''(3) SPECIAL RULES FOR DETERMINING ACTIVE CONDUCT IN THE CASE OF AFFILIATED GROUPS.—

''(A) IN GENERAL.—For purposes of determining whether a corporation meets the requirements of paragraph (2)(A), all members of such corporation's separate affiliated group shall be treated as one corporation.

''(B) SEPARATE AFFILIATED GROUP.—For purposes of this paragraph, the term 'separate affiliated group' means, with respect to any corporation, the affiliated group which would be determined under section 1504(a) if such corporation were the common parent and section 1504(b) did not apply.

''(C) TREATMENT OF TRADE OR BUSINESS CONDUCTED BY ACQUIRED MEMBER.—If a corporation became a member of a separate affiliated group as a result of one or more transactions in which gain or loss was recognized in whole or in part, any trade or business conducted by such corporation (at the time that such corporation became such a member) shall be treated for purposes of paragraph (2) as acquired in a transaction in which gain or loss was recognized in whole or in part.

''(D) REGULATIONS.—The Secretary shall prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which provide for the proper application of subparagraphs (B), (C), and (D) of paragraph (2), and modify the application of subsection (a)(3)(B), in connection with the application of this paragraph.''.

(3) The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by section 202 of the Tax Increase Prevention and Reconciliation Act of 2005 and by section 410 of division A of the Tax Relief and Health Care Act of 2006 had never been enacted.

(c) AMENDMENT RELATED TO SECTION 515 OF THE ACT.—Subsection (f) of section 911 is amended to read as follows:

''(f) DETERMINATION OF TAX LIABILITY.—

''(1) IN GENERAL.—If, for any taxable year, any amount is excluded from gross income of a taxpayer under subsection (a), then, notwithstanding sections 1 and 55—

''(A) if such taxpayer has taxable income for such taxable year, the tax imposed by section 1 for such taxable year shall be equal to the excess (if any) of—

''(i) the tax which would be imposed by section 1 for such taxable year if the taxpayer's taxable income were increased by the amount excluded under subsection (a) for such taxable year, over

''(ii) the tax which would be imposed by section 1 for such taxable year if the taxpayer's taxable income were equal to the amount excluded under subsection (a) for such taxable year, and

''(B) if such taxpayer has a taxable excess (as defined in section 55(b)(1)(A)(ii)) for such taxable year, the amount determined under the first sentence of section 55(b)(1)(A)(i) for such taxable year shall be equal to the excess (if any) of—

''(i) the amount which would be determined under such sentence for such taxable year (subject to the limitation of section 55(b)(3)) if the taxpayer's taxable excess (as so defined) were increased by the amount excluded under subsection (a) for such taxable year, over

''(ii) the amount which would be determined under such sentence for such taxable year if the taxpayer's taxable excess (as so defined) were equal to the amount excluded under subsection (a) for such taxable year.

''(2) SPECIAL RULES.—

''(A) REGULAR TAX.—In applying section 1(h) for purposes of determining the tax under paragraph (1)(A)(i) for any taxable year in which, without regard to this subsection, the taxpayer's net capital gain exceeds taxable income (hereafter in this subparagraph referred to as the capital gain excess)—

''(i) the taxpayer's net capital gain (determined without regard to section 1(h)(11)) shall be reduced (but not below zero) by such capital gain excess,

''(ii) the taxpayer's qualified dividend income shall be reduced by so much of such capital gain excess as exceeds the taxpayer's net capital gain (determined without regard to section 1(h)(11) and the reduction under clause (i)), and

''(iii) adjusted net capital gain, unrecaptured section 1250 gain, and 28-percent rate gain shall each be determined after increasing the amount described in section 1(h)(4)(B) by such capital gain excess.

''(B) ALTERNATIVE MINIMUM TAX.—In applying section 55(b)(3) for purposes of determining the tax under paragraph (1)(B)(i) for any taxable year in which, without regard to this subsection, the taxpayer's net capital gain exceeds the taxable excess (as defined in section 55(b)(1)(A)(ii))—

''(i) the rules of subparagraph (A) shall apply, except that such subparagraph shall be applied by substituting 'the taxable excess (as defined in section 55(b)(1)(A)(ii))' for 'taxable income', and

''(ii) the reference in section 55(b)(3)(B) to the excess described in section 1(h)(1)(B) shall be treated as a reference to such excess as determined under the rules of subparagraph (A) for purposes of determining the tax under paragraph (1)(A)(i).

''(C) DEFINITIONS.—Terms used in this paragraph which are also used in section 1(h) shall have the respective meanings given such terms by section 1(h), except that in applying subparagraph (B) the adjustments under part VI of subchapter A shall be taken into account.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect as if included in the provisions of the Tax Increase Prevention and Reconciliation Act of 2005 to which they relate.

(2) MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendments made by subsection (b) shall apply to distributions made after May 17, 2006.

(B) TRANSITION RULE.—The amendments made by subsection (b) shall not apply to any distribution pursuant to a transaction which is—

(i) made pursuant to an agreement which was binding on May 17, 2006, and at all times thereafter,

(ii) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

(iii) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission.

(C) ELECTION OUT OF TRANSITION RULE.—Subparagraph (B) shall not apply if the distributing corporation elects not to have such subparagraph apply to distributions of such corporation. Any such election, once made, shall be irrevocable.

(D) SPECIAL RULE FOR CERTAIN PRE-ENACTMENT DISTRIBUTIONS.—For purposes of determining the continued qualification under section 355(b)(2)(A) of the Internal Revenue Code of 1986 of distributions made on or before May 17, 2006, as a result of an acquisition, disposition, or other restructuring after such date, such distribution shall be treated as made on the date of such acquisition, disposition, or restructuring for purposes of applying subparagraphs (A) through (C) of this paragraph. The preceding sentence shall only apply with respect to the corporation that undertakes such acquisition, disposition, or other restructuring, and only if such application results in continued qualification under section 355(b)(2)(A) of such Code.

(3) AMENDMENT RELATED TO SECTION 515 OF THE ACT.—The amendment made by subsection (c) shall apply to taxable years beginning after December 31, 2006.

**SEC. 305. AMENDMENTS RELATED TO THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS.**

(a) AMENDMENTS RELATED TO SECTION 11113 OF THE ACT.—

(1) Paragraph (3) of section 6427(i) is amended—

(A) by inserting ''or under subsection (e)(2) by any person with respect to an alternative fuel (as defined in section 6426(d)(2))'' after ''section 6426'' in subparagraph (A),

(B) by inserting ''or (e)(2)'' after ''subsection (e)(1)'' in subparagraphs (A)(i) and (B), and

(C) by striking ''ALCOHOL FUEL AND BIODIESEL MIXTURE CREDIT'' and inserting ''MIXTURE CREDITS AND THE ALTERNATIVE FUEL CREDIT'' in the heading thereof.

(2) Subparagraph (F) of section 6426(d)(2) is amended by striking ''hydrocarbons'' and inserting ''fuel''.

(3) Section 6426 is amended by adding at the end the following new subsection:

''(h) DENIAL OF DOUBLE BENEFIT.—No credit shall be determined under subsection (d) or (e) with respect to any fuel with respect to which credit may be determined under subsection (b) or (c) or under section 40 or 40A.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the SAFETEA–LU to which they relate.

**SEC. 306. AMENDMENTS RELATED TO THE ENERGY POLICY ACT OF 2005.**

(a) AMENDMENT RELATED TO SECTION 1306 OF THE ACT.—Paragraph (2) of section 45J(b) is amended to read as follows:

''(2) AMOUNT OF NATIONAL LIMITATION.—The aggregate amount of national megawatt capacity limitation allocated by the Secretary under paragraph (3) shall not exceed 6,000 megawatts.''.

(b) AMENDMENTS RELATED TO SECTION 1342 OF THE ACT.—

(1) So much of subsection (b) of section 30C as precedes paragraph (1) thereof is amended to read as follows:

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to all qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year at a location shall not exceed—''.

(2) Subsection (c) of section 30C is amended to read as follows:

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section, the term 'qualified alternative fuel vehicle refueling property' has the same meaning as the term 'qualified clean-fuel vehicle refueling property' would have under section 179A if—

''(1) paragraph (1) of section 179A(d) did not apply to property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, and

''(2) only the following were treated as clean-burning fuels for purposes of section 179A(d):

''(A) Any fuel at least 85 percent of the volume of which consists of one or more of the following: ethanol, natural gas, compressed natural gas, liquified natural gas, liquefied petroleum gas, or hydrogen.

''(B) Any mixture—

''(i) which consists of two or more of the following: biodiesel (as defined in section 40A(d)(1)), diesel fuel (as defined in section 4083(a)(3)), or kerosene, and

''(ii) at least 20 percent of the volume of which consists of biodiesel (as so defined) determined without regard to any kerosene in such mixture.''.

(c) AMENDMENTS RELATED TO SECTION 1351 OF THE ACT.—

(1) Paragraph (3) of section 41(a) is amended by inserting ''for energy research'' before the period at the end.

(2) Paragraph (6) of section 41(f) is amended by adding at the end the following new subparagraph:

''(E) ENERGY RESEARCH.—The term 'energy research' does not include any research which is not qualified research.''.

(d) AMENDMENTS RELATED TO SECTION 1362 OF THE ACT.—

(1)(A) Paragraph (1) of section 4041(d) is amended by adding at the end the following new sentence: ''No tax shall be imposed under the preceding sentence on the sale or use of any liquid if tax was imposed with respect to such liquid under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.''.

(B) Paragraph (3) of section 4042(b) is amended to read as follows:

''(3) EXCEPTION FOR FUEL ON WHICH LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE SEPARATELY IMPOSED.—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply to the use of any fuel if tax was imposed with respect to such fuel under section 4041(d) or 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.''.

(C) Notwithstanding section 6430 of the Internal Revenue Code of 1986, a refund, credit, or payment may be made under subchapter B of chapter 65 of such Code for taxes imposed with respect to any liquid after September 30, 2005, and before the date of the enactment of this Act under section 4041(d)(1) or 4042 of such Code at the Leaking Underground Storage Tank Trust Fund financing rate to the extent that tax was imposed with respect to such liquid under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

(2)(A) Paragraph (5) of section 4041(d) is amended—

(i) by striking ''(other than with respect to any sale for export under paragraph (3) thereof)'', and

(ii) by adding at the end the following new sentence: ''The preceding sentence shall not apply with respect to subsection (g)(3) and so much of subsection (g)(1) as relates to vessels (within the meaning of section 4221(d)(3)) employed in foreign trade or trade between the United States and any of its possessions.''.

(B) Section 4082 is amended—

(i) by striking ''(other than such tax at the Leaking Underground Storage Tank Trust Fund financing rate imposed in all cases other than for export)'' in subsection (a), and

(ii) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively, and by inserting after subsection (e) the following new subsection:

''(f) EXCEPTION FOR LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—

''(1) IN GENERAL.—Subsection (a) shall not apply to the tax imposed under section 4081 at the Leaking Underground Storage Tank Trust Fund financing rate.

''(2) EXCEPTION FOR EXPORT, ETC.—Paragraph (1) shall not apply with respect to any fuel if the Secretary determines that such fuel is destined for export or for use by the purchaser as supplies for vessels (within the meaning of section 4221(d)(3)) employed in foreign trade or trade between the United States and any of its possessions.''.

(C) Subsection (e) of section 4082 is amended—

(i) by striking ''an aircraft, the rate of tax under section 4081(a)(2)(A)(iii) shall be zero.'' and inserting ''an aircraft—

''(1) the rate of tax under section 4081(a)(2)(A)(iii) shall be zero, and

''(2) if such aircraft is employed in foreign trade or trade between the United States and any of its possessions, the increase in such rate under section 4081(a)(2)(B) shall be zero.''; and

(ii) by moving the last sentence flush with the margin of such subsection (following the paragraph (2) added by clause (i)).

(D) Section 6430 is amended to read as follows:

**''SEC. 6430. TREATMENT OF TAX IMPOSED AT LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.**

''No refunds, credits, or payments shall be made under this subchapter for any tax imposed at the Leaking Underground Storage Tank Trust Fund financing rate, except in the case of fuels—

''(1) which are exempt from tax under section 4081(a) by reason of section 4082(f)(2),

''(2) which are exempt from tax under section 4041(d) by reason of the last sentence of paragraph (5) thereof, or

''(3) with respect to which the rate increase under section 4081(a)(2)(B) is zero by reason of section 4082(e)(2).''.

(3) Paragraph (5) of section 4041(d) is amended by inserting ''(b)(1)(A),'' after ''subsections''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect as if included in the provisions of the Energy Policy Act of 2005 to which they relate.

(2) NONAPPLICATION OF EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—The amendment made by subsection (d)(3) shall apply to fuel sold for use or used after the date of the enactment of this Act.

(3) AMENDMENT MADE BY THE SAFETEA–LU.—The amendment made by subsection (d)(2)(C)(ii) shall take effect as if included in section 11161 of the SAFETEA–LU.

**SEC. 307. AMENDMENTS RELATED TO THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) AMENDMENTS RELATED TO SECTION 339 OF THE ACT.—

(1)(A) Section 45H is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(B) Subsection (d) of section 280C is amended to read as follows:

''(d) CREDIT FOR LOW SULFUR DIESEL FUEL PRODUCTION.—The deductions otherwise allowed under this chapter for the taxable year shall be reduced by the amount of the credit determined for the taxable year under section 45H(a).''.

(C) Subsection (a) of section 1016 is amended by striking paragraph (31) and by redesignating paragraphs (32) through (37) as paragraphs (31) through (36), respectively.

(2)(A) Section 45H, as amended by paragraph (1), is amended by adding at the end the following new subsection:

''(g) ELECTION TO NOT TAKE CREDIT.—No credit shall be determined under subsection (a) for the taxable year if the taxpayer elects not to have subsection (a) apply to such taxable year.''.

(B) Subsection (m) of section 6501 is amended by inserting ''45H(g),'' after ''45C(d)(4),''.

(3)(A) Subsections (b)(1)(A), (c)(2), (e)(1), and (e)(2) of section 45H (as amended by paragraph (1)) and section 179B(a) are each amended by striking ''qualified capital costs'' and inserting ''qualified costs''.

(B) The heading of paragraph (2) of section 45H(c) is amended by striking ''CAPITAL''.

(C) Subsection (a) of section 179B is amended by inserting ''and which are properly chargeable to capital account'' before the period at the end.

(b) AMENDMENTS RELATED TO SECTION 710 OF THE ACT.—

(1) Clause (ii) of section 45(c)(3)(A) is amended by striking ''which is segregated from other waste materials and''.

(2) Subparagraph (B) of section 45(d)(2) is amended by inserting ''and'' at the end of clause (i), by striking clause (ii), and by redesignating clause (iii) as clause (ii).

(c) AMENDMENTS RELATED TO SECTION 848 OF THE ACT.—

(1) Paragraph (2) of section 470(c) is amended to read as follows:

''(2) TAX-EXEMPT USE PROPERTY.—

''(A) IN GENERAL.—The term 'tax-exempt use property' has the meaning given to such term by section 168(h), except that such section shall be applied—

''(i) without regard to paragraphs (1)(C) and (3) thereof, and

''(ii) as if section 197 intangible property (as defined in section 197), and property described in paragraph (1)(B) or (2) of section 167(f), were tangible property.

''(B) EXCEPTION FOR PARTNERSHIPS.—Such term shall not include any property which would (but for this subparagraph) be tax-exempt use property solely by reason of section 168(h)(6).

''(C) CROSS REFERENCE.—For treatment of partnerships as leases to which section 168(h) applies, see section 7701(e).''.

(2) Subparagraph (A) of section 470(d)(1) is amended by striking ''(at any time during the lease term)'' and inserting ''(at all times during the lease term)''.

(d) AMENDMENTS RELATED TO SECTION 888 OF THE ACT.—

(1) Subparagraph (A) of section 1092(a)(2) is amended by striking ''and'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) if the application of clause (ii) does not result in an increase in the basis of any offsetting position in the identified straddle, the basis of each of the offsetting positions in the identified straddle shall be increased in a manner which—

''(I) is reasonable, consistent with the purposes of this paragraph, and consistently applied by the taxpayer, and

''(II) results in an aggregate increase in the basis of such offsetting positions which is equal to the loss described in clause (ii), and''.

(2)(A) Subparagraph (B) of section 1092(a)(2) is amended by adding at the end the following flush sentence:

''A straddle shall be treated as clearly identified for purposes of clause (i) only if such identification includes an identification of the positions in the straddle which are offsetting with respect other positions in the straddle.''.

(B) Subparagraph (A) of section 1092(a)(2) is amended—

(i) by striking ''identified positions'' in clause (i) and inserting ''positions'',

(ii) by striking ''identified position'' in clause (ii) and inserting ''position'', and

(iii) by striking ''identified offsetting positions'' in clause (ii) and inserting ''offsetting positions''.

(C) Subparagraph (B) of section 1092(a)(3) is amended by striking ''identified offsetting position'' and inserting ''offsetting position''.

(3) Paragraph (2) of section 1092(a) is amended by redesignating subparagraph (C) as subparagraph (D) and inserting after subparagraph (B) the following new subparagraph:

''(C) APPLICATION TO LIABILITIES AND OBLIGATIONS.—Except as otherwise provided by the Secretary, rules similar to the rules of clauses (ii) and (iii) of subparagraph (A) shall apply for purposes of this paragraph with respect to any position which is, or has been, a liability or obligation.''.

(4) Subparagraph (D) of section 1092(a)(2), as redesignated by paragraph (3), is amended by inserting ''the rules for the application of this section to a position which is or has been a liability or obligation, methods of loss allocation which satisfy the requirements of subparagraph (A)(iii),'' before ''and the ordering rules''.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which they relate.

(2) IDENTIFICATION REQUIREMENT OF AMENDMENT RELATED TO SECTION 888 OF THE AMERICAN JOBS CREATION ACT OF 2004.—The amendment made by subsection (d)(2)(A) shall apply to straddles acquired after the date of the enactment of this Act.

**SEC. 308. AMENDMENTS RELATED TO THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.**

(a) AMENDMENTS RELATED TO SECTION 617 OF THE ACT.—

(1) Subclause (II) of section 402(g)(7)(A)(ii) is amended by striking ''for prior taxable years'' and inserting ''permitted for prior taxable years by reason of this paragraph''.

(2) Subparagraph (A) of section 3121(v)(1) is amended by inserting ''or consisting of designated Roth contributions (as defined in section 402A(c))'' before the comma at the end.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 to which they relate.

**SEC. 309. AMENDMENTS RELATED TO THE TAX RELIEF EXTENSION ACT OF 1999.**

(a) AMENDMENT RELATED TO SECTION 507 OF THE ACT.—Clause (i) of section 45(e)(7)(A) is amended by striking ''placed in service by the taxpayer'' and inserting ''originally placed in service''.

(b) AMENDMENT RELATED TO SECTION 542 OF THE ACT.—Clause (ii) of section 856(d)(9)(D) is amended to read as follows:

''(ii) LODGING FACILITY.—The term 'lodging facility' means a—

''(I) hotel,

''(II) motel, or

''(III) other establishment more than one-half of the dwelling units in which are used on a transient basis.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the provisions of the Tax Relief Extension Act of 1999 to which they relate.

**SEC. 310. AMENDMENT RELATED TO THE INTERNAL REVENUE SERVICE RESTRUCTURING AND REFORM ACT OF 1998.**

(a) AMENDMENT RELATED TO SECTION 3509 OF THE ACT.—Paragraph (3) of section 6110(i) is amended by inserting ''and related background file documents'' after ''Chief Counsel advice'' in the matter preceding subparagraph (A).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provision of the Internal Revenue Service Restructuring and Reform Act of 1998 to which it relates.

**SEC. 311. CLERICAL CORRECTIONS.**

(a) IN GENERAL.—

(1) Paragraph (5) of section 21(e) is amended by striking ''section 152(e)(3)(A)'' in the flush matter after subparagraph (B) and inserting ''section 152(e)(4)(A)''.

(2) Paragraph (3) of section 25C(c) is amended by striking ''section 3280'' and inserting ''part 3280''.

(3) Paragraph (2) of section 26(b) is amended by redesignating subparagraphs (S) and (T) as subparagraphs (U) and (V), respectively, and by inserting after subparagraph (R) the following new subparagraphs:

''(S) sections 106(e)(3)(A)(ii), 223(b)(8)(B)(i)(II), and 408(d)(9)(D)(i)(II) (relating to certain failures to maintain high deductible health plan coverage),

''(T) section 170(o)(3)(B) (relating to recapture of certain deductions for fractional gifts),''.

(4) Subsection (a) of section 34 is amended—

(A) in paragraph (1), by striking ''with respect to gasoline used during the taxable year on a farm for farming purposes'',

(B) in paragraph (2), by striking ''with respect to gasoline used during the taxable year (A) otherwise than as a fuel in a highway vehicle or (B) in vehicles while engaged in furnishing certain public passenger land transportation service'', and

(C) in paragraph (3), by striking ''with respect to fuels used for nontaxable purposes or resold during the taxable year''.

(5) Paragraph (2) of section 35(d) is amended—

(A) by striking ''paragraph (2) or (4) of'', and

(B) by striking ''(within the meaning of section 152(e)(1))'' and inserting ''(as defined in section 152(e)(4)(A))''.

(6) Subsection (b) of section 38 is amended—

(A) by striking ''and'' each place it appears at the end of any paragraph,

(B) by striking ''plus'' each place it appears at the end of any paragraph, and

(C) by inserting ''plus'' at the end of paragraph (30).

(7) Paragraphs (2) and (3) of section 45L(c) are each amended by striking ''section 3280'' and inserting ''part 3280''.

(8) Subsection (c) of section 48 is amended by striking ''subsection'' in the text preceding paragraph (1) and inserting ''section''.

(9) Paragraphs (1)(B) and (2)(B) of section 48(c) are each amended by striking ''paragraph (1)'' and inserting ''subsection (a)''.

(10) Clause (ii) of section 48A(d)(4)(B) is amended by striking ''subsection'' both places it appears.

(11) The last sentence of section 125(b)(2) is amended by striking ''last sentence'' and inserting ''second sentence''.

(12) Subclause (II) of section 167(g)(8)(C)(ii) is amended by striking ''section 263A(j)(2)'' and inserting ''section 263A(i)(2)''.

(13)(A) Clause (vii) of section 170(b)(1)(A) is amended by striking ''subparagraph (E)'' and inserting ''subparagraph (F)''.

(B) Clause (ii) of section 170(e)(1)(B) is amended by striking ''subsection (b)(1)(E)'' and inserting ''subsection (b)(1)(F)''.

(C) Clause (i) of section 1400S(a)(2)(A) is amended by striking ''subparagraph (F)'' and inserting ''subparagraph (G)''.

(D) Subparagraph (A) of section 4942(i)(1) is amended by striking ''section 170(b)(1)(E)(ii)'' and inserting ''section 170(b)(1)(F)(ii)''.

(14) Subclause (II) of section 170(e)(1)(B)(i) is amended by inserting '', but without regard to clause (ii) thereof'' after ''paragraph (7)(C)''.

(15)(A) Subparagraph (A) of section 170(o)(1) and subparagraph (A) of section 2522(e)(1) are each amended by striking ''all interest in the property is'' and inserting ''all interests in the property are''.

(B) Section 170(o)(3)(A)(i), and section 2522(e)(2)(A)(i) (as redesignated by section 403(d)(2)), are each amended—

(i) by striking ''interest'' and inserting ''interests'', and

(ii) by striking ''before'' and inserting ''on or before''.

(16)(A) Subparagraph (C) of section 852(b)(4) is amended to read as follows:

''(C) DETERMINATION OF HOLDING PERIODS.—For purposes of this paragraph, in determining the period for which the taxpayer has held any share of stock—

''(i) the rules of paragraphs (3) and (4) of section 246(c) shall apply, and

''(ii) there shall not be taken into account any day which is more than 6 months after the date on which such share becomes ex-dividend.''.

(B) Subparagraph (B) of section 857(b)(8) is amended to read as follows:

''(B) DETERMINATION OF HOLDING PERIODS.—For purposes of this paragraph, in determining the period for which the taxpayer has held any share of stock or beneficial interest—

''(i) the rules of paragraphs (3) and (4) of section 246(c) shall apply, and

''(ii) there shall not be taken into account any day which is more than 6 months after the date on which such share or interest becomes ex-dividend.''.

(17) Paragraph (2) of section 856(l) is amended by striking the last sentence and inserting the following: ''For purposes of subparagraph (B), securities described in subsection (m)(2)(A) shall not be taken into account.''.

(18) Subparagraph (F) of section 954(c)(1) is amended to read as follows:

''(F) INCOME FROM NOTIONAL PRINCIPAL CONTRACTS.—

''(i) IN GENERAL.—Net income from notional principal contracts.

''(ii) COORDINATION WITH OTHER CATEGORIES OF FOREIGN PERSONAL HOLDING COMPANY INCOME.—Any item of income, gain, deduction, or loss from a notional principal contract entered into for purposes of hedging any item described in any preceding subparagraph shall not be taken into account for purposes of this subparagraph but shall be taken into account under such other subparagraph.''.

(19) Paragraph (1) of section 954(c) is amended by redesignating subparagraph (I) as subparagraph (H).

(20) Paragraph (33) of section 1016(a), as redesignated by section 407(a)(1)(C), is amended by striking ''section 25C(e)'' and inserting ''section 25C(f)''.

(21) Paragraph (36) of section 1016(a), as redesignated by section 407(a)(1)(C), is amended by striking ''section 30C(f)'' and inserting ''section 30C(e)(1)''.

(22) Subparagraph (G) of section 1260(c)(2) is amended by adding ''and'' at the end.

(23)(A) Section 1297 is amended by striking subsection (d) and by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(B) Subparagraph (G) of section 1260(c)(2) is amended by striking ''subsection (e)'' and inserting ''subsection (d)''.

(C) Subparagraph (B) of section 1298(a)(2) is amended by striking ''Section 1297(e)'' and inserting ''Section 1297(d)''.

*(24) Paragraph (1) of section 1362(f) is amended—*

*(A) by striking '', section 1361(b)(3)(B)(ii), or section 1361(c)(1)(A)(ii)'' and inserting ''or section 1361(b)(3)(B)(ii)'', and*

*(B) by striking '', section 1361(b)(3)(C), or section 1361(c)(1)(D)(iii)'' in subparagraph (B) and inserting ''or section 1361(b)(3)(C)''.*

*(25) Paragraph (2) of section 1400O is amended by striking ''under of'' and inserting ''under''.*

*(26) The table of sections for part II of subchapter Y of chapter 1 is amended by adding at the end the following new item:*

*''Sec. 1400T. Special rules for mortgage revenue bonds.''.*

*(27) Subsection (b) of section 4082 is amended to read as follows:*

*''(b) NONTAXABLE USE.—For purposes of this section, the term 'nontaxable use' means—*

*''(1) any use which is exempt from the tax imposed by section 4041(a)(1) other than by reason of a prior imposition of tax,*

*''(2) any use in a train, and*

*''(3) any use described in section 4041(a)(1)(C)(iii)(II).*

*The term 'nontaxable use' does not include the use of kerosene in an aircraft and such term shall not include any use described in section 6421(e)(2)(C).''.*

*(28) Paragraph (4) of section 4101(a) (relating to registration in event of change of ownership) is redesignated as paragraph (5).*

*(29) Paragraph (6) of section 4965(c) is amended by striking ''section 4457(e)(1)(A)'' and inserting ''section 457(e)(1)(A)''.*

*(30) Subpart C of part II of subchapter A of chapter 51 is amended by redesignating section 5432 (relating to recordkeeping by wholesale dealers) as section 5121.*

*(31) Paragraph (2) of section 5732(c), as redesignated by section 11125(b)(20)(A) of the SAFETEA–LU, is amended by striking ''this subpart'' and inserting ''this subchapter''.*

*(32) Subsection (b) of section 6046 is amended—*

*(A) by striking ''subsection (a)(1)'' and inserting ''subsection (a)(1)(A)'', and*

*(B) by striking ''paragraph (2) or (3) of subsection (a)'' and inserting ''subparagraph (B) or (C) of subsection (a)(1)''.*

*(33)(A) Subparagraph (A) of section 6103(b)(5) is amended by striking ''the Canal Zone,''.*

*(B) Section 7651 is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).*

*(34) Subparagraph (A) of section 6211(b)(4) is amended by striking ''and 34'' and inserting ''34, and 35''.*

*(35) Subparagraphs (A) and (B) of section 6230(a)(3) are each amended by striking ''section 6013(e)'' and inserting ''section 6015''.*

*(36) Paragraph (3) of section 6427(e) (relating to termination), as added by section 11113 of the SAFETEA–LU, is redesignated as paragraph (5) and moved after paragraph (4).*

*(37) Clause (ii) of section 6427(l)(4)(A) is amended by striking ''section 4081(a)(2)(iii)'' and inserting ''section 4081(a)(2)(A)(iii)''.*

*(38)(A) Section 6427, as amended by section 1343(b)(1) of the Energy Policy Act of 2005, is amended by striking subsection (p) (relating to gasohol used in noncommercial aviation) and redesignating subsection (q) as subsection (p).*

*(B) The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by paragraph (2) of section 11151(a) of the SAFETEA–LU had never been enacted.*

*(39) Subsection (a) of section 6695A is amended by striking ''then such person'' in paragraph (2) and inserting the following:*

*''then such person''.*

*(40) Subparagraph (C) of section 6707A(e)(2) is amended by striking ''section 6662A(e)(2)(C)'' and inserting ''section 6662A(e)(2)(B)''.*

*(41)(A) Paragraph (3) of section 9002 is amended by striking ''section 309(a)(1)'' and inserting ''section 306(a)(1)''.*

*(B) Paragraph (1) of section 9004(a) is amended by striking ''section 320(b)(1)(B)'' and inserting ''section 315(b)(1)(B)''.*

*(C) Paragraph (3) of section 9032 is amended by striking ''section 309(a)(1)'' and inserting ''section 306(a)(1)''.*

*(D) Subsection (b) of section 9034 is amended by striking ''section 320(b)(1)(A)'' and inserting ''section 315(b)(1)(A)''.*

*(42) Section 9006 is amended by striking ''Comptroller General'' each place it appears and inserting ''Commission''.*

*(43) Subsection (c) of section 9503 is amended by redesignating paragraph (7) (relating to transfers from the trust fund for certain aviation fuels taxes) as paragraph (6).*

*(44) Paragraph (1) of section 1301(g) of the Energy Policy Act of 2005 is amended by striking ''shall take effect of the date of the enactment'' and inserting ''shall take effect on the date of the enactment''.*

*(45) The Internal Revenue Code of 1986 shall be applied and administered as if the amendments made by section 1(a) of Public Law 109–433 had never been enacted.*

*(b) CLERICAL AMENDMENTS RELATED TO THE TAX RELIEF AND HEALTH CARE ACT OF 2006.—*

*(1) AMENDMENT RELATED TO SECTION 209 OF DIVISION A OF THE ACT.—Paragraph (3) of section 168(l) is amended by striking ''enzymatic''.*

*(2) AMENDMENTS RELATED TO SECTION 419 OF DIVISION A OF THE ACT.—*

*(A) Clause (iv) of section 6724(d)(1)(B) is amended by inserting ''or (h)(1)'' after ''section 6050H(a)''.*

*(B) Subparagraph (K) of section 6724(d)(2) is amended by inserting ''or (h)(2)'' after ''section 6050H(d)''.*

*(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provision of the Tax Relief and Health Care Act of 2006 to which they relate.*

*(c) CLERICAL AMENDMENTS RELATED TO THE GULF OPPORTUNITY ZONE ACT OF 2005.—*

*(1) AMENDMENTS RELATED TO SECTION 402 OF THE ACT.—Subparagraph (B) of section 24(d)(1) is amended—*

*(A) by striking ''the excess (if any) of'' in the matter preceding clause (i) and inserting ''the greater of'', and*

*(B) by striking ''section'' in clause (ii)(II) and inserting ''section 32''.*

*(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Gulf Opportunity Zone Act of 2005 to which they relate.*

*(d) CLERICAL AMENDMENTS RELATED TO THE SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS.—*

*(1) AMENDMENTS RELATED TO SECTION 11163 OF THE ACT.—Subparagraph (C) of section 6416(a)(4) is amended—*

*(A) by striking ''ultimate vendor'' and all that follows through ''has certified'' and inserting ''ultimate vendor or credit card issuer has certified'', and*

*(B) by striking ''all ultimate purchasers of the vendor'' and all that follows through ''are certified'' and inserting ''all ultimate purchasers of the vendor or credit card issuer are certified''.*

*(2) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to which they relate.*

*(e) CLERICAL AMENDMENTS RELATED TO THE ENERGY POLICY ACT OF 2005.—*

*(1) AMENDMENT RELATED TO SECTION 1344 OF THE ACT.—Subparagraph (B) of section 6427(e)(5), as redesignated by subsection (a)(36), is amended by striking ''2006'' and inserting ''2008''.*

*(2) AMENDMENTS RELATED TO SECTION 1351 OF THE ACT.—Subparagraphs (A)(ii) and (B)(ii) of section 41(f)(1) are each amended by striking ''qualified research expenses and basic research payments'' and inserting ''qualified research expenses, basic research payments, and amounts paid or incurred to energy research consortiums,''.*

*(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the Energy Policy Act of 2005 to which they relate.*

*(f) CLERICAL AMENDMENTS RELATED TO THE AMERICAN JOBS CREATION ACT OF 2004.—*

*(1) AMENDMENT RELATED TO SECTION 301 OF THE ACT.—Section 9502 is amended by striking subsection (e) and redesignating subsection (f) as subsection (e).*

*(2) AMENDMENT RELATED TO SECTION 413 OF THE ACT.—Subsection (b) of section 1298 is amended by striking paragraph (7) and by redesignating paragraphs (8) and (9) as paragraphs (7) and (8), respectively.*

*(3) AMENDMENT RELATED TO SECTION 895 OF THE ACT.—Clause (iv) of section 904(f)(3)(D) is amended by striking ''a controlled group'' and inserting ''an affiliated group''.*

*(4) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which they relate.*

*(g) CLERICAL AMENDMENTS RELATED TO THE FSC REPEAL AND EXTRATERRITORIAL INCOME EXCLUSION ACT OF 2000.—*

*(1) Subclause (I) of section 56(g)(4)(C)(ii) is amended by striking ''921'' and inserting ''921 (as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)''.*

*(2) Clause (iv) of section 54(g)(4)(C) is amended by striking ''a cooperative described in section 927(a)(4)'' and inserting ''an organization to which part I of subchapter T (relating to tax treatment of cooperatives) applies which is engaged in the marketing of agricultural or horticultural products''.*

*(3) Paragraph (4) of section 245(c) is amended by adding at the end the following new subparagraph:*

*''(C) FSC.—The term 'FSC' has the meaning given such term by section 922.''.*

*(4) Subsection (c) of section 245 is amended by inserting at the end the following new paragraph:*

*''(5) REFERENCES TO PRIOR LAW.—Any reference in this subsection to section 922, 923, or 927 shall be treated as a reference to such section as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.''.*

*(5) Paragraph (4) of section 275(a) is amended by striking ''if'' and all that follows and inserting ''if the taxpayer chooses to take to any extent the benefits of section 901.''.*

*(6)(A) Subsection (a) of section 291 is amended by striking paragraph (4) and by redesignating paragraph (5) as paragraph (4).*

*(B) Paragraph (1) of section 291(c) is amended by striking ''subsection (a)(5)'' and inserting ''subsection (a)(4)''.*

*(7)(A) Paragraph (4) of section 441(b) is amended by striking ''FSC or''.*

*(B) Subsection (h) of section 441 is amended—*

*(i) by striking ''FSC or'' each place it appears, and*

*(ii) by striking ''FSC'S AND'' in the heading thereof.*

*(8) Subparagraph (B) of section 884(d)(2) is amended by inserting before the comma ''(as in effect before their repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)''.*

*(9) Section 901 is amended by striking subsection (h).*

*(10) Clause (v) of section 904(d)(2)(B) is amended—*

*(A) by inserting ''and'' at the end of subclause (I), by striking subclause (II), and by redesignating subclause (III) as subclause (II),*

*(B) by striking ''a FSC (or a former FSC)'' in subclause (II) (as so redesignated) and inserting ''a former FSC (as defined in section 922)'', and*

*(C) by adding at the end the following:*

*''Any reference in subclause (II) to section 922, 923, or 927 shall be treated as a reference to such*

*section as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.''.*

*(11) Subsection (b) of section 906 is amended by striking paragraph (5) and redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively.*

*(12) Subparagraph (B) of section 936(f)(2) is amended by striking ''FSC or''.*

*(13) Section 951 is amended by striking subsection (c) and by redesignating subsection (d) as subsection (c).*

*(14) Subsection (b) of section 952 is amended by striking the second sentence.*

*(15)(A) Paragraph (2) of section 956(c) is amended—*

*(i) by striking subparagraph (I) and by redesignating subparagraphs (J) through (M) as subparagraphs (I) through (L), respectively, and*

*(ii) by striking ''subparagraphs (J), (K), and (L)'' in the flush sentence at the end and inserting ''subparagraphs (I), (J), and (K)''.*

*(B) Clause (ii) of section 954(c)(2)(C) is amended by striking ''section 956(c)(2)(J)'' and inserting ''section 956(c)(2)(I)''.*

*(16) Paragraph (1) of section 992(a) is amended by striking subparagraph (E), by inserting ''and'' at the end of subparagraph (C), and by striking '', and'' at the end of subparagraph (D) and inserting a period.*

*(17) Paragraph (5) of section 1248(d) is amended—*

*(A) by inserting ''(as defined in section 922)'' after ''a FSC'', and*

*(B) by adding at the end the following new sentence: ''Any reference in this paragraph to section 922, 923, or 927 shall be treated as a reference to such section as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000.''.*

*(18) Subparagraph (D) of section 1297(b)(2) is amended by striking ''foreign trade income of a FSC or''.*

*(19)(A) Paragraph (1) of section 6011(c) is amended by striking ''or former DISC or a FSC or former FSC'' and inserting '', former DISC, or former FSC (as defined in section 922 as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)''.*

*(B) Subsection (c) of section 6011 is amended by striking ''AND FSC'S'' in the heading thereof.*

*(20) Subsection (c) of section 6072 is amended by striking ''a FSC or former FSC'' and inserting ''a former FSC (as defined in section 922 as in effect before its repeal by the FSC Repeal and Extraterritorial Income Exclusion Act of 2000)''.*

*(21) Section 6686 is amended by inserting ''FORMER'' before ''FSC'' in the heading thereof.*

***TITLE IV—PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS***

***SEC. 401. PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.***

*(a) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Section 9812(f)(3) of the Internal Revenue Code of 1986 is amended by striking ''2007'' and inserting ''2008''.*

*(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by striking ''2007'' and inserting ''2008''.*

*(c) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.—Section 2705(f) of the Public Health Service Act (42 U.S.C. 300gg–5(f)) is amended by striking ''2007'' and inserting ''2008''.*

*(d) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for services furnished after December 31, 2007.*

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 amendment to the House amendment to the Senate amendment with an amendment.

The text of the House amendment to the Senate amendment to the House amendment to the Senate amendment is as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the amendment of the House to the amendment of the Senate, insert the following:

**SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

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

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

Sec. 1. Short title and table of contents.
Sec. 2. Purposes.
Sec. 3. Definitions.

TITLE I—TROUBLED ASSETS RELIEF PROGRAM

Sec. 101. Purchases of troubled assets.
Sec. 102. Insurance of troubled assets.
Sec. 103. Considerations.
Sec. 104. Financial Stability Oversight Board.
Sec. 105. Reports.
Sec. 106. Rights; management; sale of troubled assets; revenues and sale proceeds.
Sec. 107. Contracting procedures.
Sec. 108. Conflicts of interest.
Sec. 109. Foreclosure mitigation efforts.
Sec. 110. Assistance to homeowners.
Sec. 111. Executive compensation and corporate governance.
Sec. 112. Coordination with foreign authorities and central banks.
Sec. 113. Minimization of long-term costs and maximization of benefits for taxpayers.
Sec. 114. Market transparency.
Sec. 115. Graduated authorization to purchase.
Sec. 116. Oversight and audits.
Sec. 117. Study and report on margin authority.
Sec. 118. Funding.
Sec. 119. Judicial review and related matters.
Sec. 120. Termination of authority.
Sec. 121. Special Inspector General for the Troubled Asset Relief Program.
Sec. 122. Increase in statutory limit on the public debt.
Sec. 123. Credit reform.
Sec. 124. HOPE for Homeowners amendments.
Sec. 125. Congressional Oversight Panel.
Sec. 126. FDIC authority.
Sec. 127. Cooperation with the FBI.
Sec. 128. Acceleration of effective date.
Sec. 129. Disclosures on exercise of loan authority.
Sec. 130. Technical corrections.
Sec. 131. Exchange Stabilization Fund reimbursement.
Sec. 132. Authority to suspend mark-to-market accounting.
Sec. 133. Study on mark-to-market accounting.
Sec. 134. Recoupment.
Sec. 135. Preservation of authority.

TITLE II—BUDGET-RELATED PROVISIONS

Sec. 201. Information for congressional support agencies.
Sec. 202. Reports by the Office of Management and Budget and the Congressional Budget Office.
Sec. 203. Analysis in President's Budget.
Sec. 204. Emergency treatment.

TITLE III—TAX PROVISIONS

Sec. 301. Gain or loss from sale or exchange of certain preferred stock.
Sec. 302. Special rules for tax treatment of executive compensation of employers participating in the troubled assets relief program.
Sec. 303. Extension of exclusion of income from discharge of qualified principal residence indebtedness.

**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, 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 provided for positions at level IV of the Executive Schedule under section 5315 of title 5, United States Code.

(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 may be kept confidential, upon the written request of the Chairman of the Board, in which case it shall 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.

## 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 subsection shall apply to discharges of indebtedness occurring on or after January 1, 2010.

The SPEAKER pro tempore. Pursuant to House Resolution 1517, the gentleman from Massachusetts (Mr. FRANK) and the gentleman from Alabama (Mr. BACHUS) each will control 90 minutes.

The Chair recognizes the gentleman from Massachusetts.

GENERAL LEAVE

Mr. FRANK of Massachusetts. 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 H.R. 3997.

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

There was no objection.

Mr. FRANK of Massachusetts. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, rarely have the Members had so many reasons for wishing we weren't here.

First, it's a couple of days into what was supposed to be the time when Members can return to their districts to engage in campaigning. Members had a number of important events scheduled with their constituents, with their families, with others that have already had to be cancelled, and we are into the third day of that.

Secondly, Members would rather not be here because this is a tough vote. This is a vote where many of us feel that the national interest requires us to do something which is in many ways unpopular because what we are talking about, to many of us, is the need to act to avoid something worse from happening than is already happening.

□ 0930

It is hard to get political credit for avoiding something that hasn't yet happened but you think is going to happen.

Most of all, though, we regret being here because we all deeply regret the economic conditions which have made this decision day necessary. No one is happy that we have seen the failures that we have seen in our economic system. We differ as to whether or not those failures, as they have had a cumulative effect, require us to act. I believe it is possible to debate whether or not 2 weeks ago it was necessary to act quickly. I believe that it was. The bad news continues. There has been a lack of confidence in the financial system that is pervasive. Unfortunately, a lack of sensible regulation allowed the financial system to get itself into a position where so many people owe other people so much more money than they have or can reasonably be expected to get, that as confidence ebbs and people are called upon to make good on promises they should never have made, we face a declining cycle of activity.

People have said, well, you're bailing out Wall Street. The people in the financial industry who made a lot of money still have it. Their institutions may not have it, but they do. No high executive of a failed institution will be showing up soon at the unemployment office. None of them will be hurting. They will be fine personally. The people who will be hurt, in our judgment, are those who are trying to buy or sell cars, because there won't be credit for the automobile industry. There won't be ability to refinance your house or buy a house because there won't be any money there for any purchase that requires credit of any size, people will get hurt and it will have a cumulative effect.

Now you might have argued that the tremendous lack of confidence that is causing this over-leveraging to be a problem would not have had to be addressed a week ago. But let's remember what happened. Ten days ago, on Thursday, not far from here, in the office of the Speaker, the bipartisan congressional leadership and those of us who have leadership roles in the Financial Services and the Banking Committees were asked to meet with the Secretary of the Treasury and the Chairman of the Federal Reserve. In our country, under our system, the executive has a lot of the initiative. We have an ability to shape. We have an ability to respond. But in emergency situations—let's be clear—the initiative is inevitably with the executive. And the two leading appointees of President Bush concerned with economic activities, the people the financial community looks to, came to us and said, you need to give us this authority, and if you don't give it to us very quickly, there will be a disaster.

We have not given it to them as quickly as they asked because we felt that we needed, even if we agreed with the premise of the need for action, that we had to make some improvements. And we have made many of them, not as many as I would like, but we have made many of them. But we were able to do that, I believe, because we have been able to show progress.

At all times from the time they came on Thursday night, this body has been engaged. I have been here 27, 28 years. I have never seen a piece of legislation which was so open to Member participation in which there has been so much discussion. People have said, not enough time is being spent. Well, let me say this. The hours spent on this bill exceed the hours spent on most bills. And the staffs of the committee I chair, of other committees of Members, have done extraordinary work. What we have done is substantially change what they have done, but we have been able to say at all points that we're making progress.

Today is decision day. I wish it weren't the case. But I am convinced that if we defeat this bill today, it will be a very bad day for the financial sector of the American economy. And the people who will feel the pain are not the top bankers and the top corporate executives, but average Americans. They don't see it yet. And pain averted is not a basis on which you get a lot of gratitude. But that is what is coming if we do not do something today, in my judgment, positive. If this bill dies, I think we get negative.

And again part of the reason is this—and I disagree with Secretary Paulson and Chairman Bernanke on some policy issues. I regard them both as men of high integrity and total commitment to the national interest. And I believe they are absolutely and legitimately convinced about this. And by the way, they cannot, in my judgment, be accused of excessive pessimism. If anything, they can be accused of being too optimistic. Because you will recall that beginning with the Bear Stearns intervention, they have tried a series of interventions much less intrusive than this and they haven't worked. These are not men whose first impulse was to do something this broad. These are men whose experience was that something systemic was required because, again, of the depths of the problem.

Let's not forget the cause as we debate the consequence. The cause was too little regulation and the financial market getting itself into serious trouble. And now we have to, through government action, work with them to clean this up. And by the way, we have committed, I think almost everybody in this Chamber, certainly a large majority, that next year we will put in place the kind of regulations that we wish we had had before so this won't recur. So nobody needs to worry that we do this once and we will have to do it again another time and another time. We know how, I believe, to prevent this from recurring. But that doesn't help us as we deal with it today.

And the point is this: No matter what you thought about the crisis 10 days ago, when these two internationally respected highest officials of the Bush administration of the greatest economic power in the world come up and say, if you don't do this, we will have a crisis, then even if that hadn't been true before, they have made it more true. And I don't accuse them of doing it for that reason. That is just the reality.

If we repudiate George Bush's Secretary of the Treasury and Chairman of the Federal Reserve, joined as they were by previous Secretaries of the Treasury, if we repudiate them and say, nah, calm down, we'll get over it, I believe the consequences will be severe.

So I hope that this bill is passed. It is a first step. We have a task next year to do with regulation. We have oversight that must be done about how we got here. But here is the choice: George Bush's two chief economic officials have said to us, if you do not act, there will be terrible, negative consequences for the financial sector, and they will very soon exacerbate an economy that is already troubled, that already has 6 percent unemployment and is on track already to lose more than 1 million private sector jobs in the year. If we add to this weakened economy, and this is the headline, ''The House Repudiates Top Economic Advisers,'' there is nothing, I believe, that will then stand between us and—it's not the end of the world, this is a strong country, people will still get up the next morning and still send their kids to school, but fewer of them will be going to work. And fewer of them will be buying cars. And fewer of them will be able to refinance their homes. And the consequences will be a much more dismal near economic future for the United States.

So I hope the bill passes.

I reserve the balance of my time.

Mr. BACHUS. I yield such time to the gentleman from California as he may consume.

Mr. GARY G. MILLER of California. Madam Speaker, as Chairman FRANK said, I have yet to talk to a Member who wants to have to vote on this today. This is probably the toughest vote any of us have taken since we have been in Congress. And if you just solely rely on the telephone calls we are getting from home and listen to people who really don't understand the complexity of our marketplace and what we are trying to deal with here, the easiest vote for you to make would be a ''no'' vote today. But you have to go beyond that. You have to say what happens to the family next week who wants to buy a house and they can't get a loan? What happens to the family next week who wants to get a car loan and they can't get a car loan? Or they want to send their kids to the university and they go to get a student loan, and there are no loans available?

And right now when the marketplace is running as it is, people say, well,

that is not likely to happen. But if you look at the systemic problem we have in the marketplace, there is a probability that it could happen.

Now we can roll dice today. We can say, let's not vote, and let's hope everything goes okay. And for Members, it's a very difficult situation. They say, if I vote for this bill and the bill passes and the marketplace does not crash and it continues and it improves, people are going to be mad at me because I voted to continue the process they think is bad. If you vote ''no'' on this bill and we have a crash in the marketplace and illiquidity occurs and people go to get loans, the businessman who normally relies on his loans to make payroll, he goes to the bank and the bank says, like the bank said to McDonald's, we will no longer fund expansion of McDonald's, which is the largest fast-food chain in the United States, when that occurs, then the Member has to say, what is the consequence to voting ''no'' for this bill? So it's almost a catch-22. You're darned if you do, and you're darned if you don't.

There are some things in this bill that I think should have happened earlier. We are having mark-to-market that deals specifically with assets banks have to hold that are devalued. Chairman Bernanke said last week, accounting rules require banks to value many assets at something close to very low fire-sale prices rather than at hold-to-maturity prices, which is not unreasonable in its given face of illiquidity. Banks are forced today to write down the value of the assets they have and set huge reserves aside for losses they have already taken.

The bad thing about this, I put language into the housing bill in April as an amendment. It came out of this House and went to the Senate. When the bill came back from the Senate, that language mysteriously disappeared. We could have done that then and perhaps not be quite in the situation we're in today.

The subprime marketplace that people are angry about today, the subprime marketplace is a good marketplace. But when you mix predatory lending in the market, it's bad. When you make loans to people when a trigger kicks in in the interest rate that they cannot make, you have committed a predatory loan. We should have defined that in law 4 or 5 years ago. But we did not.

If you look at the rates of interest today, they have been held down so low that the euro in recent years has increased in value dramatically, and the result of commodity prices in the U.S. is that oil, grain, coal, metal, and currency premiums are basically suffering a 20 to 30 percent hit.

If you look at the marketplace today, the declining home prices we've had out there today, and the subprime loans that they're going to be buying, they are going to be buying them at 40 percent of market value. And if you look at what is happening on the prime loans, which are good loans, they are only worth 90 percent of market value.

Members today need to look at what we're doing. Are we going to change the market or are we going to let the market continue to decline and roll dice and say perhaps nothing will happen? I think there is something we need to do in the coming months that really bothers me that is not in this bill. I think we need to look at public-private partnerships involving local communities, investors, in these assets we buy and basically maximizing the benefit and the value of these assets. If we involve the local people in what we're doing here, they will put their assets with the assets of the Federal Government, increasing the benefit to the marketplace and ensuring that the yield to these investments will produce a profit. What we don't want to have happen is like what happened during the savings and loan debacle where assets were bought by the Federal Government, dumped on the marketplace at low prices, calling the market to continually decline farther than it had currently done, and end up with a worse problem than we face.

Members need to look at what we're doing today. Some Members have worked very, very hard to come up with a compromise package that we believe is not pleasing either side. The Democrats are not happy. The Republicans are not happy. But it is something that is going to work. We need to look at that. We need to weigh our conscience for what is best for our community and what is best for our country. And we need to vote what is right for this Nation.

Mr. FRANK of Massachusetts. I yield 3 minutes to one of the most thoughtful members of our committee and a gentleman who represents in North Carolina one of the banking centers and has a great deal of knowledge of the subject under discussion, the gentleman from North Carolina (Mr. WATT).

Mr. WATT. I thank the gentleman for yielding time.

There is probably no worse instance to be doing legislation than having to do it in response to a crisis. Legislating to clean up a mess is just not as fun as it is if you do something thoughtfully looking forward to try to prevent a mess from occurring.

And we've been, for the last several years, trying to legislate. We had predatory lending legislation. We've been on the forefront of that. But we've been having difficulty getting people to recognize that a crisis was coming if we didn't respond to cut back on irresponsibility in the market.

There are two problems here. The first is, is there a real crisis that needs to be responded to? And that is really the question that I have gotten a lot more calls from my constituents about. The second issue of course is what do you do about it if there is a crisis? So let me talk about the first of those first. Is there a crisis? And that question I really don't have an answer for other than the answer that we were given by the Secretary of the Treasury and the Chairman of the Federal Reserve 1 week ago Thursday which was that we are in a real crisis situation that could mushroom into something worse than the Great Depression.

It's not my responsibility as an individual Member of Congress to go and prove that. But when the Secretary of the Treasury and the Chairman of the Federal Reserve tell me that there is a real problem, the stakes become too high for me not to take it seriously. It's not my responsibility to go and convince the American people, and I wish we had a President that had enough communication skills and enough credibility with the American people to convince them that there is a real problem. Unfortunately, that burden hadn't been carried sufficiently by the administration.

□ 0945

But I am convinced that the odds are bad enough that if we don't do something today, we will regret it for a long, long time to come. Having jumped across that threshold, we have shaped this package as responsibly as we can shape it, and I encourage my colleagues to support the bill.

Mr. BACHUS. Madam Speaker, I yield to the gentleman from California (Mr. LEWIS) for the purpose of making a unanimous consent request.

(Mr. LEWIS of California asked and was given permission to revise and extend his remarks.)

Mr. LEWIS of California. Madam Speaker, I rise in support of the measure before us.

Madam Speaker, there is a sense of urgency in the Capitol. We all know that this urgency is real: we have seen the largest U.S. bank failure in history, the demise of century-old Wall Street firms, and a nearly total freeze of our credit system.

Everyone, Republican and Democrat, is keenly aware that our economy is in dire straits. It seems increasingly clear that unless we in Congress allow the Federal Government to take bold steps, we are facing a serious recession or worse.

Treasury Chief Henry Paulson—backed by President Bush—has laid out a plan that would commit up to $700 billion to relieve the pressure on the credit system by buying bad mortgage debts and other ''toxic assets.''

The American people are rightly furious that their tax dollars will go to ''reward'' the businesses and business people who they believe got us into this mess. Most who have called my office forcefully said ''I've paid my bills, I shouldn't have to pay their bills, too.''

Frankly, I'm furious, also. The idea of spending taxpayer dollars to prop up risky investments keeps me awake at night. It goes against all the principles I have lived by—personal responsibility, smaller government, reliance on the free market.

But we cannot afford to simply look at this as angry taxpayers who believe we should just let the greed gamblers fail. The stakes are too great for that.

Uncle Sam has been involved in controversial bailouts before. There was the bailout of Chrysler in the '80s and later of Mexico in the '90s. On the optimistic side, in both instances, the dollars delivered were repaid including interest. Thus, some suggest that as our own marketplace improves, these bailouts could very well be repaid and perhaps even lead to some profits.

Earlier this week Chairman Bernanke reminded us that Wall Street is an abstraction. The internal credit markets that allow banks to borrow money from each other are hard to understand for our constituents—and for most of us, as well. I have heard constituents—and some members—say we shouldn't worry about the lack of credit between banks.

But the failure of our credit system has broad. implications, not only for the high rollers in Manhattan, but also for the families and small businesses of the Inland Empire.

When local business owners do not have cash today for payroll but know they will in the future, they can turn to their bank and get a short-term loan to pay their employees, stay open and help build the local economy.

When families do not have cash to buy a home or a car, they turn to their bank to get a mortgage, create wealth and help build the local economy.

When high school students do not have cash to pay for college, they turn to their bank to get a student loan. When those students graduate, they enter the workforce and help build the local economy.

When banks stop lending between themselves, they soon stop lending to everyone else and economic expansion at the local level stops. The crisis on Wall Street becomes the crisis on Main Street.

The liquidity crisis is a linchpin of the broader economic crisis facing our constituents. This crisis has already hit our seniors in retirement and those looking at retirement. Even savvy retirement age constituents who made sound investment choices are not immune to our current market downturn. Should we refuse to act swiftly, those who rely on investment income and do not have the luxury of time to wait for long-term market adjustments will have even less money for food, housing and medical needs.

In my own district and yours, we are seeing clear signs that a downturn in the financial markets impacts city and county investments and puts important public projects at risk. Can we afford to increase that risk to local growth?

There is no question that investing in the market also poses risks, but if we can reduce market uncertainty, those risks are reduced for everyone. That is the only way to protect the investments made by seniors who built our economy's foundation and localities serving our constituents.

Allowing the markets to crash and leaving Wall Street to its own devices does punish the decisionmakers who fueled this crisis. But we all know it won't stop there. Millions of Americans will suffer the consequences, even those who felt they were being careful with their retirement nest egg.

There is no question that we in Congress must move deliberately and do everything we can to reduce or eliminate the risk to taxpayer funds. And whatever action is taken by Congress, we must make certain that those who got us into this mess do not profit further from the solutions we develop.

But we cannot avoid risk. Ultimately, we must face the realization that doing nothing will cause a potential catastrophe, and the suffering won't be felt just on Wall Street. It will be on every Main Street in America.

Mr. BACHUS. Madam Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. PUTNAM).

Mr. PUTNAM. Madam Speaker, I thank the gentleman from Alabama for yielding.

There is an old Chinese proverb, ''may you live in interesting times,'' and these are interesting and remarkable times.

In the past 2 weeks, we have seen the five largest investment banks in the United States be reduced to two. Last week, the largest bank in the United States failed. Over 2,000 branches spread out across this country, retail outlets where ordinary Americans, downtown merchants, farmers, students, seniors, savers relied on that bank to meet their needs, it failed last week. This morning, another major bank on the brink of collapse was purchased for $1 a share.

Last week a money market fund announced that, for the first time, they had ''broken the buck,'' that they could not guarantee that every dollar you put into that money market account would be retrievable on your request, and a second major money market account announced that they were closing and not accepting any new deposits for fear of the same thing happening to them.

Now, when you get beyond credit swaps and derivatives and all these complicated things that obviously not even the Wall Street traders who are engaging in them understood and start talking about the bank on the corner failing and the money market funds where every small business holds their payroll, where every saver is trying to wring out an extra half a point of interest, you have reached Main Street. You are now standing at the brink of a financial collapse that is well beyond the financial capitals of the world.

I also failed to mention, since we are not just talking about an American problem, that this weekend alone, three of the largest banks in Europe either failed or were nationalized.

So we live in interesting times, and we are watching one domino after another fall that are the pillars of our financial system here in the United States.

Now, I tried to think of the right analogy, and it dawned on me that, being from Florida, we get a lot of hurricanes, and in 2004 we had three hurricanes come across Central Florida, my home, in nine weeks, bam, bam, bam. Then a year later we watched a storm come across Florida and build in the Gulf, and it got bigger and bigger and moved faster and faster and had a bull's eye on New Orleans, and I, like a lot of Americans, wondered why more people weren't leaving, why more people weren't heeding the warnings that were so obvious from the weather map of what was building into a monster in the Gulf of Mexico.

If you have ever wondered why people don't get out of the way of an oncoming storm, a hurricane that is barreling down on top of you, despite days of notice, despite satellite imagery, despite all of the best advancements in communications, then you have to apply that same analogy to what we are seeing now; one bank after another failing, rolling out of New York, rolling out of Brussels, out of London, out of these places that seem so foreign, into our Main Streets, into our merchants' associations, into our farmer cooperatives.

You are watching this happen. So how could you as a Member of Congress in seeing that roll across the countryside not do everything in your power to prevent it?

The previous speaker made an outstanding reference to the fact that Congress is known for producing fairly bad legislation in the aftermath of a crisis. What we have before us today is an attempt to avert that crisis and all of the rushed legislation that would follow a collapse, the likes of which we have not seen in this country since the 1930s.

This bill is a substantially different bill than what Secretary Paulson and the President sent up here a week ago. It is a better bill than what they sent up here, and it is a bipartisan bill.

We talked about how remarkable these times are. Last week, two candidates who have spent 2 years, two difficult, hard-fought years looking for a way to beat the other one to become the next President of the United States, both hit the pause button and released a joint statement of principles in agreement that Congress needs to act to avert a financial collapse.

This body has come together to produce a bill that is distasteful to most, that required both sides to give up many of the individual items that they thought would be helpful—pro-growth capital gains policies that Republicans thought would be helpful, affordable housing trust funds issues that the Democrats thought would be helpful, both gone from the draft of this bill—and instead focusing on the central goal, which is to avert the financial collapse that all of the experts and all of the evidence and all of the bank failures and all of the money market closings indicate is very possible if Congress doesn't act.

So, by virtue of Congress coming together and improving the Paulson plan, by virtue of the people's elected representatives having the opportunity to weigh in on this issue and to hash out these problems and to work around the clock on the weekends to make this a better bill, it will not cost $700 billion, as has been widely reported in the original draft, for a variety of reasons; the potential upside of the assets that the government is buying, the insurance program.

The most recent intervention that this Congress passed in the GSEs was estimated at $300 billion in costs. It was actually scored at $25 billion in costs.

So it is important that the taxpayers understand that because the Congress has moved forward on this issue, it will be a smaller tab for the taxpayer. But it will be an effective intervention to restore the confidence necessary to avoid the kind of panic that we haven't seen in generations in this country.

This is no longer the Paulson-President's plan. Because of the work that Chairman FRANK and the Republican negotiators have done, this is a better bill; better for the taxpayer, no golden parachutes for CEO's who drive their companies into the ground and walk away with millions, none of the special interest projects that concerned so many people on our side.

But, most importantly, the evidence is overwhelming that we must act. It is always difficult to compile legislation this complex under such a short timeframe, and we are up against a short timeframe because of the markets, because of the holidays, because of the natural calendar in our political cycle. The only thing worse than that is the kind of legislation that will result in the aftermath of the debris that remains after a financial collapse.

So I stand here today willing to support this bipartisan compromise that has been hashed out over these last several days that is such an improvement over what we began with a week ago, but is so important to the financial architecture, not just of investment firms and speculators and people who got too cute by half with someone else's money, but someone who is willing to support this bill because it is so important to the seniors, the savers, the merchants and the farmers who need to understand that the confidence will be there in their banking system; that they don't have to withdraw their funds and stick them under the mattress; that our country's free market system is still the greatest in the world; and that this intervention will allow those credit markets to unlock and we will be able to unwind and deleverage this marketplace and move forward together.

So I compliment my chairman, I compliment our Republican negotiators, Mr. BLUNT and Mr. CANTOR, and I urge my colleagues to support this bill.

Mr. FRANK of Massachusetts. I thank the gentleman for his words, and I now recognize the gentlewoman from California (Ms. WOOLSEY) for 2½ minutes.

Ms. WOOLSEY. Thank you, Mr. Chairman, for allowing time for the opposition.

There are some major questions, Madam Speaker, to be answered by a bailout package that fails to address the root cause of the financial crisis facing our Nation, one that does little or nothing to secure the underlying problem of mortgage foreclosure and economic suffering that hardworking Americans are facing every single day.

Question one: Where is the comprehensive economic stimulus package that will assist 95 percent of the taxpayers, a package that includes unemployment benefits, food stamps, infrastructure investment, and, of course, foreclosure relief? Stability should come from the bottom up; an economic stimulus package that will allow those in foreclosure to pay their mortgages and stay in their homes, bringing value back to the mortgage-backed securities that are clogging the financial system.

Question two: Why isn't Wall Street paying for the mess they created? By reinstating a one quarter of 1 percent surcharge on stock trades, we can raise nearly $150 billion a year from those who have actually caused this mess and profited from it also.

Finally, question three: With only 3 months left of this current administration, why are we willing to even make available $700 billion to this administration? President Bush and Secretary Paulson have been wrong from the start on just about everything. If you think they will be responsible with this money, think again.

I, for one, will be in opposition of this bailout with these major questions unanswered.

Mr. BACHUS. Madam Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. MCCOTTER).

Mr. MCCOTTER. I rise today not to change anyone's mind, but to express to my constituents my reasons for opposing this bill.

There will always be time and pretext enough for people to compromise their principles and put forward poor public policy that may in the short run be popular, but in the wrong run will be detrimental to the long-term interests of the American people. We learn this through history.

In the 1832 bank panics, Andrew Jackson had the question of whether he would remove the Bank of the United States' charter. The people in the bank did not like that. They threatened the prosperity of the American people. In the middle of the panic, Andrew Jackson looked at these bankers and he said, ''There are no necessary evils in government. The Treasury to you, gentlemen, is closed.''

This was an act of courage on the part of President Jackson, because he understood what was at stake was not merely an ephemeral prosperity or a panic caused by the very people with their handout. Andrew Jackson understood this was about majoritarian rule; it was about the faith in the people's representative institutions and those who inhabit the seats in which they are entrusted.

Today we are in a global financial bank panic. It is the first of our global economy. We are seeing a leveraged bailout of the United States Treasury. In the end, these interests that want your money are threatening your prosperity, and the choice you face is this: You will lose potentially your prosperity for a short period of time at the expense of your long-term liberty. Once the Federal Government has got you to take that risk and pass it on to you as a ''moral hazard,'' they will be in the marketplace. And as the free market is diminished, your freedom itself is diminished, and as your Congress does not stand up to these and put forward a better plan that truly protects the taxpayers, that truly has the long-term interests of the United States at heart, you will be in jeopardy of losing both your prosperity and your liberty.

The choice is stark, and it was put forward in the book by Dostoevsky. In ''The Brothers Karamazov,'' the grand inquisitor came to Jesus and he said, ''If you wish to subject the people, give them miracle, mystery and authority; but above all, give them bread.''

It has always been the temptation in a crisis especially to sacrifice liberty for short-term promises of prosperity, and it was no mistake that during the 1917 Bolshevik Revolution the slogan was ''peace, land and bread.''

□ 1000

Today you are being asked to choose between bread and freedom. I suggest that the people on Main Street have said that they prefer their freedom, and I am with them.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Chairman FRANK, thank you for trying to save America's economy. I don't know anyone who could have understood the intricacies of this bill, held your own with the Bush-Cheney administration on behalf of the taxpayer and navigated Congress' political waters as skillfully as you have. If this bill passes and the markets have stabilized, it will be to your credit and perhaps, more importantly, when the taxpayer reaps the benefit of this bill, they will look back to your leadership and your legacy.

I want to say a word about that latter point. This is a good deal for the taxpayer, and let me explain why with the help of a current analysis from the staff of Barron's magazine. This is the time to be buying—when everyone else wants to sell. But the government is the only agency that can do so because we can borrow at 3 percent with no collateral requirement. There is such a gap today between today's panic prices and tomorrow's inherent value that the taxpayer is in an enviable position. But the Treasury must act as a proxy for the taxpayer. There's no alternative to that.

Now, once we start buying tranches of securities, even with a third of the money authorized by this bill, the securities markets will bounce back and, more importantly, so will the value of residential real estate. Treasury is likely to be buying mortgage debt at

an average of 65 cents on the dollar. Since Treasury borrowing is about 3 percent with no collateral requirement, we will get about $35 billion in annual interest on $250 billion or $70 billion on $500 billion from these mortgage securities because they will yield a net of about 7 to 8 percent return. I know those are just numbers but this is about numbers.

More importantly, Treasury has the luxury of time. With proper oversight and regulatory discipline, markets will be back on their feet within a year and at that time the taxpayer is likely to recoup a 25 to 30 percent nontaxable capital gain on many of these security packages, on top of the underlying maturity value.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman an additional minute.

Mr. MORAN of Virginia. Thank you, Mr. FRANK.

More importantly, American consumers, who are the real drivers of this economy, will be back in the drivers seat, able to borrow loans on businesses, cars, college and, most importantly, their homes.

That is why we need to pass this bill now. Greed is the accelerator in a capitalist economy, but unless we're willing to tap on the regulatory brakes once in a while, the economy is going to crash. We learned that 75 years ago. Let us not repeat that mistake again. We need to put some fundamental disciplines into this market to turn us back in the right direction so that we can continue to be the most prosperous country in the world. But right now what we have to do is to steer this economy from the edge of the abyss. That's what this bill does and that's why we need to pass it today.

Mr. BACHUS. Madam Speaker, I yield 3 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. I thank the gentleman for yielding.

Madam Speaker, this is clearly one of the most important votes that many of us will cast in our congressional careers. We are all concerned about the state of our economy. We are all concerned about the state of our capital markets. What has infected Wall Street may soon reach Main Street. Inaction has never been an option. But, again, the Paulson plan should never have been our only option. I fear other options, Madam Speaker, have never been considered seriously in the body. Although I certainly want to congratulate our ranking member, SPENCER BACHUS; our Republican leadership—ERIC CANTOR of Virginia, PAUL RYAN of Wisconsin—for the work they've done to improve this bill, this is clearly a better bill, Madam Speaker, than it was a week ago, but that's not the relevant test. The relevant test is when you look at the good in the bill, when you look at the bad in the bill, does it take America in a direction that you believe America should go? By that test, Madam Speaker, I will vote ''no'' on this legislation.

I fear this legislation before us is fraught with unintended consequences. I fear that ultimately it may not work. I fear that it is too much bailout and not enough workout. I fear that taxpayers may end up inheriting the mother of all debts. Now, some have come to the House floor and said, well, the taxpayer's going to make money on this. You know what, Madam Speaker: They may be right. I can tell you this much, Madam Speaker: as history as our guide, the taxpayer lost $200 billion on the S&L bailout. I can raid my neighbor's college fund for his children, go put it on a roulette table in Las Vegas, maybe I'll triple his money for him, but you know what, Madam Speaker, it's not a risk my neighbor voluntarily assumed.

I fear that under this plan, ultimately the Federal Government will become the guarantor of last resort and, Madam Speaker, that does put us on the slippery slope to socialism. If you lose your ability to fail, soon you will lose your ability to succeed. That's why, Madam Speaker, House conservatives have put forth an alternative plan, and we are happy to work on it today and all next week. As important as it is to act quickly, it is more important to act rightly. We would hope this plan would get serious consideration.

And, Madam Speaker, once it does, we hope that we can go on—that we can address the taxpayer crisis, as our fellow citizens are looking at the largest tax increase in American history; the spending crisis of an out-of-control Congress; the energy crisis where we see too many of our fellow citizens struggling to pay their bills.

Madam Speaker, as we look at this legislation, and I respect all regardless of what side they come down on, if in doubt, err on the side of freedom.

Mr. FRANK of Massachusetts. Madam Speaker, I now yield 3 minutes to the chairman of the Armed Services Committee, the gentleman from Missouri (Mr. SKELTON).

Mr. SKELTON. Madam Speaker, article 1, section 8, of the Constitution grants Congress the responsibility of raising and maintaining the military of our country. Our Founding Fathers were wise to put this power in the hands of Congress, the branch of our national government most closely connected to the American people. As chairman of the House Armed Services Committee, I take seriously Congress' role with respect to national security policy. In a series of recent committee hearings designed to study the need for a new comprehensive strategy for advancing American interests, it was evident that America must use all elements of national power—military, diplomatic, and economic—to remain the indispensable nation, acting as a consistent and ever-present global force.

If our economy were to falter, it would undercut America's global military and diplomatic strength. And it would be far more difficult for Congress, working with the President, to properly address our international challenges. It is through the lens of national security that I have examined the economic rescue bill before the Congress today.

The economic crisis is real. Cash flow in the market has slowed, and some of America's top financial firms have failed. If action is not taken immediately, experts warn that the average American, including those in rural Missouri, will find it difficult or impossible to obtain credit for a mortgage, a car loan, a farm loan, a college loan or a small business loan, bringing economic activity to a standstill.

At the request of the President of the United States, Congress has worked over the last week to build consensus around a bipartisan plan to stabilize the financial markets. Luckily, the bill being considered today bears little resemblance to the $700 billion blank check that the President initially requested back on September 20. That approach was totally unacceptable. So Congress improved it in a way that better protects the American taxpayers.

Like many of the Fourth District residents from whom I have heard in the last week, I am angry that we find ourselves considering an economic rescue bill. But as I have studied the specifics of the crisis, I am convinced the consequences of inaction would be dire for America's economic and national security and for our country's overall standing in the world community.

While I support this particular bill, I urge Congress to continue studying the economic turmoil we are facing and to consider additional legislative solutions to it. We must get to the bottom of what caused this crisis so that it does not happen again.

Madam Speaker, I intend to vote in favor of this bill.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. CULBERSON).

Mr. CULBERSON. I thank the gentleman for yielding, and I want to point out that this legislation is giving us the choice between bankrupting our children or bankrupting a few of these big financial institutions on Wall Street that made bad decisions. Now, my daughter didn't do anything to deserve this. I know what the banks on Wall Street did.

Look at the bill itself. Let me just point to a couple of sections in the brief 2 minutes that I've got to see that the Secretary of the Treasury is being given authority absolutely unprecedented in the history of this Nation. We're essentially creating a King Henry here who is going to be able to buy any type of financial instrument he wants from any financial institution anywhere in the world, anywhere in the world owned by anybody, the Secretary can step in using his authority to buy any troubled asset he wishes—not just limited to residential mortgage-backed securities—any financial

instrument owned by any foreign entity, any American entity anywhere in the world and, quote, the Secretary is authorized to take such actions as the Secretary deems necessary to carry out this act.

It is also unprecedented that you can't sue him to stop him. The judicial review section of this bill says that if you attempt to sue the Secretary, you can only overturn his decision if he does something that's arbitrary, capricious or an abuse of discretion, essentially something that's completely irrational. That's an absolutely unbelievable standard that gives the Secretary unbridled discretion, and you'll never be able to overturn or go after what he's doing in court.

It also allows the Federal Government for the first time, quoting from the bill here, page 28, the Federal property manager who holds, owns or controls mortgages even has the authority to get into negotiating and changing the terms of individual mortgages. It is an unprecedented, unaffordable and unacceptable expansion of Federal power that our kids cannot afford, that we have never seen in the history of this country, and I urge the Members to remember that there's a better alternative.

We, fiscal conservatives in the House, laid out sound alternatives that we need to take time to breathe and think about this and consider thoughtfully in committee. For example, just changing the mark-to-market accounting rule would make a tremendous difference. We could go in and examine, for example, why don't we repeal the capital gains tax and take it to zero as they do in so many other successful economies?

Don't vote to bankrupt our kids at the expense of saving some of the big Wall Street banks.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Thank you.

Like the Iraq war and the PATRIOT Act, this bill is fueled by fear and hinges on haste. So much is missing. There is:

No requirement that Wall Street pay a dime for the damage it caused or the cleanup cost; though a future President can request that Congress do what it declines to do today.

No meaningful limitation on outrageous executive pay; like the war, there is no shared sacrifice; only rewards for the greedy and more burdens for the needy.

No complete bar on American taxpayers having to bail out the Bank of China—and the entire world.

No guarantee taxpayers will not be overcharged for buying toxic debts that no one else wants.

No guarantee taxpayers get a fair share in future profits of those who are bailed out.

Yes, every one of these concerns receives cosmetic attention in this bill. Not even Avon or Mary Kay can compete with the cosmetics in this bill. It's 100 pages—much better indeed—but three pages of what Secretary Paulson would do and 97 pages of what Secretary Paulson could do, plus excuses for approving most of his three pages.

□ 1015

It aspires, but it seldom requires. All of us want to avoid further economic deterioration. Action or inaction today—that is a false choice. It is a matter of having never seriously considered any alternative in these negotiations to handing over $700 billion to the same Bush Administration that has done so much to create this crisis, so little to prevent it, and for whom the vultures have now come home to roost.

Congressman LLOYD DOGGETT's assertions about the shortcomings of the legislation are supported by the following citations to the bill:

(1) "No requirement that Wall Street pay a dime." Section 134 (After 5 years, the President need only submit a proposal, which he may or may not support, to Congress, which it may or may not approve, for recouping any shortfall from the financial industry.)

(2) "No meaningful limitation on outrageous executive pay." See Section 111 (Providing limited and vague restrictions on executive compensation and golden parachute payments. Even these very modest provisions apply only during the period of the bailout or as long as the Treasury actually holds the company's debt or equity.)

(3) "No bar on American taxpayers having to bailout the Bank of China." See Section 101(e) (Includes no prohibition on any American institution acquiring troubled assets owned by foreign institutions and reselling them to the Treasury.); Section 3(9) (Subsection (a) defines bailout-qualified "troubled assets" as mortgage-related securities created before March 14, 2008, but then subsection (b) then grants essentially unlimited authority for the Treasury Secretary to buy any asset he chooses; neither subsection applies a limitation regarding the date upon which the asset was acquired); see also Section 112 (In certain circumstances, foreign banks holding troubled assets may also sell these assets to the Treasury.)

(4) "No guarantee that taxpayers will not be overcharged for buying toxic debts." See Section 101(e) (expresses concern about unjust enrichment while at the same time granting the Secretary of the Treasury unfettered discretion in purchasing troubled assets.)

(5) "No guarantee that taxpayers really share in future profits of those bailed out." See Section 113(d) (The value of any stock warrants received for troubled assets is at the discretion of the same Treasury Secretary who has made clear he does not want the warrants.)

Mr. BACHUS. Madam Speaker, I yield 4 minutes to the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Madam Speaker, I thank the gentleman for yielding.

I rise in opposition to the Emergency Economic Stabilization Act and urge my colleagues respectfully to oppose it.

Our Nation has been confronted by a crisis in our financial markets. The President and this Congress are right to act with all deliberate speed in addressing this crisis. We now have a bill that promises to bring near-term stability to our financial turmoil, but at what price?

Benjamin Franklin in 1759 said, "They that can give up liberty to purchase a little temporary safety, deserve neither liberty nor safety."

Economic freedom means the freedom to succeed and the freedom to fail. The decision to give the Federal Government the ability to nationalize almost every bad mortgage in America interrupts this basic truth of our free market economy.

It must be said that Republicans in this Congress improved this bill. But it remains, in my judgment, the largest corporate bailout in American history, forever changes the relationship between government and the financial sector, and passes the cost along to the American people. And I cannot support it.

There are no easy answers, but the American people deserve to know there are alternatives to massive Federal spending. The Bush administration and this Congress have acted quickly, but ignored free market solutions to this crisis. The House Republican plan, as a solid alternative, would have set up an FDIC-style mandatory insurance program in which Wall Street firms would have paid to insure their mortgage-backed securities. Doing so would have made Wall Street pay the cost of this rescue instead of Main Street. And while there is an option for an insurance plan in this bill, it falls far short of the substitute that Republicans desired.

The House Republican plan would have injected liquidity into our markets through fast-acting tax strategies, releasing the economic power inherent in the American economy. Temporarily reducing the repatriation tax, as we did in 2005, would have brought hundreds of millions of dollars back into this economy. And there were other business deductions that would help the financial sector get back on its feet. There were alternatives.

So I say to my colleagues: before you vote, ask yourselves why you came here, and vote with courage and integrity to those principles. If, like me, you came here because you believe in limited government and the freedom of the American marketplace, I urge you vote in accordance with your convictions.

Duty is ours; outcomes belong to God. The American people and our posterity deserve to know that there were men and women in this Congress who opposed the leviathan state in this hour. If you do this, I promise you, I will stand with you. And I believe with all my heart, the American people will stand with you as well. Stand up for limited government and economic freedom. Stand up for the American taxpayer. Reject this bailout and vote

''no'' on the Emergency Economic Stabilization Act.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to the gentleman from California (Mr. COSTA) for the purpose of a colloquy.

Mr. COSTA. Madam Speaker, to the chairman of the Financial Services Committee, it is my understanding that section 132 of the bill authorizes the Securities and Exchange Commission to suspend by rule, regulation or order, statement 157 of FASB if the commission determines it is necessary and appropriate and in the public interest and that this discretionary authority would grant banks flexibility in meeting their accounting requirements; is this correct?

Mr. FRANK of Massachusetts. Yes, this reaffirms existing law, but we did it explicitly to underline its importance. There is very legitimate concern in this body on both sides of the aisle for the community banks. They are, in many cases, victims of practices from which they, themselves, abstained.

There is language in here that tries to give them some relief that they would get from the preferred tax situation with Fannie Mae and Freddie Mac. Other Members have raised the question of increasing the FDIC insurance limit next year, and this one in particular on the accounting, obviously none of us want the legislative accounting. But the gentleman has raised a very important point, and yes, we agree absolutely with how he has framed it.

Mr. COSTA. And I understand, Mr. Chairman, the section does not require the SEC to grant such discretion. Is it the intent of the gentleman and the chairman of the SEC to ensure that banks are granted accounting discretion, to the extent that such discretion is consistent with the intent of the language in section 132, including but not limited to in reports that will be required at the end of this month?

Mr. FRANK of Massachusetts. The gentleman is again correct. It does not require it, but we would clearly hope that they would look at this very seriously.

Mr. COSTA. And the legislation doesn't speak to it, but it is my understanding that the chairman of the committee will work on all regulatory agencies, including the banking regulatory agencies, to ensure that banks have the necessary and appropriate flexibility to address the changing market environment regarding capital requirements, accounting, audits and reports, and to do so in a timely manner for reports as of September 30, the end of the next reporting period, and would include but not be limited to the section 132 discretion?

Mr. FRANK of Massachusetts. Yes. There are two separate things here. One is the mark to market accounting due to the consequences that follow that.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. FRANK of Massachusetts. I yield an additional 30 seconds.

One thing we talk about as you study what the appropriate accounting ought to be, not legislative but as they study it, there is room for flexibility in how quickly various consequences attach to that, and we are discussing that with the regulators.

Mr. COSTA. Finally, Mr. Chairman, I would like to commend you and the staff for the hard work that has been done on assimilating this very important package.

While it is unfortunate that we are in this position here today, the economic security of our Nation is at risk. We are talking about Main Street here. To do nothing is not an option. I look forward to supporting this effort and your efforts in the next Congress to do the reforms that are necessary to bring back economic sanity to our country. I would urge an ''aye'' vote.

Mr. BACHUS. Madam Speaker, I yield 3 minutes to the gentleman from California (Mr. DANIEL E. LUNGREN).

Mr. DANIEL E. LUNGREN of California. Madam Speaker, I rise in support of the Emergency Economic Stabilization Act of 2008.

Years ago when I was much younger, I was a lifeguard. And I recall one of the first lessons you learn as a lifeguard is that if you know there is a dangerous undertow, you get the people back on the beach and out of the water.

Maybe we can reflect and say we didn't see the undertows coming and we didn't get the people out of the water and onto the beach. But the other thing that I learned when I was a lifeguard was that if you found someone that was in the undertow, you attempted to rescue them. You didn't stand there and curse Mother Nature. You didn't say, Why didn't they do something yesterday? Or, Why didn't we do something an hour ago? Or, Why didn't we blow the alarm 10 minutes ago? You went and you tried to rescue the individual or individuals who were in distress.

That's where we find ourselves today. We are in distress. I am not an expert on the international financial markets, but when bank after bank after bank appears to be going down in Europe, when we have bank failures here, when it appears to be a consensus of this House and the Senate and the executive branch that we have a difficult time, someone called it crisis, some would say that we are on the verge of a cataclysmic event, that we ought to take note and do something about it.

So I would say to my conservative friends, if we want to protect the taxpayer, we ought to try to get the best deal we possibly can under the circumstances. Under these circumstances, as we stand here today, I believe this is the best possible solution we can get.

Would I prefer something else, yes. I voted against the previous question because I wanted the Republican alternative, but we don't have the votes for that. So we need to do something to protect the taxpayer. But more importantly, let's bring this down to the very basic level. This is a question of jobs. It is a question about whether people in our districts are going to have jobs supplied by small businesses, medium-sized businesses. Can they go to the bank to get the credit so they can put out the payroll.

Now, here is the problem. The chairman of the committee mentioned this awhile ago. We don't have the catastrophe right yet. If we prevent the catastrophe, will anybody notice? But it again reminds me of the time when I was a lifeguard. There were a lot of people who didn't get in trouble because I ran a pretty good pool.

The SPEAKER pro tempore. The gentleman's time has expired.

Mr. BACHUS. I yield 1 additional minute to the gentleman.

Mr. DANIEL E. LUNGREN of California. I didn't allow small children who didn't know how to swim to jump into the pool. I didn't allow people to dive into the pool where I knew it was too shallow and they could break their necks. I didn't get credit for saving them after they dove in the pool and broke their necks. I didn't get credit for saving a little child from jumping in the water and nobody noticing that child and having that child drown. But I know. I did my job, and I prevented some possible tragedies.

So I would ask Members on my side of the aisle, think about it. If you truly believe we have the possibility of this economic breakdown, at least attempt to save the people in the pool. It isn't what I would desire. It is not what I would have brought to the floor had I had the unique chance to do it, but it is the best opportunity we have. Let's not miss it.

Mr. FRANK of Massachusetts. Madam Speaker, I yield to the gentleman from Indiana (Mr. VISCLOSKY) for a unanimous consent request.

(Mr. VISCLOSKY asked and was given permission to revise and extend his remarks.)

Mr. VISCLOSKY. Madam Speaker, I rise in opposition to H.R. 3997.

Madam Speaker, in 1991, when Congress was considering repealing the Glass-Steagall Act and its regulatory framework, Representative JOHN DINGELL stated that repealing the Glass-Steagall Act would usher in a ''golden age of thievery.'' Mr. DINGELL has been proven correct.

As recently as September 15, President Bush was saying that ''Americans have good reason to be confident in our economic strength,'' and that ''We have a flexible and resilient system that absorbs challenges and makes corrections and bounces back.'' Henry Paulson was saying that the current turmoil in markets and financial institutions ultimately would ''make things better.''

Now suddenly, we have a crisis. The Bush Administration would have us believe that this crisis is a sudden accident of nature, that it just happened, and could not have been prevented. This crisis is not an accident of nature.

The stage was set for this crisis with the repeal of Glass-Steagall in 1999, but this crisis is not the result of a single error in policy. It is the direct result of years and years of deliberate and cynical exploitation by the captains of an unregulated industry, aided and abetted by an Administration that has willfully failed to enforce our laws and regulations, and that has selected individuals from the very institutions that need oversight to watch over their friends and former colleagues. This crisis is what happens when you set the foxes to guard the henhouse for 8 long years.

Now we are being asked to solve this crisis that has been building for most of the last decade in 7 days. But is the solution being foisted on us really going to help Main Street? Or is it simply meant to clean up Wall Street's mess, cloak the Bush Administration's abysmal failure to protect the people of this country from financial predators, and further enrich those whose covetousness has caused this problem? Is it going to help the people we represent, or is it going simply add to the profits of foreign banks?

Additionally, the Washington Post of September 27, 2008, reports that the six largest banks in the world are going to emerge from this crisis even larger than before. But what about the small community banks that have been following the rules and dealing fairly with borrowers, and who will bear the brunt of the financial dislocation caused by irresponsible financial giants? Why are we leaving our smaller banks to fend for themselves, while bailing out foreign banks? Why does the Royal Bank of Scotland, with $3.5 trillion in assets, need welfare from the American taxpayer?

The Bush Administration is rushing us into spending $700 billion without stopping to think things through, because there just isn't time for thinking. They say, trust us, this is necessary.

I've heard this before.

To me it sounds like what we were told about Iraq: that we had to go to war right away, because of the Weapons of Mass Destruction that Saddam Hussein possessed. Oh, that's right, they didn't exist. We were told "Trust us."

It sounds like what we were told when we had to pass the Patriot Act immediately to allow the government to eavesdrop on our private communications and to get the list of books you checked out of the library without probable cause; because there was a risk of terrorism. We were told that we had to fall in line quickly and trust the President.

Now it's "trust us" again. I didn't then, and I don't now!

What about the people we're supposed to be protecting? Contrast the President's urgency to help the minions of Wall Street with his disdain for the most vulnerable members of society: our children. During the last two years we asked President Bush to help provide health insurance to 4 million additional children in our country. He refused to do so—twice—but now he says we have to bail out 4 million brokers in 7 days.

Where was the bailout when real people, the people I am here to represent, experienced financial crisis?

When LTV went bankrupt and thousands of people lost their jobs, President Bush didn't sound the alarm. All I know is that Richard Fuld of Lehman Brothers made $34,832,036 last year.

When many Bethlehem Steel retirees had their pensions cut, did President Bush provide a helping hand? All I know is that when Stan O'Neal retired from Merrill Lynch, his compensation package was worth $161.5 million.

When National Steel went bankrupt, did this Administration ask for a bailout? All I know is that Freddie Mac's Richard F. Syron made $18,289,575 in 2007.

When Republic Steel went bust under this Administration, they ceased to exist. On the other hand, AIG ceased to exist after a federal bailout, and no one asked Martin J. Sullivan of AIG to give back the $14,330,736 he was paid last year.

Let us also look ahead. This year, we are projected to have a deficit of $407 billion, on top of our national debt of $9.68 trillion. Our Inland Waterway Trust Fund will be broke by June of next year. Our Highway Trust fund needed an infusion of $8 billion this year because it was out of money. Medicare is slated to be insolvent in 2019. Today we're being asked to provide the titans of Wall Street $700 billion that we will have to borrow because no one wants to pay for it. Think of our poor children, and I mean that literally. And think about the next administration that will have to live with the consequences of this Wall Street bailout for its entire term.

It is clear that the problems in our current financial system are not temporary aberrations in an otherwise healthy system, and will not be easily addressed with a one-time infusion of cash. I know that I am not alone in saying this. On September 25, 2008, 200 independent economists who don't work on Wall Street, who don't work for the Federal Reserve, who don't work for the U.S. Treasury, signed a petition stating that this plan could create perverse incentives, that it is too vague, and that its long-run effects are unclear. Gary Aguirre, a former employee of the Securities and Exchange Commission, points out that as much as half of the $700 billion dollars could be wasted if there is not careful oversight over the valuation of the bonds we would be buying, resulting in a $350 billion gift to Wall Street.

Now, these economists and Mr. Aguirre may be wrong too, but they have a lot more veracity with me than the supposed experts promoting this bailout plan, who are from the same institutions that created this mess in the first place. Given the gravity and systematic nature of our problems, and given the lack of information with which we have been provided, I believe that Congress should be deliberate and conduct a comprehensive examination of alternative solutions.

Chairman DINGELL was right: We are now in the golden age of thieves. And where I come from we put thieves in jail, we don't bail them out. We should reject this proposal.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to the Chair of the Financial Institutions Subcommittee, a very creative legislator, the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Madam Speaker, this is a difficult vote. This bill is not popular, but it is necessary. A wholesale failure of the banking system would be the financial equivalent of an economic heart attack, the consequences of which could severely affect the lives and livelihoods of millions of ordinary American citizens.

The bill before us endeavors to prevent such a calamity. I do not pretend that it is a perfect bill, and taxpayers are rightfully outraged at the prospect of bailing out irresponsible banks and those that lead them.

Speaker PELOSI and Chairman FRANK have made improvements in this bill. We have imposed stronger oversight, allowed judicial review, and mandated transparency through the publication of asset purchase prices. We have directed the Treasury to safeguard taxpayer interest while reducing foreclosure, allowed the government to obtain equity warrants so taxpayers may participate in the upside of rescued banks. We have created a system under which the banks themselves will pay to insure each other's assets.

Perhaps most importantly, half the funds, $350 billion, will not be made available until after a 4-month cooling off period, during which time we in Congress can use that transparent reporting to examine the prices paid for the assets, the warrants obtained, and the program's effectiveness in stabilizing the financial system and aiding American taxpayers and homeowners.

□ 1030

We will continue our work on October 6 in hearings before the Government Reform and Oversight Committee in ways to reform the financial system and stabilize our economy.

I urge a "yes" vote.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. BROUN).

Mr. BROUN of Georgia. I thank the gentleman for yielding.

This is probably the most important vote that Members of Congress are going to take this year and for many, many years. Unfortunately, this bill is not going to solve the problem. This bill is going to bail out foreign banks. It's going to bail out Wall Street. But it's not going to bail out banks, and it's going to hurt the taxpayer.

During the negotiations, we've had some changes to the Paulson bill, but this essentially is Mr. Paulson's bill to help his friends, and I can't buy it.

Frankly, Madam Speaker, I see this bill as just a stopgap that's going to push us a little further down the road. We're still going to have the economic collapse, we're still going to have the stock market crash, we're still going to have all of the problems that this is supposed to fix. We heard the same argument with the Fannie Mae bailout and Freddie Mac. We've heard it in the discussion about Bear Stearns and AIG. It's the same old story. We're just going further down the road. We're getting deeper and deeper. The cliff is getting steeper and steeper.

We need to slow this down. We need to stop this process. We need to vote against this bill and find something that really makes sense economically that's going to secure the bank situation.

We have a capital problem, not a liquidity problem in our banks, Madam

Speaker, and we've got to find a solution. And there are solutions. This is not the only one. This one is the only one to bail out Wall Street, but it's going to cost our taxpayers dearly.

Madam Speaker, this is a huge cow patty with a piece of marshmallow stuck in the middle of it, and I'm not going to eat that cow patty.

I would encourage all of the Members of my conference and your conference to vote against this bill so we can find something that makes sense.

Mr. FRANK of Massachusetts. Mr. Speaker, I'm sure the Members will be relieved to learn that I have no matching metaphor.

I recognize for 3 minutes the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Just because your constituents hate this bill—and will hate it more when they learn the details—does not mean that voting for it is an act of courageous patriotism. Just because this bill is unpopular doesn't mean we have to pass it immediately. Some 400 eminent economists, including three Noble Laureates, are asking us to come back and do our job and write a good bill in the next week or so.

They state—and their chart is here so you might want to read along—''We ask Congress not to rush, to hold appropriate hearings and to carefully consider the right course of action.'' Four hundred economists, three Noble Laureates.

Now, we know that this bill will allow million-dollar-a-month salaries to executives at bailed out firms, and it allows hundreds of billions of dollars to be used to buy the toxic assets currently held by foreign investors. But we're told not to worry because this $700 billion bill isn't going to cost us anything. We're going to recoup all of the costs from some future revenue bill that we will enact.

Now, the bill does not automatically enact any revenue increase, nor does it protect a revenue bill from filibuster or veto. Congress is highly unlikely to pass a multi-hundred billion dollar tax increase in 2013 or any other year. Tax increase bills are anathema to many. Forty-one Senators can block the plan, and we're giving Wall Street enough money to hire 4,100 lobbyists.

In recent years, Wall Street has effectively defeated every attempt to close every loophole they currently exploit, no matter how pernicious, including those involving Cayman Island tax havens used by hedge fund managers to pay zero tax.

Section 134 of the bill says the tax will be on the entire ''financial services industry''—good banks who don't need a bail out; bad banks who used a bailout; community banks, maybe even credit unions.

It is absolutely impossible to draft a tax that will hit only those firms who receive bailout payments and even more impossible to draft one that taxes each bank in proportion to how much money we lose on the toxic assets we happen to buy from them. In fact, there are no provisions in this bill that even keep track of the losses on the assets we acquire from an individual bank as we manage them, combine them, put them together in pools with assets we acquire from other banks and then sell them off.

Now, these bailed-out firms, many of them won't exist in 2013. Some are going to go under. Some of the bailed-out firms are just shell companies anyway. For example, if the Bank of Shanghai currently owes $30 billion of toxic assets to its tiny subsidiary it has already incorporated in California, the subsidiary will sell those toxic assets to the Treasury; the bailout went to that tiny subsidiary in 2009; it's not even going to exist in 2013.

Many of the bailed-out firms are going to be unprofitable in 2013. And therefore you're not going to be able to put an income tax on them. Some of the bailed-out firms are going to move offshore before 2013. Wall Street gets their money now, and we get it back never.

Mr. BACHUS. Madam Speaker, I yield 3 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. First off, I want to commend my colleagues, especially Minority Leader JOHN BOEHNER, ROY BLUNT, ERIC CANTOR, and certainly Ranking Member SPENCER BACHUS, for their hard work in improving this bill. However, Madam Speaker, after careful and agonizing consideration, I cannot support H.R. 3997 and will be voting ''no.''

I understand the need to act, and I understand the urge to act quickly. We must restore the flow of credit. I firmly subscribe to the belief that Main Street and Wall Street are inextricably linked. Instability in the financial markets leads to instability in taxpayers' personal accounts and their personal funds.

Meanwhile, that capital that flows through our financial markets is vital to the continued success of our businesses, large and small. We should all agree that a failure of our credit markets would be an enormous catastrophe, and the government does have a role in ensuring that the financial markets function soundly.

At the same time, we cannot allow the American taxpayer to become the insurance policy for financial decisions that didn't quite turn out as planned. Whether you're talking about someone from South Carolina who took a mortgage they couldn't afford or a Wall Street banker who gave that mortgage, we see just how important personal responsibility must be to the American society. And I fear that this legislation erodes this accountability and the freedom that comes with it.

Unfortunately, Madam Speaker, our government is in debt, and we're in a lot of it. In fact, this whole crisis is built around debt, where much bad debts has caused an inability to get new credit—otherwise known as debt. My daddy always told me that you can't borrow your way out of debt. And he was right.

There are other reasonable options that we should explore to help the markets heal themselves and that would not burden our country under even greater mounds of debt. I was pushing for a plan that would use more free market principles, such as suspension of capital gains, a repatriation of earnings to help spur economic growth by helping all Americans whose retirement accounts are invested in the stock market or own a house or business so they can jump start the flow of funds back in the system.

There is no doubt we find ourselves in a precarious situation, and the people are angry, and rightfully so. I'm angry. But we must not allow this anger to cloud our judgment and make choices that will divide this country. This is not a matter of Main Street versus Wall Street.

But when it comes time to vote on this bill, Madam Speaker, I will be voting ''no.'' I understand my colleagues for their reasoning, and I'm confident that we all want to do the best for this country. But I believe so strongly in the principles of the free market and the belief in the word ''freedom.'' That's why I'm opposing this bill.

My fear is that today the government will forever change the face of the American free market.

Mr. FRANK of Massachusetts. Madam Speaker, for the purpose of a colloquy, I yield 2 minutes to the gentleman from Georgia (Mr. MARSHALL).

Mr. MARSHALL. Thank you, Mr. Chairman.

I want to begin by complimenting the negotiators on addressing an issue that's very important to small community banks generally, and that is authorizing the deduction of the Fannie Mae losses against ordinary income as soon as possible. That will help all community banks.

Many of my banks, Mr. Chairman, are suffering from loans on their books from typically builders and developers who are now unable to complete their projects. And these banks feel strongly that they would be assisted greatly if there were an opportunity for them to borrow from the Fed window at 1, maybe 2 percent—but a very low interest rate—the funds to cover these loans on their books that currently they're illiquid.

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. MARSHALL. Yes.

Mr. FRANK of Massachusetts. I think the gentleman makes a very good point. It's not anything obviously that we would legislate. I know he knows better than most, and he's not asking for that. But it is something I will join him in urging on the Federal Reserve.

The community banks are the innocent victims overwhelmingly of this. They were regulated. They didn't make subprime loans. By the way, they were

the ones covered by CRA. The bad loans were made by the institutions not covered by the Community Reinvestment Act.

But the gentleman is right. These banks play a vital function that will be even more vital as other sources dry up, and I will work with him to try to get that kind of relief.

Mr. MARSHALL. I thank the chairman for his interest in this particular issue. I agree with the chairman's analysis of the importance of these banks, and I look forward to working with the chairman to assist these banks.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. WESTMORELAND).

Mr. WESTMORELAND. I want to thank my friend from Alabama for yielding the time.

Madam Speaker, I've often said as I have stood up that when the process is broken, the product is flawed. And I appreciate all of the meetings that the chairman and ranking member and others have attended and the time that they have spent. There was only one hearing that I know of in the Financial Services Committee that was held before this bill, and that was to have Secretary Paulson and Chairman Bernanke come and testify. Those were the only two witnesses. And I'm not sure what alternatives are out there, what the plans are for a free market, for capital infusion and not just buying these toxic assets.

And I think that's going to be the key to any plan working is the infusion of capital. But the process is broken because there was no markup on the bill. The bill was introduced about 24 hours ago. It's 106 pages. And as we saw earlier in the week with some of the tax extender bills and some of the other bills that were introduced early in the morning, brought to the floor early afternoon, had problems in it, having to recommit, redo the rules.

You cannot do this type of bailout of $700 billion without adequate hearings, without adequate testimony, without hearing other alternatives that can be injected into this that we could do some of the things as the net operating loss, how that can help a business. Doing away with the capital gains tax, the repatriation of money to come back into this country. The last time we did that, $350 billion came in.

These banks need cash. They need capital. They do not need somebody buying these assets when they still have mark-to-market. They still have accounting rules that don't allow them to have the amount of money they need to loan to small businesses and individuals to keep our economy going.

This is a rush. We need to defeat this bill.

Mr. FRANK of Massachusetts. Madam Speaker, there's been reference in this debate to very good provisions that help community banks and others that are tax provisions.

I now want to recognize for 3 minutes the author of those, the chairman of the Committee on Ways and Means, the gentleman from New York (Mr. RANGEL).

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Madam Speaker, this is a serious issue for those of us in government. I don't know where the advocates of reduced government really are today.

□ 1045

The marketplace should work as well, and now we're asking the government to come in with close to $1 trillion in order to bail out the private sector.

The administration has come up with a proposal that, to me, reminds me of roulette, and they're challenging us to just take the bullets. As Chairman FRANK has said so often, this is a no-win proposition because, in support of this—and I will be supporting it—no one is going to thank us for what they don't know and how serious it is, but I do know one thing, that those who have caused the problem somehow have managed to get away without any blame, without any penalty, and the crisis now falls on the American people.

Well, for some people, it will be just an inconvenience. They'll sell a couple of houses; they'll get rid of some of their stocks, and they'll continue to game the system, but for the poor, they won't have these options since we live in a country and, indeed, in a world that is dependent on credit. So the poor will not be inconvenienced, but irreparable harm could be done to the dreams that it took so long for the middle income to achieve to be able to own a home, to be able to send their kids to college, to be able to put food on the table, to clothe them, and to have the respect that the middle class in America has stood for for so long.

We have seen in recent months that this class of people has had their dreams dampened by the increase in gasoline prices, in health costs, in education to such an extent that the government just gave them a handout with $1,000 here and there to try to restore their dignity. Obviously, that didn't work. How is it that we couldn't find money to give them jobs? to create a fair and equitable tax system? to increase education? to increase health? to make certain that our infrastructure was conducive of America's being competitive? No, it costs too much money.

Somehow, the conservatives in the other party can find an exposure to American taxpayers for close to $1 trillion, and not too long ago it was just another $300 billion. For war and for these types of things, we can always find the money, but to make certain that the underclass—the poor folks—and the middle class are able to get an investment in America and into their lives so that they can become more prosperous and can enjoy the dreams of America, we can't seem to find it.

So now we have the Secretary of the Treasury. We don't know where he goes after December, and we will forever have to staple him to whatever excuses we give for being frightened to death that he just might be right. It is wrong to do this to a country. It is wrong to do this to the Congress, but it just seems to me that I can't afford to take the risk.

I support the work of BARNEY FRANK and of all those who work diligently to try to make certain that we don't allow the sky to fall on American's middle class and poor folks.

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. This is only going to make the problem that much worse. The problem came about because we spent too much; we borrowed too much, and we printed too much money; we inflated too much, and we overregulated. This is all that this bill is about is more of the same.

So you can't solve the problem. We are looking at a symptom. We are looking at the collapsing of a market that was unstable. It was unstable because of the way it came about. It came about because of a monopoly control of money and credit by the Federal Reserve System, and that is a natural consequence of what happens when a Federal Reserve System creates too much credit.

Now, there have been a fair number of free market economists around who have predicted this would happen. Yet do we look to them for advice? No. We totally exclude them. We don't listen to them. We don't look at them. We look to the people who created the problem, and then we perpetuate the problem.

The most serious mistake that could be made here today is to blame free market capitalism for this problem. This has nothing to do with free market capitalism. This has to do with a managed economy, with an inflationary system, with corporatism, and with a special interest system. It has nothing to do with the failure of free markets and capitalism. Yet we're resorting now, once again, to promoting more and more government.

Long term, this is disastrous because of everything we're doing here and because of everything we've done for 6 months. We've already pumped in $700 billion. Here is another $700 billion. This is going to destroy the dollar. That's what you should be concerned about. Yes, Wall Street is in trouble. There are a lot of problems, and if we don't vote for this, there are going to be problems. Believe me: If you destroy the dollar, you're going to destroy a worldwide economy, and that's what we're on the verge of doing, and it is inevitable, if we continue this, that that's what's going to happen. It's

going to be a lot more serious than what we're dealing with today.

We need to get our house in order. We need more oversight—that is a certainty—but we need oversight of the Federal Reserve System, of the Exchange Stabilization Fund and of the President's Working Group on Financial Markets. Find out what they're doing. How much have they been meddling in the market?

What we're doing today is going to make things much worse.

The process of this bailout reminds me of a panic-stricken swimmer thrashing in the water only making his situation worse. Even a "bipartisan deal"—whatever that is supposed to mean—will not stop the Congress from thrashing about.

The beneficiaries of the corrupt monetary system of the last 3 decades are now desperately looking for victims to stick with the bill after they have reaped decades of profit and privilege.

The difficulties in our economy will continue because the legislative and the executive branches have not yet begun to address the real problems. The housing bubble's collapse, as was the dot corn bubble's collapse, was predictable and is merely a symptom of the monetary system that brought us to this point.

Indeed, we do face a major crisis, but it is much bigger than the freezing up of Wall Street and dealing with worthless assets on the books of major banks. The true crisis is the pending collapse of the fiat dollar system that emerged after the breakdown of the Bretton Woods agreement in 1971.

For 37 years the world built a financial system based on the dollar as the reserve currency of the world in an attempt to make the dollar serve as the new standard of value. However since 1971, the dollar has had no intrinsic value, as it is not tied to gold. The dollar is simply a fiat currency, which has fluctuated in value on a daily, if not hourly, bias. This worked to some degree until the market realized that too much debt and malinvestment existed and a correction was required.

Because of our economic and military strength, compared to other countries, trust in America's currency lasted longer than deserved. This resulted in the biggest worldwide economic distortion in all of history. The problem is much bigger than the fears of a temporary decline on Wall Street if the bailout is not agreed to.

Money's most important function is to serve as a means of exchange—a measurement of value. If this crucial yardstick is not stable, it becomes impossible for investors, entrepreneurs, savers, and consumers to make correct decisions; these mistakes create the bubble that must eventually be corrected.

Just imagine the results if a construction company was forced to use a yardstick whose measures changed daily to construct a skyscraper. The result would be a very unstable and dangerous building. No doubt the construction company would try to cover up their fundamental problem with patchwork repairs, but no amount of patchwork can fix a building with an unstable inner structure. Eventually, the skyscraper will collapse, forcing the construction company to rebuild—hopefully this time with a stable yardstick. This $700 billion package is more patchwork repair and will prove to be money down a rat hole and will only make the dollar crisis that much worse.

But what politicians are willing to say that the financial "skyscraper"—the global financial and monetary system-is a house of cards. It is not going to happen at this juncture. They're not even talking about this. They talk only of bailouts, more monetary inflation, more special interest spending, more debt, and more regulations. There is almost no talk of the relationship of the Community Reinvestment Act, HUD, and government assisted loans to the housing bubble. And there is no talk of the oversight that is desperately needed for the Federal Reserve, the Exchange Stabilization Fund, and all the activities of the President's Working Group on financial markets. When these actions are taken we will at last know that Congress is serious about the reforms that are really needed.

In conclusion, there are three good reasons why Congress should reject this legislation:

It is immoral—Dumping bad debt on the innocent taxpayers is an act of theft and is wrong.

It is unconstitutional—There is no constitutional authority to use government power to serve special interests.

It is bad economic policy—By refusing to address the monetary system while continuing to place the burdens of the bailout on the dollar, we can be certain that in time, we will be faced with another, more severe crisis when the market figures out that there is no magic government bailout or regulation that can make a fraudulent monetary system work.

Monetary reform will eventually come, but, unfortunately, Congress' actions this week make it more likely the reform will come under dire circumstances, such as the midst of a worldwide collapse of the dollar. The question then will be how much of our liberties will be sacrificed in the process. Just remember what we lost in the aftermath of 9–11.

The best result we can hope for is that the economic necessity of getting our fiscal house in order will, at last, force us to give up our world empire. Without the empire we can then concentrate on rebuilding the Republic.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentlewoman from California (Ms. LEE).

Ms. LEE. Let me thank Chairman FRANK for your efforts to improve this administration's $700 billion blank check bill.

Madam Speaker, as a former member of the House Financial Services Committee for 8 years, I can tell you that the situation that we find ourselves in today is the direct result of the deregulation-happy, turn-a-blind-eye approach of this administration and its allies in Congress.

Now we see the horrific price of these reckless deregulation policies. More than 600,000 Americans have lost their jobs since January. People need jobs to obtain credit, to pay their rent, to pay their house notes, to buy a 401(k) or to really have a retirement account. Millions of people are living paycheck to paycheck if they really have a paycheck. Home foreclosures are skyrocketing; home values are plunging; banks are failing, and we are still spending more than $10 billion every month on a war in Iraq that did not have to be waged.

So I'm convinced that this bailout is not the solution to this mess. It does little to address the underlying problem—the foreclosure crisis. We need a moratorium on foreclosures, and we need bankruptcy reform to help people stay in their homes. This bill should be paid for by the high-flying industry that created this problem. $700 billion should not be given to Wall Street and to the Bush administration unless those who caused this mess pay for it.

As my bill indicates, the Income Equity Act, we should also prohibit the tax deductibility of executive compensation in any company where the highest paid corporate officer's compensation exceeds by 25–1 that of a worker's of the lowest wage.

Third, we need an economic stimulus package to deal with the crushing reality of the recession that is hitting people hard each and every day. I cannot vote to reward those predatory and subprime lenders who are really creating havoc in the lives of millions of Americans. There has got to be a better way.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. DAVIS).

Mr. DAVIS of Virginia. Madam Speaker, I wish there were a better way, but I haven't seen it yet, and I think this is a good bipartisan work product. It is a difficult vote for all of us. Either we're promoting unprecedented Federal interference in the marketplace or we're bailing out Wall Street millionaires and are rewarding bad business decisions. There's a grain of truth in all of this, but it's also true that this doesn't address some of the fundamental problems with our current economic slowdown.

This helps, on the margin, the housing situation. It will allow some people to renegotiate in a better posture, but it doesn't solve the rising unemployment and the rising deficits and the falling dollar, but it's also true that with credit drying up and with the failure of the mortgage banks and banks that the failure to act would bring even greater economic devastation.

We saw the future a couple of weeks ago: Markets plunged. Lehman Brothers failed. AIG, Freddie and Fannie needed bailouts. Credit virtually disappeared across the spectrum. We have to take economic recovery one step at a time. If there is no credit, nothing else matters. Failure to take this step today will almost certainly worsen the situation, perhaps beyond repair.

This is a compromise. There is a lot not to like. We could pick this bill to death on both sides of the aisle. We could play the blame game forever, but politics is the art of the possible, not the art of the perfect. If this bill goes down, I don't think most of my colleagues want ownership of what's going to follow. I'm hopeful that some of the money that we're putting forward will be returned to taxpayers eventually, but there are no guarantees, but doing nothing or delaying this indefinitely is not a viable option.

I urge my colleagues to show leadership and to take the tough vote and vote ''yes.''

Mr. FRANK of Massachusetts. Madam Speaker, I now yield 4 minutes to the very able Chair of our Capital Markets Subcommittee, a man who has played a very important role in our trying to stabilize this situation, the gentleman from Pennsylvania (Mr. KANJORSKI).

Mr. KANJORSKI. Mr. Chairman, if I may just make a comment in the beginning here and ask you the question:

Is it correct to say that nothing in this act is meant to distract from any rights of recovery against private parties to redress wrongdoing that exists under Federal or State law?

Mr. FRANK of Massachusetts. If the gentleman would yield, he is absolutely correct.

By the way, one of the points in the original bill the Treasury Secretary gave us inappropriately freed him from a number of judicial restraints. We have restored those, and we have taken away no existing legal right whatsoever in this bill.

Mr. KANJORSKI. Thank you, Mr. Chairman.

Madam Speaker, I rise today with a heavy heart. The reality is, as my friend from Virginia (Mr. DAVIS) said, we don't have a perfect bill here. We do have a perfect storm, however, and we have a bad situation. The inaction, or the failure to act, could be exacerbating to this situation to the extent that most of us can't even imagine how bad it could get.

I'm not here in defense of Wall Street fat cats nor am I here in defense of those who perpetrated this greed and this expansion over the last 5 to 7 years that has caused this problem. I'm not here as a faultfinder of who is responsible politically, economically, socially or otherwise.

I am here because I recognize that there is going to be hurt, extreme hurt, if we do nothing, and I want to make sure that my constituents and that the rest of the public watching this understand that we're not bailing someone out in a far-off place called Wall Street. We're making sure that next week and that next month a worker in my hometown of Nanticoke, Pennsylvania will be able to go to his ATM machine and draw out money, that he will be able to be paid by a check or by a cash transfer that will give money to his account so that he can spend it on his family. I'm here so that he can continue to negotiate to buy a new home or a used home or so that he can provide for his family goods or services that are necessary and that may disappear.

So often, many of us get so far removed from history and from circumstances of the past that we hardly remember or recall what people told us could be. I think it would be a good thing for all of us to refer back to some of the movies that depicted the Great Depression and for all of us to just look at what can happen when there is the total collapse and failure of an economic system. I don't want to see that happen again in America.

In order to see that that does not happen, it is necessary that we take action on this bill. This is not an easy vote for any Member in this Chamber, and I will be the last one who will cast dispersions as to what the motivations for voting ''yes'' or ''no'' will be by my fellow Members. However, I will tell you this:

It is time for all good men to come to the defense of their country and to the times. In my opinion, that means we must put aside our own personal careers and our own personal thoughts and even our own ideas of what would be the right thing and vote to save this country's economic system. If we fail to do this in this 11th hour, we are already starting to see around the world, through the window of television, just what can happen to the markets of this world and, eventually, to all of the small towns across this world.

□ 1100

I think that we've done a hard job in trying to put into this bill the safeguards for the taxpayers, the modifications that are necessary. It was an extreme bill, three and a half pages, giving total dictatorial power to the Secretary Treasurer.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman an additional 30 seconds.

Mr. KANJORSKI. We have modified it over these last 7 to 10 days to make it more livable, but not perfect. What I urge my colleagues to do is put aside partisanship, put aside fear, and realize why we're here. Only a couple of times in a decade are we asked to stand up and be counted; this is one of those historic moments. I urge my colleagues to show the fortitude to vote ''yes.''

INTRODUCTION

Madam Speaker, as our great Nation faces one of the most severe economic crises in its history, I share the sense of outrage of the American people that we find ourselves in this situation. I am angry at our regulators who did not do enough to prevent this deeply troubling situation. I am angry that we have reached a moment in which those who followed the rules are now being asked to help those who flaunted the rules. But most of all, I am furious at the greed of the fat cats on Wall Street who created the financial products that led to this mess.

Today, the Members of this storied institution must choose between two bad alternatives. First, we could opt to do nothing. According to many reputable economists, this choice carries the grave risk of resulting in an almost certain global financial meltdown. Second, we could choose to act by voting for the legislation before us. This choice—while admittedly an expensive and imperfect one—provides the urgent injection of vast government resources to unclog the financial arteries of our capital markets so that our economy can, hopefully, begin to function more normally once again.

Ironically, the choice of inaction, which is the risky choice for the good of our Nation, is the safer choice for the good of the lawmaker. But political expediency must sometimes yield to practical necessity. In this situation, we ultimately have to do what is right. So, to resist the call of duty by voting against this package is, for me, simply not an option. I urge my colleagues to be brave, put partisanship aside, and send a message of consensus to the Amierican people. By working to restore confidence in our credit markets, we will ultimately prevent severe economic consequences for the families living and the small businesses operating on Main Street.

In the midst of another global economic crisis 75 years ago, President Franklin Roosevelt said, ''One thing is sure. We have to do something. We have to do the best we know how at the moment. If it doesn't turn out right, we can modify it as we go along.'' I have concluded that this bill is the best we know how to do at this moment. We should all support it for the good of our Nation, and we can always change it later.

In sum, only action will protect the hardworking American people who, if we do not act, will lose their jobs, their paychecks, their pensions, their homes, and their very way of life as a result of the severe hardships a severe economic downturn will bring. Because I cannot in good conscience sit idly by as disaster is looming, and because I understand the potentially devastating effects on middle class families and retirees if we fail to act, I must vote for this bill.

HOW THE ECONOMY REACHED THIS POINT

The causes of our current financial turmoil are many. Some of the contributors to this paralyzing credit crisis include an environment of easy credit and low interest rates, lax mortgage underwriting standards, and a national housing bubble, wherein prices rose to levels well beyond the reasonable values of homes.

My concerns about the rapid growth in home values led me in July 2002 to question Alan Greenspan about the potential of a valuation bubble in the housing markets and about what could happen to the economy if the bubble burst. Chairman Greenspan responded that he saw ''no evidence'' of ''a national bubble in home values'' and that the matter did not need to be addressed by policy reforms. If only he had answered differently, we might have been able to take action in time to prevent the economic turmoil that we are now experiencing.

The unfettered creation of new, complex financial products also contributed to the present crisis. Financial wizards first packaged faulty loans into securities and then divided and combined these financial instruments into novel products like collateralized debt obligations, which received strong estimates of creditworthiness from ratings agencies. The geniuses of Wall Street also insured their bets with flawed credit default swaps. They additionally developed and sold financial derivatives whose risks few participants in the marketplace fully appreciated.

This financial house of cards began to collapse once borrowers with subprime mortgages began to default on their loans in greater and greater numbers. These defaults undermined the associated mortgage-backed securities, collateralized debt obligations, credit default swaps, and derivatives. Eventually, the

collapse of the subprime mortgage market infected the prime mortgage market, which in turn infected the American financial system.

Once the contagion spread into our increasingly interconnected global financial system, banks and other financial institutions began to lose confidence in one another as they could not determine the true exposure of their partners to the underlying problems. As a result, they stopped lending to one another.

Our present predicament also results from one of the cardinal sins: greed. The titans at investment banks simply could not make enough money, and they increasingly leveraged their investments with fewer and fewer assets. Further, they created, bought, and sold financial instruments for which they neither completely understood nor fully appreciated the risks. In pursuit of the dream of homeownership, far too many Americans also borrowed too much and lived beyond their means with the help of low interest rates and access to easy credit.

Rather than lament the past, however, we must rise up to overcome this challenge, correct our mistakes, and reestablish an economically sound America for ourselves and future generations. The economy is a man-made construct. Man made it, and man can fix it. We are working to fix our economy with this legislation.

WHY WE MUST ACT NOW

We should not underestimate the urgency that this credit crisis demands. Money and credit are the lifeblood of an economy, and during the last year the credit markets have become increasingly clogged as financial institutions' trust in one another has worn away because of the troubled assets that they hold. As a result of this lack of confidence, bank lending to other banks has come to a virtual halt. When banks stop lending to one another and hoard their cash reserves, small businesses and consumers are the ones who are ultimately hurt the most.

Lines of credit that were once open could be, and in some cases have already been, closed. Without access to credit, businesses might not have the money they need to pay their workers and workers could lose their jobs. A shutdown of the credit system would also result in difficulty in getting loans to go to school, buy a home, pay for emergency needs, or expand a business. It could also result in further significant drops in the prices of stocks and bonds held in the retirement plans of workers and the pensions of senior citizens.

Moreover, a pervasive lack of confidence by the participants in our capital markets has now created a vicious cycle. After pursuing in recent months a number of piecemeal, makeshift fixes at several financial services companies to address specific problems resulting from the credit crisis, Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke determined on September 18 that they needed even more power to repair the problems in the credit markets, restore confidence, and promote a sense of optimism.

Secretary Paulson and Chairman Bernanke, along with many highly regarded experts, have therefore advised the Congress to take bold action to shield average Americans from the harm caused by the credit crisis. In analyzing the contributing factors that led to the Great Depression, many have concluded that the Government should have taken decisive action earlier to prevent, forestall, and lessen the effects of that sizable economic downturn. By taking bold action now in response to this latest economic crisis, we are learning from the lessons of the past.

Many Americans view this Government intervention as a bailout of Wall Street and as an unjust reward for bad decisions and irresponsible behavior. Americans have good instincts, and they are not wrong to view the situation in this light. After all, irresponsibility and greed on Wall Street have provoked anger in nearly all of us in recent days.

Americans also feel isolated from the consequences of the current economic strife because most of them have yet to experience its direct effects. As countless economists, however, have warned us, Americans have a false sense of security about their current economic prospects: They wake up, go to work, get paid, make a withdrawal from an ATM, fill up their gas tank, buy some food, and go home. To them, things still seem relatively normal.

To protect hard-working Americans and retirees from this economic tidal wave, the Congress must act now before it is too late. In voting for this legislation, I am not voting to help Wall Street fat cats. Instead, I am voting to safeguard the jobs, paychecks, pensions, savings, homes, and security of average Americans. In short, I am voting to protect their very way of life.

THE FAULTY INITIAL PLAN

Like every American who read the initial 3-page legislative proposal, I had very strong concerns about the plan that Treasury Secretary Paulson sent to the Congress to create a program of $700 billion to permit the Government to purchase the troubled assets of financial institutions. It would have essentially provided the Treasury Secretary with an open-ended, blank check. It lacked needed controls, it failed to reform business-as-usual on Wall Street, and it did not do enough to protect the interests of taxpayers. Moreover, the initial plan would have granted the Treasury Secretary vast, unchecked powers without oversight by the courts and the Congress.

This unacceptable package would have given Americans a raw deal because executives suffered no consequences for their reckless behavior. Taxpayers also received no promise of repayment for their contribution. Corporations additionally would have been bailed out by the taxpayers and then allowed to walk away with all of the profits, leaving average Americans to fall behind even further.

In sum, the first version of the plan that the Congress received from Secretary Paulson was ill-conceived and unfair to the taxpayers. The Congress rightly rejected this first draft.

THE VASTLY IMPROVED PLAN

Fortunately, we live in a democracy, and as the Chairman of the House Financial Services Capital Markets Subcommittee, I worked with Financial Services Committee Chairman Barney Frank and other leaders in the Congress to make significant changes, negotiate a bipartisan compromise, and improve this legislation as much as possible and as quickly as possible. In brief, we revised the plan to protect taxpayers, limit executive pay at distressed companies getting help, establish strong oversight and accountability, and cut overall costs. As a result, the original proposal of less than 3 pages grew into a final bill of 110 pages.

The final bill protects taxpayers in many ways. It cuts the initial outlay of $700 billion in half and conditions the installment above $350 billion on legislative review. It also gives taxpayers an ownership stake in the companies assisted by the program. This change will ensure that Americans share in any future profits of the distressed entities that it helps with the chance to buy stocks low and sell them high. The bill also protects taxpayers by requiring the program's managers to minimize short-term costs, maximize long-term gains, establish fair contracting procedures, and curtail conflicts of interest.

This bill now protects taxpayers in one other important way. During my opening comments to Secretary Paulson and Chairman Bernanke at last week's hearing of the Financial Services Committee, I said that we needed to seek ways to pay for this massive Government intervention, including placing surcharges on millionaires' incomes and raising fees on securities transactions. I am therefore pleased that the final bill now before us guarantees that taxpayers will be paid in full, if other protections have failed to produce a profit. Specifically, if after 5 years the program has a shortfall, then the President must submit to the Congress a proposal that recoups from the financial industry any projected losses to the taxpayer. This reform is sensible and prudent.

In developing this bill, I also sought to prevent those who contributed the most to this crisis from further profiting by revising the initial Treasury plan to ensure that the Wall Street executives who ask for the Government's help do not continue to get fat paychecks. The final bill also blocks multi-million dollar golden parachutes at distressed companies so that CEOs land just as hard as average workers when they lose their jobs. Moreover, the final bill claws back big bonuses earned by CEOs as a result of financial statements later found to be false or inaccurate.

The final bill also checks the Treasury Department's power in several ways. The Congress will now have the full authority and resources to examine executive decisions with a Congressional Oversight Panel. The revised legislation additionally provides for meaningful judicial review. Our constitutional system works well because of a balance of powers among the branches of government. In short, the final bill recognizes the importance of this balance. These changes helped to correct some of the most flagrant excesses of the initial Treasury plan.

In addition, I worked to ensure that the final bill provides for strong accountability and real transparency. The final bill puts in place a permanent, in-house watchdog to stop waste, fraud, and abuse. It also provides for the real-time disclosure of business transactions on the Internet so that the American public can inspect the assets they are buying. I strongly support the provisions in the bill to force Federal financial regulators to cooperate with the Federal Bureau of Investigation in its efforts to find the wrongdoers who committed crimes in the development, advertising, and sale of the financial products that contributed to this crisis.

This final bill, moreover, will help struggling homeowners because it allows the Government, as the holder of mortgages and mortgage-backed securities, to do all that it reasonably can to prevent foreclosures through loss mitigation efforts. Among these provisions is a new duty for servicers to modify loans based on the best interest of all investors in a

pool of mortgages rather than the interest of any individual investor. This change in the law is based on those reforms found in the Emergency Mortgage Loan Modification Act, which I introduced with the gentleman from Delaware (Mr. CASTLE). This reform and the other foreclosure mitigation requirements in the final bill will help to keep people in their homes and spur economic recovery by preventing real estate prices from falling further and perhaps even helping prices to rise.

PROVIDING OVERSIGHT AND REGULATION GOING FORWARD

The public should view passage of an economic stabilization package to forestall disastrous consequences for average Americans as only the beginning of our work in the Congress. In the months ahead, we must all commit to examining what went wrong and to writing tough new laws to improve the regulation of our financial system and safeguard consumers. We must also enact new laws to control excessive greed and protect against future risks to our entire economic system.

Our capital markets have evolved significantly in recent years, and our outdated regulatory structure was clearly not up to the task of regulating today's marketplace. Moreover, the recent events in our markets have clearly put a tombstone on the era of deregulation. As many of us on this side of the aisle have long believed, only Government can save capitalism from its own excess. To control a free market, I therefore believe that we need sensible regulation and strong enforcement. We also need greater coordination in our financial regulation, as is the case in other countries like the United Kingdom.

Our regulatory system must also have the flexibility to respond to innovation. The financial services industry has created a number of complex products like derivatives and credit default swaps in recent years, but we have yet to properly regulate these instruments. In July, before American International Group collapsed under the weight of its sizable credit default swaps, I began working with the Government Accountability Office to identify appropriate legislative and regulatory reforms to improve the oversight for structured finance products.

Because we live in a global economy that is interconnected, protecting against systemic risk must additionally become one of our highest reform priorities. If one proverbial domino falls, we cannot allow the chain to continue. The recent crisis has vividly demonstrated the consequences of not effectively regulating against systemic risk. Failure in one segment of the market inevitably brings other segments down with it.

Still further, we must act to pass new laws to protect consumers from lax underwriting standards, compromised appraisals, and faulty mortgage servicing practices. I introduced a strong consumer protection bill to achieve these goals more than 3 years ago, and last year the House passed H.R. 3915, the Mortgage Reform and Anti-Predatory Lending Act. This latest bill to crack down on predatory lending practices is substantially similar to the content of the bill I first proposed in 2005. The Senate now needs to complete its work on these matters.

SUMMATION

In conclusion, the bill before us is still imperfect, but for the good of our Nation we should pass it. The adoption of this legislation will, first and foremost, help to safeguard the jobs, pensions, and paychecks of average Americans. We have made significant improvements to this bill during the last 10 days to protect taxpayers, provide robust oversight, and limit excessive compensation for CEOs and executives, among other things. This bill is now much better, and it deserves everyone's support because our Nation's economy depends on it.

Today, the eye of an economic hurricane is fast approaching. To protect the way of life for average Americans, we must rise up to meet this challenge and come together. We cannot sit on our hands. Instead, we must act and pass this bill. As my fellow Pennsylvanian, Benjamin Franklin, said at the founding of our country, "We must all hang together, or surely we will all hang separately." I urge support for the Emergency Economic Stabilization Act of 2008.

Mr. BACHUS. Madam Speaker, may I inquire as to the remaining time on each side.

The SPEAKER pro tempore. The gentleman from Alabama has 49½ minutes, and the gentleman from Massachusetts has 50 minutes.

Mr. BACHUS. Madam Speaker, I yield 1 minute to the gentleman from Virginia (Mr. GOODE).

Mr. GOODE. Madam Speaker, first, I want to thank all who have worked on this measure; but I do regret that Ranking Member BACHUS did not have greater opportunity for more input.

I will be voting ''no'' on this measure because this is a Band-aid approach that will not save America. We need to infuse capital into our banking system and not more Federal debt. Federal debt is not the way to go.

We also must look at the fundamental cause of encouraging those who have little chance to repay to get loans. Over-encouragement was a fundamental cause, and it is not addressed in this bill.

I hope we will vote ''no'' for a better day and a better bill.

Mr. FRANK of Massachusetts. Madam Speaker, one of the most valuable members of the Finance subcommittee, the gentlewoman from New York (Mrs. MCCARTHY), is recognized for 2 minutes.

Mrs. MCCARTHY of New York. Madam Speaker, I rise today in support of the Emergency Economic Stabilization Act of 2008.

In the past couple of weeks we have seen many Americans wondering what's going on; what's going on with our economy; what is going on down in Washington. People have watched anxiously as the markets and the banks have stumbled and many of us have seen investments that we spent years building up now disappearing within days.

Within only a couple of days, some of the world's largest financial institutions shut their doors and the U.S. Treasury Secretary had begun talks with Congress in an effort to avoid a potential collapse of our economy.

In recent days, we have seen and heard a variety of proposals to address the financial crisis. Americans have rightly been disturbed by the idea that Congress would bail out Wall Street and CEOs, but we also know that we could not just stand by and watch our economy crumble.

People needed to know that Congress was acting in their best interests and that their hard-earned money is going to be safer. We needed to make sure that not only was Wall Street going to remain solvent, but so was all our small towns and villages across this country.

We also needed to make sure that every proposal we put forward would protect those Americans who were hoping to retire within this year or next year so they don't lose their savings they need to live on.

I am pleased that we have been able to come up with a comprehensive package that strikes a fair balance and can potentially offer the relief we need to restore confidence in the markets. Both sides certainly don't like what's been put in front of us to have us in this position, but both sides, both leaders of our political parties have worked together—BARNEY FRANK, Mr. BACHUS, Mr. BOEHNER, ROY BLUNT, NANCY PELOSI.

This is a crisis that is facing our country. And I know it's a tough vote, especially right before an election. This might cost some of us our election, but that's why we're here, we're here to certainly protect the American people. I'm here to protect my constituents back home, making sure that they have jobs in the next coming months.

We have to make sure this bill passes.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. FRANK of Massachusetts. I yield the gentlewoman 30 seconds.

Mrs. MCCARTHY of New York. We have to make sure that people understand we're trying to stop the hemorrhaging to protect the people back home. That is the most important thing we are doing. That is why ''yes'' is the right vote.

Mr. BACHUS. Madam Speaker, I yield 3 minutes to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Most of my constituents consider this a bailout. Some of them, in fact, are willing to walk bread lines in order to see wealthy Wall Street tycoons pay for their greed. The fact is, that would be irresponsible.

While this is not 1929 all over again, it could be if we step aside and let the wonders of the market work its will in this environment. We can't let the foolishness and greed on Wall Street bring down Main Street; at least I don't intend to.

We are witnessing the economy coming to a grinding halt. Money is simply not being lent to individuals who need it. For businesses, this has meant an inability to borrow, to expand, invest in new equipment, stock shelves, or even meet short-term cash needs, such as payroll. For individuals, it has

threatened the assets of everyone who has an IRA or 401(k), college savings, pension plans, or owns a home.

It has been difficult for me to hear so many Members act like they were not responsible for this credit crisis when they had the opportunity to advocate reform or at least support it, but chose not to.

We will have plenty of time to determine what went wrong and what individuals and institutions are responsible, but this is not the day or time to focus on who is at fault and what systemic changes need to be made.

I recognize today's liquidity injection is a short-term solution to a long-term systemic problem. Those of us who return—and I make no assumptions about my own election—have our work cut out for us in the next Congress.

I will vote for the Emergency Economic Stabilization Act and thank my colleagues in both Chambers, and on both sides of the aisle, for their bipartisan effort to avert a more serious economic crisis.

I believe the negotiators have worked in good faith, but we all have lingering questions. My own continue to be whether $700 billion is actually enough; why we aren't increasing FDIC insurance above $100,000 so deposits don't withdraw their funds, and why we aren't addressing directly the capital markets problem like we did in the early 1980s.

I believe this legislation will address the short-term liquidity problem. And in the end, I believe taxpayers, at a minimum, will be held harmless, or even see a positive return on this expenditure.

If this bill passes and puts liquidity in the market like we hope, we should be given the time we need to make some long-term changes.

I urge my colleagues to carefully weigh the effects of action, or inaction, and allow this solution not only to pass, but to work.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to the Representative from one of our great urban quarters, the gentleman from Philadelphia, Mr. FATTAH.

(Mr. FATTAH asked and was given permission to revise and extend his remarks.)

Mr. FATTAH. Madam Speaker, I rise in support of this bill. Now, I know that we're tempted to see this just as another train wreck of the Bush administration, but we have to look past that to protecting the jobs of our constituents, their 401ks, their pension funds, their ability to own and run and borrow to establish small businesses. We have to see this as a responsibility to protect community banking institutions.

Now, there is a lot at stake in this vote, and there are Members who have varying positions, but I just look at the facts. We have some 9,800 people who are being foreclosed on every day. We have seen 600,000 people lose their jobs since the beginning of this year. We have an economic catastrophe that has taken place on Wall Street and is now showing up in other financial capitals around the world.

We have a responsibility to defend this country and to stand on behalf of our constituents. And I do that reluctantly in some respects, but on this day, I think all of us should rise to the occasion and support this bill. And with those who can't, we understand that you think that there should be a better way. There is a bill in front of us today to stand in the breach, and I stand in favor of it. And I commend BARNEY FRANK for his leadership on it. Thank you.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. POE).

Mr. POE. I thank the gentleman for yielding.

Madam Speaker, because Wall Street money grabbers have made bad judgment calls, the American taxpayer is being forced to bail them out at $700 billion. Why is it, Madam Speaker, that the bigger the business, the more the Federal Government thinks it should swoop in and save incompetent businesses? Small businesses, mom and pop grocery stores, don't get this break. When they make bad financial decisions, they go out of business. But the rich and famous Wall Street New York City fat cats expect Joe Six-Pack to buck it up and pay for all this nonsense.

Reward people for being irresponsible and expect responsible people to pay for the sins of the financial industry? I think not. Putting a financial gun to the head of each American is not the answer.

Madam Speaker, I have this bill; it's over 100 pages long. That means it's seven billion dollars a page. The New York City fat cats expect us to pay for it. I think not.

This year alone, Madam Speaker, it's a sad time to be an American taxpayer. Here's Uncle Sam, all beat up because he's broke, and the reason is we have paid out Bear Stearns, a bailout, $28 billion, Fannie Mae and Freddie Mac, $200 billion, AIG bailout, $85 billion. Last week, the automobile industry got $26 billion. And today, lo and behold, $700 billion.

The American taxpayer is tired of paying for the sins of other people. It's time for them to pay and be responsible for their own misconduct.

And that's just the way it is.

Mr. FRANK of Massachusetts. Madam Speaker, while I believe the gentleman is a little bit too harsh on the Bush administration, I understand his point of view.

Madam Speaker, I now yield to the gentleman from Michigan, the dean of the House, for purposes of a colloquy.

(Mr. DINGELL asked and was given permission to revise and extend his remarks.)

Mr. DINGELL. Madam Speaker, I want to commend the distinguished gentleman from Massachusetts for the outstanding job he and the leadership have done on crafting this legislation. They took a bad piece of legislation and they have significantly improved it to make it much better.

I rise to support the legislation. And I would like to engage in a colloquy with my dear friend, Mr. FRANK. I would note that the colloquy is an important one.

Madam Speaker, the automobile manufacturers face the most difficult conditions they've faced in decades. We need to do something to help unfreeze the credit markets that are hurting our industry.

As I read the legislation, the Secretary has the authority to purchase from a motor vehicle finance company traditional car loans and mortgage-related paper, such as a home equity loan used to purchase cars or trucks. Is my interpretation correct?

I yield to my good friend.

Mr. FRANK of Massachusetts. I thank the gentleman, who comes to us with great authority here because of having chaired the committee for years and had some of this jurisdiction, and having been right when other people were resistant, he speaks with a great deal of credibility. And the answer to his question is, yes, it does require that there be consultation with the Chairman of the Federal Reserve, but the Treasury Secretary is empowered to do exactly that.

And I would add, as the gentleman knows, in my judgment, one of the major areas of damage we will see if this bill fails is that we will start to see a real contraction in credit for automobiles. So the automobile makers and the people who sell automobiles will all be hurt. And the answer is yes to the gentleman's question.

Mr. DINGELL. I have an additional question to my dear friend. If the Federal Reserve Board were to use the authority it has to address extraordinary circumstances in the credit market, motor vehicle companies would have access to capital that would help them to finance dealer floor plans and to make consumer loans. Am I correct in this? And would my good friend support such a decision by the Federal Reserve Bank to make funds available as long as these companies face unusual and extraordinary market conditions?

Mr. FRANK of Massachusetts. If the gentleman would yield, yes. Again, that is well within the legal authority that this Federal Reserve Chair has described to us that he has under the statute from the Depression.

And given the centrality of the automobile industry—and we're talking, I want to again stress, not just making cars, but selling them and servicing them and repairing them, and of course providing great mobility to the American people. Clearly, this a worthy subject for the Federal Reserve to intervene with, when appropriate.

Mr. DINGELL. Madam Speaker, I want to thank my good friend, the

chairman of the subcommittee. He has worked very hard on an extremely difficult subject, and has perfected a very difficult piece of legislation in a remarkable way. The House and the country owe the gentleman a great debt.

Mr. FRANK of Massachusetts. If the gentleman would yield, that would mean a great deal to me coming from anyone, but from the gentleman from Michigan, with his long record here in these areas, it means a particularly great deal.

Mr. DINGELL. I thank my good friend.

Madam Speaker, in the last few months we have watched the Bush administration negotiate the sale of Bear Stearns and Merrill Lynch, nationalize Fannie Mae and Freddie Mac, take an 80 percent stake in A.I.G., and let Lehman Brothers enter bankruptcy. When it became clear that this inconsistent, ad hoc approach was not going to be enough to keep our Nation from economic crisis, the Bush administration presented Congress with a plan that would give the Treasury Secretary unfettered authority to purchase up to $700 billion in troubled assets. In 2 days of hearings, Treasury Secretary Paulson and Federal Reserve Chairman Bernanke were asked by members of the Senate Banking Committee and the House Financial Services Committee to explain why such unprecedented and unfettered authority should be granted to a single individual, and it was clear that there was no answer.

Since the Bush administration's proposal was first introduced, a consensus has emerged that this bailout package is needed but that it needs to be improved through the inclusion of a number of important provisions. I congratulate Chairman FRANK and Ranking Member BACHUS of the Financial Services Committee and Senators DODD and BENNETT of the Senate Banking Committee for working together to turn an unacceptable proposal into a bipartisan bill that will hopefully help bring us out of this crisis.

I had a number of concerns about what is in the President's proposal: I was concerned about the potential cost, I was concerned about how the Treasury would determine a price for these assets, and I was concerned that there may have been other, more effective ways of giving these institutions access to the capital they need. I am happy to say that thanks to the hard work of the congressional negotiators, many of my concerns have been addressed.

One concern that remains about this legislation is that it does nothing to address the underlying causes of this crisis. When Congress passed the Gramm-Leech-Bliley Act in 1999 and deregulated the financial sector, I warned my colleagues that tearing down the regulatory structure enacted after the Great Depression would lead to huge institutions that would be free to engage in risky behavior and that the failure of those institutions would result in massive government bailouts. I wish that my prediction had been wrong, but today that is exactly the situation we are faced with. The American people need to understand that nothing in this plan will address that issue. The plan does not reduce the amount of risk that these institutions are allowed to take on, it does not create a new agency or empower an existing one to review the actions of currently unregulated financial institutions, and it does not create any new standards to guide them in the future.

Many Americans, who have seen their paycheck shrink over the last 8 years, who have watched some of their neighbors lose their jobs, who are struggling to pay increased costs for things like gas, groceries, or health care services, and who resisted the temptation to take out a risky loan and instead bought a house they were sure they could afford and made every payment, do not understand this bailout. They do not understand what this plan will do, they do not understand why it costs so much, and they do not understand why their tax dollars are going to be spent to bail out the same Wall Street banks whose risky behavior contributed to this mess. Most importantly, they do not understand why the Government is offering so little to help their family.

To all of my constituents who want to know why they are being asked to foot the bill to pay for this bailout, I can tell you only one thing: The cost of inaction to you and your family is greater than the cost of this bailout. 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 credit crisis is already having an impact on the automobile industry that is so important to my constituents in Michigan and to hundreds of thousands of families around the country. If access to credit continues to dry up, the automobile financing companies will be unable to keep vehicles on dealership lots and help customers obtain financing. 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.

Furthermore, the package that we are voting on today is a far cry from the bailout proposal first offered by the President. It contains important provisions assuring greater transparency and oversight and ensures that there will be no golden parachutes for the executives whose recklessness contributed to this crisis. It also includes provisions that will assist families who are struggling to keep their homes by requiring the Federal Government to modify the terms of the mortgages it acquires.

Most importantly, Speaker PELOSI, Chairman FRANK, and others were able to negotiate into this package important provisions designed to protect taxpayer dollars and ensure our investment is recouped. For example, the Government will have the option to take equity in the companies that participate in the bailout and will create an insurance program for and collect premiums from those holding toxic assets. If after 5 years these provisions have not allowed the Government to recoup 100 percent of the cost of the bailout, the losses will be recaptured directly from the financial industry itself.

I do not, however, want to commit to anyone that this imperfect bill will work. It may not. Scholars of the Great Depression have told us that had the Government addressed the liquidity problem the economic collapse might have been a lot shorter or less forceful in its impact, or both. This bill may not work. But we have to try. Inaction is not an option.

I understand the anger and frustration that exists about this bailout. I pledge to my constituents that this will not be the only congressional response to this situation. This legislation creates a Congressional Oversight Panel, tasked with drafting a special report on regulatory reform that will be ready in time for the 111th Congress. Should the voters in Michigan's 15th Congressional District see fit to return me to Congress next year I will work to see that report turned into legislation that restores the regulatory structure that is supposed to protect the financial system from this kind of failure and that provides 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 again want to thank the leadership of both parties in both the House and the Senate, and in particular Chairman FRANK for the work that they have done to improve upon the plan sent to us by the Bush administration. I know that many of my colleagues are as skeptical of this plan as I am, and I know that for many of you it may be easier to vote against this plan than it will be to vote for it and have to explain to voters back home why we had to take this difficult step, but we must join together and pass this legislation now for the good of the country. I urge my colleagues to support this bill.

The SPEAKER pro tempore. The gentleman from New Jersey is recognized to yield time managed by the gentleman from Alabama.

Mr. GARRETT of New Jersey. Madam Speaker, I yield 3 minutes to the gentlelady from Illinois.

Mrs. BIGGERT. I thank the gentleman for yielding.

Madam Speaker, I rise today in reluctant opposition to this massive bailout of Wall Street. I understand why many of my colleagues are inclined to support it; the urge to act now and do something—anything—to restore investor confidence is very compelling.

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Our economy faces great risks, and I agree wholeheartedly that the government must intervene in some way to restore stability. But the plan that we are considering today is not what my constituents want, it's not what's best for the average American taxpayer, and it's not what's best for this economy.

As a member of the working group assigned by GOP Leader BOEHNER to explore alternatives to a massive taxpayer-funded bailout, I was very pleased this weekend when we were able to develop a very realistic, workable alternative option to shore up these mortgage-backed securities. We took a long, hard look at the market and saw that a government-backed insurance plan could go a long way toward returning market value to many of these assets. It would address the market's aversion to these investments, and it would be entirely funded by risk-based premiums leveled on the holders of the assets, not taxpayers.

Our premise for this plan was and remains that Wall Street should pay for Wall Street's mistake.

In addition, we outlined a tax proposal that would have injected billions into the private market, restoring liquidity and credit available on Main Street America. By temporarily removing the disincentive to repatriate, or bring back to America, profits made by American companies overseas, we could open the floodgates of capital into our marketplace.

These are ideas that can work. But instead leaders have only agreed to attach a watered-down version of the insurance proposal to the same $700 billion bailout that the administration originally proposed. It creates an insurance purchase option for financial firms but then offers them the alternative of free taxpayer money. I wonder which one they will take?

I'm very pleased that this plan has been improved over the past few days, especially the provisions limiting golden parachutes and allowing the public to share in the profits that may be made. But I am not convinced that we have taken the time to really come up with a strategy that truly protects the taxpayers.

Let's take another look. Maybe we should start over. We discussed looking at the S and L crisis. The administration discounted that. Let's go back and look at the FDIC and doing away with mark to marketing. Instead of banks using fair value accounting, the SEC should use true value, giving immediate positive impact on the financial industry.

Madam Speaker, we can and should do better. Main Street Americans deserve no less.

Mr. FRANK of Massachusetts. Madam Speaker, I now yield 2 minutes to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. I thank the gentleman for yielding.

Madam Speaker, we started here a week ago with the Paulson plan. It was simple: Give him the keys to the Treasury and suspend all the laws. What we are doing, or proposing here today, is infinitely better, and the Democrats have labored hard to put in taxpayer protections and provide consequences for Wall Street executives.

But what we consider today is still built on the Paulson-Bush premise; that is, President Bush and his Treasury Secretary, Mr. Paulson, say that dumping $700 billion of taxpayer-financed debt—we'll borrow the money—on top of Wall Street and buying up Wall Street's bad debts will solve the liquidity problem. It will trickle down through the economy to benefit small business. It will solve the underlying problem with the housing market, and it will stem job loss.

I don't buy it. There are less expensive, less risky, targeted regulatory reforms and programs that could work better.

But bottom line, President George Bush and his Treasury Secretary, Henry Paulson, insisted on a top-down Wall Street bailout solution. It's sort of like the financial surge strategy. And just like the surge in Iraq, as we go into it at the outset, we know it's not sustainable and we know it won't solve the underlying problems.

Even worse, President Bush and Secretary Paulson and the Republicans insisted upon watering down the most critical portions of the bill. There is no mandatory way to pay for this bailout, no fee, no tax, just a proposal from a future President to a Congress that a Congress might think about to help take taxpayers off the hook. That's not protection. The golden parachutes, yes, they were exchanged for camouflaged parachutes. The execs on Wall Street are still going to get millions. Look at the loopholes there. We have added back in, at the insistence of the Secretary, credit card debt, auto loans.

We can do better. We should start again on a new package, come back next week.

Mr. GARRETT of New Jersey. Madam Speaker, I yield 2 minutes to the gentleman from California (Mr. ISSA).

(Mr. ISSA asked and was given permission to revise and extend his remarks.)

Mr. ISSA. Madam Speaker, I rise in opposition to this bill.

I am resolute in my opposition, not because it was easy to vote against your President, but our President and his administration are wrong. And if we vote here today for this bill, it is truly the end of the Reagan era.

It's the end of the Reagan era because, in fact, under Ronald Reagan's time, we dealt with similar problems, a huge financial problem, and we worked our way out of it without unnecessarily buying assets. We closed institutions but we also saved institutions.

Madam Speaker, my Governor often says, ''I'll be back.'' Madam Speaker, I have no doubt I'll be back, and I have no doubt that we will be trying to fix the problems next year that we don't fix here today. The mark-to-market problem, which Secretary Paulson has refused to deal with, in fact, in his own bill is very clearly being denounced. He is raising the price of the assets we buy above mark-to-market while refusing to have the other assets allowed to be flowed to their true value. By definition today we are picking winners and losers in assets rather than going to creditworthy companies and helping them get the capital they need so they can make loans to men and women and companies and entrepreneurs out there who desperately need it to grow our economy.

Madam Speaker, we are deleveraging the very capital and the very enterprises we need to date. GE Capital has said they are openly deleveraging. Why? Because that's the signal we're sending. We are collapsing this country into, in fact, a recession at a time in which the Ronald Reagan policy would be to expand opportunity, to find ways to give people who have great ideas an opportunity to reinvent America.

So today we are ending the Reagan era if we vote for this, and if we can't come back and fix it next year, we will have permanently put a coffin on top of the coffin of Ronald Reagan.

Mr. FRANK of Massachusetts. Madam Speaker, no one in this House has done more to fight for affordable housing and to prevent foreclosures and no one has had more of an impact and is trying within this bill to do the maximum that political constraints allow. So I now recognize for 3 minutes the Chair of the Housing Subcommittee, the gentlewoman from California (Ms. WATERS).

Ms. WATERS. First, I would like to thank BARNEY FRANK for his extraordinary work, accepting the impossible task of making sense of the economic crisis we are facing.

Madam Speaker, $700 billion is a lot of money. Bailout for Wall Street? I don't think so. I could care less about Wall Street and the high-priced schemers and their tricky products: hedge funds, short selling, and insider trading. I care about Main Street and Martin Luther King, Jr. Drive.

I am voting ''yes'' on this bill because this $700 billion will purchase the nonperforming loans, the bad debt, and the toxic paper which, if left to the market, could cause the greatest financial crisis our country has ever seen. These nonperforming loans represent people, real Americans in trouble. Yes, some got in over their heads. They contracted for mortgages they could not afford. But many Americans are the victims of predatory lending, suckered into adjustable rate mortgages that lured them with a low interest rate, no down payment, or no documentation loans that adjusted or reset within 6 months, 1 year, 2 years, or 3 years. Homeowners were not always told the truth. Upon reset, homeowners were then faced with mortgages that doubled, tripled, or quadrupled with the new interest rates and the margins that were added to the existing interest rates.

There's enough blame to go around. Greed, a regulatory system that turned a blind eye to these exotic schemes and products, brokers and banks who peddled these products, and investment banks who invested in these products all share some of the blame. We must correct the problems caused by these loans. We must modify these loans and stop the foreclosures and help American families keep their homes. We must reform our Federal regulatory agencies and never allow this subprime exploitation to occur again.

Today we have financial institutions that will fail if we do not act. Credit will dry up for home mortgages, auto purchases, student loans, and small businesses. More jobs will be lost and the economy will crash.

I would have preferred to have a strong bankruptcy provision in this bill, giving Americans a real option to work themselves out of debt. I would have also liked to have seen a provision

providing a substantial fee to Wall Street firms that participate in this program. But, unfortunately, there was not the support or political will to get these things done.

I have worked on this bill to strengthen the ability for the servicers who collect those mortgage payments and fees to modify these loans. I have worked to assist small regional and minority banks. I have included language to open up the ability for women and minorities to participate in asset management and all the other business opportunities, including opportunities for the newspapers, ad agencies, consulting firms, real estate professionals, legal services, financial managers, and information systems consulting services that will be created as we use these funds to clean up this mess.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. FRANK of Massachusetts. I yield an additional minute to the gentlewoman.

Ms. WATERS. Madam Speaker, I am also pleased that the bill creates a Financial Stability Oversight Board to oversee the work that is to be done in this Emergency Economic Stabilization Act of 2008.

Finally, I cannot take the chance that people who have worked all of their lives to save for their retirement will lose their pension funds and 401(k) savings nor can I take the chance that the stock market will be weakened and Americans will lose their investments. There will be many who will say ''I don't believe the average person will be hurt if we do not act.'' I refuse to take that chance. Today we do what we truly believe must be done. But believe me, we must and we will tighten the screws on Wall Street. This bill will support the idea that we must get rid of these outrageous compensation packages for CEOs and executives. We must prosecute those who violate the law and ignore their responsibilities.

Today I vote ''yes,'' but there is much more to be done. We must never again allow the risk to our economy that's been created by greed to ever occur again.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. GARRETT).

Mr. GARRETT of New Jersey. Madam Speaker, I came to the floor this week, and, America, I said, you should be concerned about what Washington is about to do. Last night I came to the floor and I said you should be alarmed about what Washington is doing because of the lack of deliberation. Today I come and say, America, you should be outraged about what Washington is about to do because Washington is not listening to you.

Whether you are Republican or Democrat, our offices have been hearing phone calls, 10–1, 100–1 against this proposal. But Washington is not listening. They are going ahead with the proposal as well.

There is a problem. We recognize the problem. We must work on it now. But we should not go for the solutions to that problem to the same people who have brought that problem to us. We should not go to the administration, who has brought this problem to us through their actions in the past; the Federal Reserve with their roller coaster interest rates from 2001 to 2004, 6 percent to 1 percent down; and then 2004 to 2007, 1 to 5 percent up; bubbles and bursts from the Fed and their false promises with Bear Stearns and AIG and GSEs.

Nor should we turn to the Democrat leadership that has signed on to this bill; that Democrat leadership who has given us CRAs in the past that has led to the meltdown in the subprime market. Nor should we turn to the Democrat leadership who has blocked reform in the past to these GSEs and unbelievably say they will block any reform in the future to the GSEs.

□ 1130

No. The stakes are too high to turn back to those who have brought us the problem in the first place. We should look for new solutions. And there are solutions.

But I will close on this, Madam Speaker. The noted University of Chicago economist, Robert Schimer, tells us that the U.S. has long been a beacon of free markets in the world. When economic conditions turn sour in Argentina or Indonesia, we give very clear instructions on what to do: Balance the budget. Cut government employment. Maintain free trade and the rule of law. And don't prop up failing enterprises. Those approaches by the U.S. are correct.

But when the U.S. ignores its own advice in this situation, it reduces our credibility in the future. Rewriting the rules of the game at this stage will therefore have serious ramifications not only for the people in this country but for the future of the globe. The social cost is far, far greater than any $700 billion.

Mr. FRANK of Massachusetts. Madam Speaker, I yield myself 30 seconds to correct an egregious misrepresentation of history.

The gentleman just said that the Democratic leadership, I'm sorry, he said the Democrat leadership, I wouldn't want to misquote his adjective. He said the Democrat leadership, a point of great rhetorical significance to the large-minded on the other side, says that the Democrats fought GSE reform.

The Republicans controlled this Congress from 1995 to 2006. No bill passing GSE reform went through. The Democrats took over in 2007. Within a couple of months this House, 4 months, this House passed——

The SPEAKER pro tempore. The time of the gentleman from Massachusetts has expired.

Mr. FRANK of Massachusetts. I yield myself 30 additional seconds.

The House passed the GSE reform that the Bush administration requested. We then asked the Secretary of the Treasury to put that into the stimulus. He said no. The Senate then did it in July—and the bill became law. So 12 years of Republican rule, zero action on GSE reform, a year and a half of the Democrats being in power and GSE reform was passed.

I now yield 3 minutes to the gentleman from Tennessee.

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. I thank the chairman for yielding. And I know if anybody has been keeping up with this weekend, I know that they realize and understand that this is not an ordinary time. I believe personally we are here because in this decade we have witnessed financial mismanagement and regulatory neglect which leads us to this morning.

Unfortunately, when the Secretary of the Treasury came over and we looked at the proposal, or the bare bones of the proposal, it appeared to some of us that it was all about private gain and public risk. And that was unacceptable for the taxpayers to take the risk to help those referred to as Wall Street.

So I have been asked to talk about this recoupment clause, section 134 of the bill, that was finally accepted in negotiations. It says the following: ''Upon the expiration of the 5-year period beginning upon the date of 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''—this bill. ''In any case 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.''

What this means is we have taken away the private gain-public risk aspects of this act and made sure that the people who are eligible to participate in it will pay back to the Treasury any shortfall that may occur at the end of the program.

With this section 134, it is my opinion that this is no longer about Wall Street. This is about the IRAs, the 401(k)s, the pension plans that all American citizens have and that all State governments have at stake in their pension programs. This is no longer, then, about bailing out anyone. It is about trying to put together a plan that will do less harm than we would do otherwise by our inaction to every American citizen's financial security, IRA, 401(k) pension programs.

If we have, as Chairman Bernanke, Secretary Paulson, the President and others has said, a colossal or a catastrophic situation happen because of our inaction, it's not going to be Wall Street; it's going to be the 401(k)s, the IRAs and the pension plans that all of us share.

Mr. KINGSTON. Madam Speaker, I yield 2 minutes to the gentleman from Florida (Mr. MILLER).

Mr. MILLER of Florida. Madam Speaker, almost 2 weeks ago, Secretary Henry Paulson came to this Congress requesting $700 billion of taxpayer money for his friends and former colleagues on Wall Street. The former chairman of the investment bank of Goldman Sachs also asked this Congress to pass a law ensuring that his actions ''are nonreviewable and committed to agency discretion, and may not be reviewed by any court of law or any administrative agency.''

The Founders of this great Nation set up an ingenious system of government to ensure that power was not disproportionately given to any one individual. The goal was to avoid tyranny, to avoid tyranny at all costs. But Secretary Paulson most likely skipped class that day and was hoping that we had as well. Many wonder how such a poorly constructed piece of legislation could even come to the Congress in the first place. And I wonder how our President approved this as well.

By demanding this bailout money, the administration attempted to circumvent the legislative process. Moreover, the administration continues to insist that their way is the only way to avoid an imminent crisis.

And perhaps most stunning is that the administration officials that are responsible for protecting American taxpayers and our free-market system were asleep at the switch. Securities and Exchange Commission Chairman Chris Cox recently admitted his culpability in this matter and amazingly, the Secretary of the Treasury recently admitted he had seen this crisis coming for almost a year and just now has come to our Congress.

Such large-scale government interference in our government ensures that the correction process will take much longer. And what would help toward long-term stability is an injection of private capital, private capital into our economy. We need to lower tax rates on capital gains and corporate income, allowing people to invest more of their money and relieving American companies from one of the highest corporate tax rates in the world.

The Democrats didn't care to address the capital gains tax issue. And in fact their response to the administration's bailout plan was just as bad.

The SPEAKER pro tempore. The time of the gentleman from Florida has expired.

Mr. KINGSTON. I yield the gentleman 15 additional seconds.

Mr. MILLER of Florida. The plan was just as bad.

I can tell you that an overwhelming majority of my constituents have called, e-mailed and written to my office stating their outright opposition to any sort of bailout. The American taxpayer deserves better than what we are getting here today. And we must not sacrifice long-term freedom for short-term financial gain.

Mr. FRANK of Massachusetts. Madam Speaker, I yield myself 15 seconds. On page 58 the gentleman was right to object to the provision in the original bill sent to us by the Secretary exempting him from judicial review. We have disexempted him. If Members will look at page 58, he is now subject to appropriate judicial review.

I now yield 2 minutes to the gentleman from Minnesota.

Mr. OBERSTAR. Madam Speaker, I thank the chairman for the time. We've been here before at this precipice, looking into the abyss of uncertainty—of Lockheed, of New York City's financial crisis, of Chrysler and of post-9/11 airlines, perhaps not all of us personally, but we, this body. And in each of those cases where great uncertainty shadowed over this body, we found a way to make the right decision. And in each of those cases, the government was called upon, the Federal Government, to help the private sector, or in the case of New York City, the city, and through it, the private sector.

And in each case, our good judgment was rewarded. Lockheed paid off its loan. Chrysler paid off its securitized loan from the Federal Government with interest. The New York City financial crisis was not limited to New York. It spread into every State of this country. And we saved each hometown bank by coming to the rescue of New York City.

And I stood here in the well of this House with the gentleman from Alaska (Mr. YOUNG), then the chairman of the Committee on Transportation and Infrastructure, to ask this body to look over the horizon to what would happen on Monday if on Friday we didn't propose to rescue the airlines who had been shut down by the Federal Government in a national security interest and provide loan guarantees.

And while it stumbled, the proposal stumbled and faltered that evening, it was a commitment to come back the following week and to do it and to do the right thing. And in those negotiations, I remember very well Speaker Hastert.

The SPEAKER pro tempore. The time of the gentleman from Minnesota has expired.

Mr. FRANK of Massachusetts. I yield the gentleman another 15 seconds.

Mr. OBERSTAR. I remember Speaker Hastert saying, no, this is the right thing. We have to do it.

We are again at that point. Chairman FRANK has crafted an extraordinarily talented proposal that protects the public interest. And once again, we have to do it.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. FLAKE).

Mr. FLAKE. Mr. Speaker, I rise today in opposition to this bailout not because I don't believe we face financial crisis in this country. I rise in opposition to this bailout because I know we are in a financial crisis, one that will be prolonged with this legislation.

The premise of this unprecedented government intervention is that the free market has failed and that government must come to its rescue.

In reality, the crisis we now face is a result of government intervention in the market. We are in this predicament largely because implicit, and eventually explicit, Federal guarantees in Fannie Mae and Freddie Mac shielded the financial services sector from market discipline.

Madam Speaker, those who believe that they can control and direct the market's invisible hand will eventually be slapped by it. That is the painful and embarrassing situation we find ourselves in today. We don't have enough money in the Federal Treasury, nor can we responsibly borrow enough money, to keep the market from finding its natural bottom.

Now is the time to act on the free market principles we profess to believe in. Let's vote down this bill and instead pass legislation that is consistent with those principles.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. I appreciate the gentleman's courtesy as I credit his mastery for bringing this bill before us today. Thanks to his leadership, the leadership of Speaker PELOSI, and the cooperation of the Republicans, it is a far better bill.

But, unfortunately, this is not likely to be the end of the bubbles. We must with our actions be extraordinarily careful if we don't want to compromise the next rescue. Remember Long-Term Capital Management, the hedge fund? What happens if the hedge fund industry is next? The article in today's New York Times wasn't very comforting. Any real rescue must include bankruptcy equality for homeowners. This is not just a moral issue. Fairness to our Nation's homeowners is the key to stabilizing home values currently in free fall.

We cannot continue to bail out failing industries with borrowed money. No bill should be enacted without a payback from the financial services sector to be rescued, not merely a hint of a promise to pay back in 5 years. At the core, we are ignoring the fundamental question about the size and scale of the financial services industry in trouble not just because of a lack of regulation, but because we had too many people pursuing unsustainable business practices.

We have seen change from an irresponsible White House proposal into a responsible bill. But it's not as good as it should be. And sadly, may be besides the point if more bubbles explode.

I will vote ''no,'' reluctantly hoping I am wrong, but fearing that I am right.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Texas (Mr. GOHMERT).

Mr. GOHMERT. Madam Speaker, we've heard a number of comments about we've just got to bite the bullet

and do this. We heard the same things about let's bail out Fannie Mae and Freddie Mac. We've got to take this one step. And then we heard from the former chairman of the FDIC, guys, you don't realize, if you do this, you are going to start the dominoes falling.

People have talked about this precipice.

Making this vote, passing this bill is jumping into the precipice because next we have got to come bail out the community banks that are doing just fine. If we would allow the banks to value these mortgage-based securities at the very value Paulson wants to take taxpayer money and buy them, they would be okay. Washington Mutual wouldn't have failed. We hear about we did the right thing with Chrysler and New York. Those were loans. This is putting the government in the position of buying all these things.

And as the FDIC former Chair said, when the Federal Government buys them, they immediately become worth less. That is the way it is. That is the way it will be.

And nobody seems to ask, who is it that is going to manage these assets? I have been asking. And finally the answer I got was, well, of course, we're going to have to outsource that.

You're going to outsource it to the very people that caused the problem. We're going to give them billions for assets they have mismanaged. And then we're going to hire them to manage those assets.

Please, please don't betray this Nation's great history. The committees used to do good work and ferret this stuff out.

□ 1145

They haven't been allowed to do their work, or they would have done a better job. Let the committees do the work. Let's get a better bill, and save America from Congress hurting it by jumping off this precipice.

Mr. FRANK of Massachusetts. I yield 2 minutes to the gentlewoman from Michigan (Ms. KILPATRICK).

(Ms. KILPATRICK asked and was given permission to revise and extend her remarks.)

Ms. KILPATRICK. Madam Speaker, I have the highest respect for my chairman, BARNEY FRANK, and your genius, thank you very much, as well as Speaker PELOSI for her leadership.

A week ago today we were sent a three-page bill, $700 billion, send it back to us and never ask us any questions. I am proud that the chairman and Speaker and leadership on both sides of the aisle have come to some agreement.

Contrary to popular belief, our financial crisis was not due to just people who couldn't afford the loans. It was Wall Street's problem, the people who managed this process over the years, with a lack of regulation from this administration. It was also predatory lending, lending from predators, banks in many instances, the very people we are going to give the money to, who took the loans, who made the loans, and didn't require the proper oversight. It is not the little people.

It is the loss of jobs. In America we have lost over 600,000 jobs over the last 8 years, good jobs, manufacturing jobs. The American Dream has slipped away, speculation from Wall Street, from developers. All of us have been affected by this crisis, and all of us believe there ought to be some end to this.

We must work as elected representatives of the people. Over 400 economists, as has been said earlier and we have the documentation, are opposed to the process and the way we are going about it. Three of them are Nobel Laureates who have come to this conclusion, and economists, professionals extraordinaire.

Unfortunately, there is no judicial review in this to protect the average citizen. We talk about the mortgages, but this helps the banks in their book of mortgages. It does not help the little person who needs it. There is no judicial review to come to her aid or his aid.

It is unfortunate that we are here today talking about $700 billion, and, as an appropriator, $1 trillion is probably what it will be and more. We do not yet know how much it will be.

We need to take our time on this. We have been talking about it now 7 days nonstop. We can do better. There is a better process. I hope that we can slow down this train.

We will probably vote in a few hours, less than an hour now. The Senate is not going to vote until later this week. We can do better, the American people deserve more, and I urge a ''no'' vote on this legislation.

Mr. BACHUS. Madam Speaker, I yield 5 minutes to the gentleman from Wisconsin (Mr. RYAN).

Mr RYAN of Wisconsin. I thank the gentleman for yielding. I want to thank our distinguished ranking member of the Financial Services Committee for all the work he has done this week. A lot of us have lost a lot of sleep, a lot of us who have looked at this situation.

When Secretary Paulson came to us about a week ago, he gave us a three-page bill that said give me a blank checkbook and put $700 billion in it. I was offended at that time.

So what happened since then? We added 107 pages of taxpayer protection to that bill. We understand the gravity of this situation, and we worked with our colleagues on the other side to make this bill a better bill.

We made sure that there is an upside for the taxpayer so that when this happens, when profits come to these companies, we get their stock warrants, so the first person in line to get those profits is the American taxpayers so they can get their money back. We made sure that there is an insurance program that makes sure that Wall Street shares in the cost of this recovery plan. And we also made sure that the executives of these companies that made these bad bets don't profit from this rescue recovery plan. We cut the initial cost in half of this bill. Congress will have to approve the second half of this next year.

Why did we do all of this? Because this Wall Street crisis is quickly becoming a Main Street crisis. It is quickly becoming a banking crisis.

What does that mean? Why does that matter to us? Why does that matter to Janesville, Wisconsin? If it goes the way it could go, that means credit shuts down; businesses can't get money to pay their payroll, to pay their employees; students can't get student loans for next semester; people can't get car loans; seniors may not have access to their savings. Are we standing at the edge of this abyss? Nobody knows. But maybe. It is very probable.

Madam Speaker, this bill offends my principles. But I am going to vote for this bill in order to preserve my principles, in order to preserve this free enterprise system.

This is a Herbert Hoover moment. He made some big mistakes after the Great Depression, and we lived those consequences for decades. Let's not make that mistake. There is a lot of fear and a lot of panic out there. A lot of what this is about is getting that fear and panic out of the market.

I think the White House bumbled this thing. They have brought this issue up to a crescendo, to a crisis, so that all eyes of the world markets are here on Congress. It is a heavy load to bear. We have to deal with this panic. We have to deal with this fear.

Colleagues, we are in the moment. This bill doesn't have everything I want in it. It has a lot of good things it. But we are here. We are in this moment. And if we fail to do the right thing, heaven help us. If we fail to pass this, I fear the worst is yet to come.

The problem we have here is we are one month away from an election. We are all worried about losing our jobs, and all of us, most of us, say this thing needs to pass, but I want you to vote for it, not me.

Unfortunately, a majority of us are going to have to vote for this, and we are going to have to do that because we have a chance of arresting that crash. Just maybe this will work.

And so for me and for my own conscience, so I can look at myself in the mirror tonight, so I can go to sleep with a clear conscience, I want to know that I did everything I could to stop it from getting worse, to stop this Wall Street problem from infecting Main Street.

I want to get on my airplane and go home and see my three kids and my wife that I haven't seen in a week, and look them in the eye and know that I did what I thought was right for them and their future. And I believe with all my heart, as bad as this is, it could get a whole lot worse, and that is why I think we have to pass this bill.

Ms. BEAN. I yield 2 minutes to the Congresswoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Madam Speaker, the Constitution of the United States is present to protect Main Street. The full faith and credit of this constitutional document will protect the men and women of America.

I will not stand here today and suggest that we do not have some challenges. I frankly believe that the bill we have before us is a miracle, and I thank the leadership for their strength in recharacterizing the two-page bill that anointed the Secretary of the Treasury that came from the White House.

But my question is, where was the Securities and Exchange Commission? Where was the FDIC, the Federal Reserve? Under the control and domination of this administration. So when we ask the question why, we need to look back at those who controlled the policies of America for the last 8 years. Where was the Secretary of the Treasury?

But I don't stand here to cast aspersions. I will say to you that this has been diagnosed, but America needs a second opinion. There is no enforcement in this legislation. The Financial Stability Oversight Board, no enforcement provisions; the Congressional Board, no enforcement provisions; the Inspector General, no enforcement provision. There are no criminal penalties for those who have been charged with malfeasance and criminal activities, no barring of individuals who are convicted of malfeasance and criminal activities from doing business with the United States.

So, in essence we give this money, and who does it go to? No listing by the Secretary of the Treasury where the first dollar will go. No separating a certain amount to help those in foreclosure in America in the small towns, hamlets and villages, when in fact we know that we could establish a Homeowners Loan Corporation and help those on Main Street.

Yes, I do believe we are challenged. But I believe we can come back, watch the markets, and work forward. This is a bill that hands out; it doesn't hand up. I ask my colleagues to consider the fact that we are protecting Main Street, not Wall Street.

Ms. JACKSON-LEE of Texas. Madam Speaker, I rise with great concern regarding H.R. 3997, the Emergency Economic Stabilization Act of 2008. I would like to thank Chairman of Financial Services BARNEY FRANK for bringing this important piece of legislation to the floor. I also rise with a sense of the solemness 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 and credit of our Government will protect Main Street America while we reform America's Wall Street.

Leadership has worked without tiring to alter the language provided by the administration for the betterment of the American people. Our leadership has created a miracle by modifying the 2 page document sent by the Treasury Department last week into a 109 page document. I thank leadership for that. We toiled long into the night to incorporate Democratic principles—many of which have still not been included.

Where was the FDIC? Where was the SEC? Where was the Federal Reserve?

I have worked with leadership to offer consistent amendments that would have strengthened the punitive 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 is absent from this legislation. For example, the legislation is devoid of bankruptcy restructuring, devoid of real enforcement, and devoid of any meaningful judicial review. These are all issues that I have been very concerned about.

In fact, it is because I am concerned and desire that the maximum number of Americans get relief from this bill, that I offered amendments yesterday. To ensure that this bill provides relief for Americans, I offered the following amendments:

Set aside $125 million (in fact the amount could been more) as a firm allotment to address the question of individual American homeowners facing foreclosure in light of the absence of a bankruptcy provision;

Add Sense of the Congress language that Bankruptcy Code should be reviewed and amended in the future to permit bankruptcy judges to address the question of individual home mortgage restructuring;

Allow the courts to exercise rigorous judicial review and provide those courts with the discretion to grant injunctive and/or equitable relief if the courts determine that such relief would not destabilize financial markets;

Create a new, independent commission to exercise oversight over the current financial situation with enforcement powers;

Allow criminal liability for persons or corporate entities that have engaged in criminal malfeasance;

Bar persons/corporate entities found to have engaged in criminal malfeasance with malicious intent in financial markets from doing business with the Federal Government in the future.

THE BILL IN CONTEXT

Segments of the economy have the ability to be strong. America needs to employ its full faith and credit to back its commitments. I feel strongly that this bill should have set aside $125 million to help homeowners who are facing mortgage foreclosure. This is important because it is money that would have been used to help the aggrieved: Main Street.

It is important to note that all five big investment firms—Bear Sterns, Merrill Lynch, Lehman Brothers, Goldman Sachs, and Morgan Stanley have altogether disappeared or morphed into regular banks. Given this phenomenon, the question arises and no one has or can seem to explain: Is this bailout still necessary?

Dr. James K. Gailbraith, of the University of Texas, wrote in the Washington Post on September 25, 2008, that the bailout is not necessary because the point of the bailout has been articulated as buying assets that are illiquid ''but not worthless. But regular banks hold assets like that all the time. They are called 'loans.'

With banks, runs occur only when depositors panic, because they fear the loan book is bad. Deposit insurance takes care of that.''

Deposit insurance presently is capped at $100,000. We should have considered raising the FDIC insurance cap, increased the amount of capitalization in the FDIC corporation, increased the amount of reserves in the Treasury Department.

Dr. Galbraith wrote, ''In Texas, recovery from the 1980s oil bust took 7 years and the pull of strong national economic growth. The present slump is national, and it can't be cured by legislation alone. But it could be resolved in 3 years, by a new Home Owners Loan Corp., which would rewrite mortgages, manage rental conversions, and decide when vacant, degraded properties should be demolished.''

As I consider this piece of legislation, three of the themes are consistent throughout it are (1) where is the enforcement; (2) who receives the first dollar; and (3) what is the disastrous and catastrophic event that will occur if this bill is not passed today? Because of the complexity of the nature and extent of the problems within the financial markets, I would rather that Congress carefully review and consider the right solution.

Congress should order the SEC, FDIC, the Federal Revenue Service to use their current powers and prevent the consequences with some extraordinary powers such as cited above regulating lifting the caps at the FDIC and allowing the SEC to suspend certain accounting practices; all this can be done without the massive bailout all at once.

This legislation was considered at 10 p.m. in a closed rule last night; debate on the rule immediately transpired with fewer than 10 members participating at approximately midnight. In less than 10 hours, members are expected to have read, understand, and speak intelligently upon this complex piece of legislation.

When we consider the magnitude and extent of the financial problem, we must consider how America has gotten here in the first place. During the past administration, America underwent a housing boom. Depressed housing markets around the country experienced unparalleled increases in price. Middle-class, working Americans sought to achieve the American dream by purchasing a home.

At the same time, banks and financial institutions were selling unsophisticated consumers unconventional and creative mortgage financing alternatives. Financial institutions were apt to qualify borrowers for more house than they could afford. Financial institutions were lending subprime mortgages and engaged in predatory lending. Adjustable rate mortgages, which had an interest rate that would adjust within 1, 3, or more years, became more common within the last 7 years. Interest-only names became common names within the first home purchaser's market. Borrowers who were considered a credit risk were allowed to purchase home. The banks and financial institutions were not paying attention to a borrower's credit rating, their ability to pay, or a borrower's potential to default.

PRESENT FINANCIAL SITUATION

According to Bloomberg, this morning stocks around the world tumbled, the euro and

the pound plunged and bonds rose as governments raced to prop up banks. Hong Kong's Hang Seng Index plunged 4.31 percent to 17,876.41, and Tokyo's benchmark Nikkei lost 1.3 percent to close at 11,743.61.

Europe's Dow Jones Stoxx 100 Index declined 3.2 percent. MSCI Asia Pacific Index lost 2.7 percent after Dexia SA sank the most since it began trading 12 years ago, and ICICI Bank Ltd. retreated to a 2-year low. Futures on the S&P's 500 Index fell 1.7 percent as Wachovia Corp. tumbled 91 percent. Citigroup Inc. agreed to buy the company's banking operations in a transaction the Federal Deposit Insurance Corp. helped arrange.

The British pound dropped the most against the dollar in 15 years, and the euro weakened after European governments stepped in to rescue Bradford & Bingley Plc, Fortis, and Hypo Real Estate Holding AG.

So far, the $700 billion package to shore up banks hammered out by Treasury Secretary Henry Paulson and congressional leaders over the weekend failed to convince investors it will shore up banks saddled with growing mortgages losses. The crisis that began with bad home loans to subprime borrowers in the U.S. is threatening to push the global economy into a recession as consumers lose confidence as banks cut back on lending.

It is difficult to have a $700 billion dollar rescue bill when the President failed to sign for $60 billion dollars to provide economic stimulus to working-class Americans.

In September, Fannie Mae, Freddie Mac, and Lehman Brothers all filed for bankruptcy. Merrill Lynch agreed to sell itself to Bank of America, MG was taken over by the Treasury, and Washington Mutual was seized by regulators in the biggest U.S. bank failure in history. Financial institutions worldwide have reported more than $550 billion of credit losses and asset writedowns since the beginning of 2007, according to data compiled by Bloomberg.

Even after the announcement of the rescue package, the worldwide markets are still declining. I fail to see the specific catastrophic events/consequences that the U.S. public will experience if this bailout does not occur.

I am cautious because I believe that we as members of Congress need to take the time to craft a real recovery plan for our economy, a plan that puts people first and addresses our multiple economic crises, including good jobs, affordable housing, health care, retirement security, infrastructure, and disaster relief (Katrina, Ike, etc.).

Last week, New York Mayor Michael Bloomberg announced $1.5 billion in public spending cuts. I do not believe that this was prudent. Schools, fire departments, police stations, parks, libraries, and water projects are getting cut. The persons who are feeling the effects of this economic decision are the more vulnerable populations, the elderly, the children, and the working- class. Mayor Bloomberg's reaction is not the solution either.

It is clear that something must be done, but this bill does not provide the answer that America seeks.

Recently, Congress sent an economic stimulus package to the President that would have provided $60 billion dollars in relief to middle-class working Americans. The President vetoed this bill. However, the Administration sends to us today this bill requesting $700 billion dollars to bail out Wall Street.

I would offer that we need to restructure our present financial system. However, the kinds of reform that I believe are necessary are not included in this bill. For example, the Federal Reserve itself needs to be reformed. As members of Congress we should be looking at establishing greater oversight, preventing predatory practices, and establishing public alternatives to the reckless privatized system that brought us the crisis in the first place. We need to prevent the victims of predatory lending from losing their homes and restrict lobbying by the financial sector.

I have heard from my constituents that they are not supportive of this bill. Many themselves were community bankers. One community banker, for example, wrote:

"I am a community banker who is deeply concerned about the recent developments on Wall Street and the bailouts that our government has undertaken. The great, great majority of banks in this country never made one subprime loan, and 98 percent are well-captialized . . . we don't ask for or need a bailout."

LITTLE RELIEF FOR THE NATION'S HOMEOWNERS

Because of the way that the bill is written, few if any homeowners will get mortgage relief, which is why I offered an amendment that would give $125 million directly to the homeowners facing mortgage foreclosure. The bill does not contain any provision allowing the terms of a mortgage to be changed without the consent of all the investors who own the mortgage. Few homeowners will benefit. For example, the bill would not provide relief to the majority of homeowners. The bill is little more than a Wall Street earmark and is not really a bill for homeowners. Although the bill does not provide for parachutes for executives, the executives' compensation remains the same.

This is because the Treasury will chiefly purchase mortgage-backed securities which will make the Federal Government one of several co-owners of millions of mortgages. Whether or not any mortgages modified will be determined by the loan servicer acting on behalf of all the various investors who own a piece of the mortgage. That is why Section 108(d) states in part "The Secretary shall request loan services servicing the mortgage loans to avoid preventable foreclosures." Congress has already requested all loan servicers nationwide to avoid preventable foreclosures, so an additional request from the Treasury is unlikely to change current behavior.

REPUBLICAN COMMENTARY

Republican critics of the bill argue that the bill rescues persons that lack financial responsibility because they were living beyond their means or that the bill helps minorities who did not exercise fiscal responsibility. There is simply no credibility to these arguments. As I have attempted to stress today, the mortgage foreclosure crisis affects all Americans. Financial institutions engaged in speculation on Wall Street that we now see has had a deleterious effect on Main Street.

Speculation, in a financial context, is the assumption of the risk of loss, in return for the uncertain possibility of a reward. Speculation is one of the main causes of various economic crises around the world. In fact, speculators have played a major role in the present crisis. The speculators were greedy.

Nonprofits such as ACORN, NACA, and Homefree USA, among many others, have long been waging consumer campaigns to educate borrowers about the various financial instruments. And I am resoundingly grateful to them for their hard work. We cannot make them the scapegoats. These organizations have allowed persons who might not otherwise have the knowledge or the opportunity to purchase a home, the opportunity to do so in the right way. These nonprofits should be applauded.

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 does not provide 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. This bill has not sent a sufficiently clear message because it lacks enforcement.

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. The protection for taxpayers include the following:

Gives taxpayers a share of the profits of participating companies, or puts taxpayers first in line to recover assets if a company fails; and

Allows the Government to also purchase troubled assets from pension plans, local governments, and small banks that serve low- and middle-income families.

For companies publicly auctioning over $300 million: There will be no multi-million dollar golden parachutes for top five executives after auction, although nothing prevents these executives from still reaping enormous salaries. There will be no tax deduction for executive compensation over $500,000.

However, with a "pause" we can help the financial markets and make America secured.

MY AMENDMENT LANGUAGE

While the bill has some improvements, what is missing from the bill are serious enforcement mechanisms. The language of the bill was good and was marked improvement over what the administration sent to us last week, but more work needs to be done on the bill. There are still elements that need to be added to the bill.

The bill provides for the creation of a Financial Stability Oversight Board in Section 104. The bill also establishes a special inspector general for the troubled asset relief program in

Section 121. Last, section 125 establishes the Congressional Oversight Panel. Importantly, these sections lack any real enforcement. These sections require reports and investigation; however, there is no criminal sanction for any malfeasance perpetrated by employers.

One of my amendments would have established an Oversight Board that would have had the authority to issue criminal penalties and civil sanctions. My amendment would have provided a strong enforcement mechanism and would have been effective in ensuring that this crisis does not occur again. It would send a clear message to Wall Street.

Another of one of my amendments would have added serious judicial review to Section 119. Section 119 presently provides that no injunction or other form of equitable relief shall be issued against the Secretary other than to remedy a violation of the Constitution. My amendment would have allowed meaningful judicial review because it would have allowed injunctive and other forms of equitable relief insofar as the grant of such relief did not disrupt financial markets. These are remedies available at law and in equity. I see no compelling reason why such relief should not be granted in the financial context.

The bill has no bankruptcy provisions. The bill does not permit homeowners who are presently in mortgage foreclosure from declaring Chapter 11 and 13 bankruptcy. Importantly, my amendment would allow homeowners in default of their mortgages to restructure their loan, thus providing immediate relief to the homeowner.

Because the bill is devoid of bankruptcy relief, I offered another amendment to set aside $125 million as a firm allotment to address the question of individual American homeowners facing foreclosure. I believe that this would have provided relief in the absence of any extension of the bankruptcy code to address current homeowners in mortgage foreclosure.

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 we can create a bill that 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 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."

Let us work to provide the American people with the sun beam. Let us work to provide legislation that works and that serves the American people.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. FORTENBERRY).

(Mr. FORTENBERRY asked and was given permission to revise and extend his remarks.)

Mr. FORTENBERRY. Madam Speaker, undoubtedly America is facing a very serious financial challenge. There is a threat of systemic failure. Yet the central issue before us is twofold: First, is this situation as dire as predicted? And, second, is this construct, this bill, this type of government intervention, with its huge expenditure and taxpayer exposure, the correct approach?

While I recognize the economic dangers this Nation faces, I deeply regret that we have accepted artificial deadlines in a rush to do something.

The bill before us today, while much improved from the original administration proposal, relieves bad assets from the market which have no defined market value. But it overlooks more fundamental issues, such as accounting rules called mark to market, that are forcing banks to artificially write down assets, many of which have real economic value but technically no or little book value. This in turn erodes the ability to leverage these assets to meet capital requirements, resulting in shrinking credit and an inability to make loans.

Simple measures to change this problem are not even being considered. Should we also increase the Federal Deposit Insurance Corporation guarantees to restore depositor confidence? Could we give banks some breathing room to work out these problems, rather than a taxpayer assumption of these underlying assets?

The taxpayer exposure of this bill started at $700 billion. It remains $700 billion. Nebraskans and most other Americans have made responsible financial decisions. Now we are forcing them to foot the bill for the financial industrialists of Wall Street who created this mess for Main Street, and perhaps we have not addressed the underlying fundamental problems.

We are falling into a trap of sequential decisionmaking. Once we adopt this construct, we shut the door on alternatives that may be less costly, easier to implement, and may provide a way through this crisis.

The choice between action or inaction today is a false one. In good conscience, I cannot support this legislation.

Mr. FRANK of Massachusetts. Madam Speaker, our committee was joined this year by an extremely thoughtful Member who brings a wide range of relevant experience, the gentleman from Illinois (Mr. FOSTER). I yield him 2 minutes.

Mr. FOSTER. Thank you, Chairman FRANK. I rise this morning in support of this legislation.

As a scientist and a businessman, I accept the need for speed and overpowering force in this situation. With the credit system locked, small and large businesses are being told to prepare contingency plans for what to do if their operating lines of credit are not extended. Banks are refusing to lend to each other at normal rates or not at all. Banks are failing every day. If nothing is done and the situation persists for even a few weeks, both experts and common sense say that we are facing the real prospect of entering a depression.

This morning's Wall Street Journal describes how the credit crisis is now extending on to franchises, the McDonald's, the Paneras, the Dunkin' Donuts, and threatening the jobs of thousands of their employees. So my vote in favor of this legislation will in fact be a vote to protect the interests of hardworking Americans, and don't let anyone ever tell you otherwise.

I am going to support this bill because it is not a three-page blank check to dispense 700 billion taxpayer dollars. It contains many important protections for taxpayers. It limits CEO compensation, no golden parachutes, and restructures that compensation to discourage the risk-taking behavior that got us into this mess in the first place.

It provides three useful paths out of this crisis: an auction mechanism favored by the administration to buy up troubled assets at market prices; an insurance program with support on both sides of the aisle that could well be the most useful method for reestablishing markets in the least risky of the bad securities out there; and my favorite, the possibility of an AIG-style rescue, where we can go back to the taxpayers and say, yeah, we saved their butts, but guess what? We own 80 percent of the profits when they recover, as was the case for AIG. This is exactly why Warren Buffett supports this plan.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. I yield the gentleman an additional 30 seconds.

□ 1200

I ran for Congress because of the widespread feeling that Washington was broken. I believe that what is needed to fix it is a little less pandering to the ideological extremes, and a lot more compromise by reasonable people in both parties—particularly in this time of national crisis.

So, will the spirit of bipartisan compromise carry the day? In less than an hour, I guess we will find out.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. AKIN).

(Mr. AKIN asked and was given permission to revise and extend his remarks.)

Mr. AKIN. My colleagues, a week ago we were approached by Secretary Paulson, and he told us that there was a crisis and that he had a solution. He gave us the horns of a dilemma, two sharp, shiny points that we could impale ourselves on. One, that the financial system was going to collapse and

implode, and the sky was going to fall. Certainly we wouldn't want to choose that. The other, we could write a $700 billion blank check. Those were our two choices.

Reasonable people started to ask there has got to be a better alternative than this, and at every turn, we saw a resistance to a clear definition of the problem and an ability to talk about the different alternatives or possibilities.

Now, one of the things that is very dangerous in problem solving is not being careful in defining what the real problem is. What we find when we look back and start to talk to other authorities is that this is not the first time this kind of thing has happened, and that it did not need $700 billion. It needed very little public money to solve the problem back in the Reagan days in the savings and loan crisis.

So what we have before us, and our leadership has led us into, first into the Pelosi Congress not allowing the committee process to operate properly; and, second, by some Republican leadership also trying to force us onto one of these two alternatives, is a solution that doesn't fix the problem. Mark my words, that if we pass this bill, in another couple of months we will be back here with a lot of failed banks and say, oh, my goodness, something is wrong. The banks are failing.

The problem is, this doesn't solve the problem. It's nice to take a bullet for the team if it's going to do some good, but this isn't going to solve the problem. All the people I hear in favor of this say we have got to give up some principal in order to save principal. You never save principal by giving it up.

Mr. FRANK of Massachusetts. Madam Speaker, I yield for a unanimous consent request to the gentleman from New York (Mr. ENGEL).

(Mr. ENGEL asked and was given permission to revise and extend his remarks.)

Mr. ENGEL. Madam Speaker, I rise in support of the bill.

I will vote for this bill because it is important financially to my home State and City of New York, and frankly to the country. To those who say let the greedy Wall Street pigs go down without money from the taxpayers, I say, if they go down, we all go down. This won't only affect them, it will affect all of us. Jobs will be lost, people will not be able to get loans, IRA's, 401K's, pension plans, and retirement savings would be jeopardized, banks will fall, our economy would slip into deep recession or even depression.

Madam Speaker, the American people have told us to stop the partisan bickering in Washington. The American people want us to come together to solve problems. And that is what we, Democrats and Republicans have done in this bill.

Is this a perfect bill? Of course not. I would have liked to have seen a bill structured differently. I would have liked to see more emphasis in helping the average person who may be facing bankruptcy or foreclosure. I would have liked to see an economic stimulus package designed to help middle class people in the bill. But this bill has to pass both Houses and get signed by the President, so compromises had to be made.

Our democratic negotiators have done a good job in modifying the original bill put forth by the Secretary of the Treasury. This bill now enables the taxpayers to recoup the money from Wall Street in 5 years, if the taxpayers are not fully paid back. There is now much more oversight at our insistence. Excessive compensation is curtailed for CEO's, and the money is not being dispersed all at once. We are also able to help some people being foreclosed upon.

Madam Speaker, I am not thrilled with this bill, but passing it is the right thing to do for my city, my State, and my country. Wall Street drives so much of the New York economy and the economy of the United States as well. Today Madam Speaker, we have only 2 choices: vote for this bailout bill or do nothing. We cannot wait another few months, weeks, or even days to try to craft something else at this late date. If we wait, I fear that the very underpinning of our Nation's finances would very well be in great jeopardy. In that light, Madam Speaker, I will hold my nose and vote for this bill.

Mr. FRANK of Massachusetts. Madam Speaker, there has been a great deal of discussion about the budgetary implications. No one in my experience here has had a better mastery of that process and had a more responsible approach to it than the current chairman of the Budget Committee, and I recognize for 4 minutes the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Madam Speaker, no one comes to the well of this House today with any relish or enthusiasm. This bill is as unappealing to those of us who will vote for it as it is to those of us who will vote against it. The President has sent us an unprecedented request for $700 billion and asked for its immediate consideration.

The request came to us—all three pages—much like two bookends with contents to follow. When we read it, we found that the President sought a massive grant of money accompanied by a sweeping grant of authority. The President asked for speedy action. The people asked for diligence and deliberation, and that's what we have given them over the past 8 days. The result is a vastly improved bill.

If you think that $700 billion in one fell swoop is too much, as I do, the bill before you addresses that concern. It splits the funds into three stages and makes the third tranche of $350 billion subject to a vote of disapproval by Congress. In any event, everyone should understand that the cost of this bill is not $700 billion, as CBO has told us in testimony. The bill's cost would be substantially smaller than $700 billion. The cost would be the difference between the amount spent by the government and the amount received in earnings and proceeds when all the assets are finally sold. The CBO expects that ''since the acquired assets will have value, the net impact will be substantially less than $700 billion.''

If you think, nevertheless, that the financial industry that benefits from this bill should ultimately pay for the losses it causes, as I do, then this bill offers a mechanism to accomplish that. And though the recoupment is not as ironclad as I would like, the principle is there embodied in the bill.

If you think that a grant of this amount calls for extraordinary oversight internally and externally, this bill is replete with oversight. If you think that the whole regulatory system needs to be overhauled, this bill initiates the process.

If you think that executive compensation should be capped, as I did, then this bill has limits and controls, and though they are not nearly as strict as I would like, they are present, they will be enacted and they can be built upon. If you want equity sweeteners for risks the government is taking, to cushion the downside losses and to give us a piece of the upside gains, this bill provides for warrants to go along with the notes, bonds and mortgages that we will be taking.

There is a lot that's better about this bill after almost 100 pages of substantive changes. But the question remains, is this bill necessary? Is this the best way to inject credit liquidity into our markets? Should we even shore up insolvent firms?

I can't answer that question definitively, but I have to listen when Ben Bernanke, the chairman of the Fed, answers it by saying: ''This is the most significant financial crisis of the postwar period. I see the financial markets as quite fragile . . . Credit will be restricted further. It will affect spending; it will affect economic activity; it will affect the unemployment rate; it will affect real income; it will affect everybody's standard of living . . . Despite the efforts of the Federal Reserve, the Treasury, and other agencies, global financial markets remain under extraordinary stress. Action by Congress is urgently required to avert what could otherwise be grave consequences for financial markets and for our economy.''

Ben Bernanke is an accomplished economist who has made a life-long study of economic crises. He has no axes to grind, and he is not given to exaggeration. When he warns that the situation is dire and that the cost of doing nothing could be catastrophic, we have to listen. Indeed, we ignore his advice at our peril—the peril that this crisis will become a wider economic debacle.

Many Members like me come from districts that are rural and made up of small towns. We tend to think that we are far removed from the ripple effects of a crisis like this. But when we get up on a Monday morning and find right in our yard that Wachovia has been acquired at the instigation of the FDIC, we know that the crisis can reach us all sooner or later unless we act now and act decisively.

I urge support for the bill.

Mr. BACHUS. Madam Speaker, I yield 3 minutes to the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL of California. Madam Speaker, I have heard it said that this bill is a $700 billion bailout for Wall Street. It is none of those things.

The $700 billion is not being spent. It will be used to buy assets. Those assets will have value. And there are three mechanisms built into the bill that are very likely to recover all of that $700 billion for the taxpayer and, perhaps, even earn a profit over time. It's said to be a bailout, but the people whose assets will be bought will probably get 30 cents or 20 cents or 40 or 50 cents on the dollar that they paid maybe just a year or so ago.

I don't think anybody here would consider getting 30 cents on the dollar for something you invested in a year ago or 2 years ago as a bailout. I think that's taking a bath, as well they should.

They made an investment. They took a risk. It didn't turn out well.

They say it's for Wall Street. Let there be no denying this. The impact of this financial crisis will extend to every American with a job, with a bank account and with a pension plan. We cannot allow that to happen.

I have come down to this floor many times talking about the benefits of Republican ideas and the problems with Democratic ideas. This is not a time for that. We cannot and should not be Republicans or Democrats or liberals or conservatives today. This issue is too grave. The consequences are too dire.

We have two choices in front of us. One is to do nothing. If there is consensus amongst everyone who has spoken today, it is that to do nothing will result in unconscionable consequences to this economy that will cause people to lose their jobs, lose their retirement, lose their savings. We do not want that to happen.

The other option is to take the bill that is before us, which has been working for 9 days, which has things in it which, it's not everything any of us want, but it is the product of extensive negotiations from all concerned parties. We can take that bill today, and we can give it a chance to work and save this economy.

I desperately hope and pray that we as a body, Republicans and Democrats alike, have the courage today to do the right thing and pass this bill.

Mr. FRANK of Massachusetts. Madam Speaker, the gentlewoman from Illinois (Ms. BEAN) is a member of this committee who brings great business experience. I am delighted to yield her 2 minutes at this point.

Ms. BEAN. I thank Chairman FRANK for yielding and for his hard work and extraordinary bipartisan leadership this week.

Madam Speaker, I rise in support of the Emergency Economic Stabilization Act of 2008, recognizing how unhappy we all are as Americans to be in this situation.

As co-chair of the New Dems Working Group on Regulatory Modernization, I am committed to ensuring that this body fast-tracks regulatory reform of our markets, particularly oversight for the innovative, complex new instruments that have enabled so much high-risk leverage of so many of our financial institutions so this never happens again.

Tomorrow we can discuss the state of our broader economy, our struggling middle class, and the consequences of an anti-regulation ideology taken to such an extreme that it threatens the very fabric of our Nation's economic security. But today the question before the House is the cost of action versus inaction. This is a time that our Nation's economy is at a precipice of potential collapse, the likes of which we have not seen in our lifetime.

Chairman Bernanke has likened the consequences of inaction to those of the Great Depression. Will we lead our country out of this crisis and avert such consequences, or stand aside and let the chips fall? Americans in the world markets are watching. Our decisions today speak to them.

This bill is an imperfect solution, but in times of crisis, our Members have put politics aside and pulled together to mandate vast improvements from what was originally proposed by the administration. It now includes oversight and accountability on a bipartisan basis with a judicial review of this unprecedented level of authority; it limits compensation for failed executives who contributed to this crisis; and it protects taxpayers by providing profits, both on the assets that we buy and sell, but also by sharing in the profits from those institutions that we help; and a recruitment plan to ensure that, over 5 years, the financial industry, not taxpayers, picks up the tab.

The cost of inaction is real for American families and businesses, business closings, and jobs loss, and the wiping out of savings and pensions.

The SPEAKER pro tempore. The time of the gentlewoman has expired.

Mr. FRANK of Massachusetts. Madam Speaker, I yield the gentlewoman an additional 15 seconds.

Ms. BEAN. I urge my colleagues to stand up, not aside, and support this bill to stabilize the economy of our great Nation.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentlelady from Florida (Ms. GINNY BROWN-WAITE).

Ms. GINNY BROWN-WAITE of Florida. Madam Speaker, I rise today because of my grave concern over what is surely one of the biggest bailouts in American history. Make no mistake: A vote for this bailout is a vote to ratify business as usual in Washington. The compromise was crafted with some of the same people who brought us this mess, except this time we have a gun to our head. This isn't legislation; this is extortion. We could actually call it the in-out plan. As the FBI is going in, we are bailing out. That's not what the taxpayers want.

Do you like $10 trillion in debt? In one stroke of the pen, Congress will have expanded this debt by another trillion to $11.3 trillion.

What happens if this money is repaid, as some are claiming? Certainly there will be all sorts of expenditures, and we will continue to grow that debt. This brings me to another financial mess buried in the pages of this bill. Any premium paid by companies will be put into a fund, kind of like that of the Social Security trust fund, and Americans know that was never, ever, a good idea.

If you aren't angry enough about this bailout, foreign banks get special treatment right there in section 112. The Treasury Secretary has the discretion to bail out foreign banks at the expense of the American taxpayer, no restrictions and no guarantees.

□ 1215

Certainly another point is that it makes two categories of homeowners, those who make every mortgage payment and pay every bill and struggle to meet their commitments, and those homeowners who didn't meet their obligation, skipped out on the bill and now want taxpayers to bail them out.

This is so embarrassing, it turns the stomach of most Americans. Make no mistake, a vote for this bailout is a vote to ratify business as usual in Washington.

Mr. FRANK of Massachusetts. I yield for a unanimous consent request to the gentlewoman from California (Ms. LORETTA SANCHEZ).

(Ms. LORETTA SANCHEZ of California asked and was given permission to revise and extend her remarks.)

Ms. LORETTA SANCHEZ of California. I thank the gentleman for yielding.

I reluctantly rise today to express concerns about the current economic crisis and the proposed financial recovery package.

For several years I ave been concerned about the road our economy was heading down.

In June 2005 at a Joint Economic Committee hearing I asked then Federal Reserve Chairman Allen Greenspan about the dangers of the housing bubble.

And he responded that there was no "substantial" threat of a housing bubble and that even if home prices were to decline they were "not likely to have substantial macroeconomic implications."

Unfortunately, he was wrong.

If the severity of the financial situation had been acted on back in 2005, or even 1 year ago, I think we would be in a better situation today.

However, instead of pro actively addressing this brewing financial crisis, as recently as April 2008 the goal of this Administration was to reduce regulation with the expectation that "market-discipline" will be the ultimate regulator.

Well, we have learned that there is no "market-discipline" without regulation and without

the threat that people and I companies will have to pay for the mistakes they made.

And so today we are considering a financial recovery package to save the financial industry from its mistakes, a package that is paid for with tax dollars earned by hardworking Americans.

My constituents in Orange County, CA, are asking me: Where was the Government to save my house from foreclosure last year? Where was the Government to save my neighborhood when half the houses on my block were foreclosed on?

Unfortunately the Government was not there to help my constituents and the millions of Americans that have lost their homes.

Since the Bush administration requested a $700 billion blank check from Congress and the American people, our leadership in Congress has worked very hard to negotiate a more responsible package.

The recovery package on the floor reflects a big improvement over the original Bush-Paulson plan.

I am pleased that this package includes safeguards to protect any taxpayer investment in saving the financial industry.

These safeguards include: Warrants from financial institutions that receive assistance so the Government can recover the taxpayers' money once the financial industry recovers; an insurance program funded by the financial industry to guarantee troubled assets and protect taxpayers; and a plan to charge the financial industry fees to recoup the taxpayers' investment if there are still losses after 5 years.

However, this package does not do enough to help the average American keep their home, and to ensure that the Wall Street executives that got us into this mess don't walk away with millions of dollars.

PREVENTING FORECLOSURES

This bill does not guarantee that the Government will be able to make the reasonable modifications to mortgages that many homeowners desperately need to avoid foreclosure.

In purchasing mortgage backed securities the Government will just be one of many co-owners of millions of mortgages. It will require the consent of all owners for the terms of the loans to be changed.

Congress has already requested that all loan servicers nationwide act to avoid preventable foreclosures, so it is unclear that additional requests from the Treasury will have any additional impact.

EXECUTIVE PAY

This legislation makes some commonsense reforms of executive compensation, but I do not think it does enough.

I am very concerned that this bill will still allow executives to receive million dollar a month salaries, and that there are multiple loopholes for corporations to escape the limitations on golden parachutes, incentives, bonuses, and corporate deductions for executive salaries.

Despite the improvements that have been made since the original Treasury proposal, I cannot in good conscience support a package that does not do enough to help endangered homeowners, and that does not tightly limit unreasonable compensation for executives.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. I thank the able Chairman BARNEY FRANK for yielding me this time, and say America needs the right deal, not a fast deal.

This Congress must step up to its constitutional responsibilities as a deliberative body to craft that right deal, not an insider trade. Actually, this bill is the wrong medicine. It concentrates financial power even more in the hands of Wall Street's mega banks and its buddies at the U.S. Treasury.

It bails out their bad behavior with no reform to prevent further abuse, and it ignores Main Street's real housing challenges. There is a much better way. The Bush administration says we are facing the worst financial crisis in modern history. That is not true.

The market problems of the 1980s were much worse than today. Then, over 3,000 banks failed, interest rates were 21 percent, and all the banks in Texas went down. The economic instability was resolved by the financial system in a much more disciplined and rigorous way than taxpayers printing money for Wall Street.

In those days the FDIC, not through a taxpayer bailout, but through careful use of FDIC's considerable power, resolved thousands of problem situations. No cash changed hands. The FDIC used its powers, its regular powers to regulate transactions with banks through a system of subordinated debentures and promissory notes. Even curbs on executive salaries and controlled dividends were exacted through that process. The cost of the entire enterprise was $1.8 billion, resolving over $100 billion in problem institutions from the FDIC insurance fund, paid for by the banks, not the taxpayers.

Today's economic challenge is a credit and housing crisis, not a liquidity crisis, precipitated by SEC accounting rules that are rewarding high-risk speculators and penalizing sound banks.

Mr. Chairman, I say we go back to the drawing board. This bill does not do it for the American people. Draft the right deal, not the fast deal. Draft the best deal.

[From moneynews.newsmax.com, June 3, 2008]

ISAAC: BANKING CRISIS? WHAT BANKING CRISIS?

The former chairman of the Federal Deposit Insurance Corp., William M. Isaac, says the current turmoil in financial markets is not remotely comparable to the Great Depression.

He disputes even the notion of a crisis.

''If there is a banking crisis, I have seen no evidence of it. I can count on my fingers and toes every sizeable bank about which I have had any concern during the past year,'' Isaac wrote recently in The Wall Street Journal.

By comparison, Isaac says, during the 1980s and early 1990s, the U.S. suffered from 4,000 bank and savings and loan failures. There were still more than 1,430 banks on the FDIC's ''problem list'' by the end of 1991.

''I'm sure the problem banks list will grow during the next year, but it totaled only 76 at last count,'' Isaac says.

''Banks continue to have incredible access to the capital markets and over 99 percent of banks are considered well-capitalized by regulators.''

Additionally, Isaac says, a 20 percent decline in housing prices was not really all that big of a deal economically for the U.S.

The widely cited S&P/Case-Shiller home-price index declined 14.4 percent in March from a year earlier. The gauge has fallen every month since January 2007.

Isaac notes that in Sarasota, Fla., where he resides, housing prices increased by 35 percent in one year alone, in 2005.

Isaac argues that such a rate of increase is ''unsustainable'' and was ''pushing housing prices beyond the reach of most people.''

Why is all this happening now? Politics, says Isaac.

Americans have been ''spoiled'' by 25 consecutive years of prosperity and, during this year's election cycle, one in which a Democrat has a chance to take over the White House, ''roughly half of the population wants us to feel angst,'' he writes.

Some economic experts agree with Isaac's assessment of the banking industry.

''Asset bubbles result in the misallocation of capital, which adversely affects economic growth,'' Donald P. Gould, president of Gould Asset Management, tells Moneynews.

''Probably it is safer to let the market undo its own bubble.''

Federal intervention in the market could result in a deflationary period just like that seen in Japan during the 1990s.

''Witness what happened when the Bank of Japan pierced the Japanese real estate bubble,'' says Gould. ''A decade-plus of recession.''

Ken Kamen, president of Mercadien Asset Management, tells Moneynews that an overreaction is not needed, as, ultimately, ''market forces will decide where money needs to be.''

BAILOUT FEVER: RUSH TO JUDGMENT

(By William M. Isaac)

It is disheartening that Congressional leaders are on the verge of enacting the largest bailout program in history—a $700 billion real estate loan purchase from Wall Street proposed by Treasury.

The current crisis in our financial system can be handled effectively without any expenditure of any taxpayer funds. A time tested model is already in place.

We handled far more credit problems in a far harsher economic environment in the 1980s than we are facing today. Three thousand bank and thrift failures were handled without producing depositor panics and massive instability in the financial system.

One explanation proffered for the urgency of this program is that money market funds were under a great deal of pressure last week as investors were losing confidence and withdrawing their money. If this is Treasury's primary concern, putting the government's guarantee behind money market funds—as Treasury did last week—should have taken care of the problem.

The other rationale I have heard for acting immediately on the $700 billion bailout is that bank depositors are getting panicky—mostly in reaction to the failure of IndyMac in which uninsured depositors were exposed to loss.

Does this fear mean that we need to enact an emergency program to purchase $700 billion of real estate loans? If the problem is depositor confidence, perhaps we need to be clearer about the fact that the FDIC fund is backed by the full faith and credit of the government.

If we want to take stronger action, the FDIC should announce that it will handle all bank failures, except those involving significant fraudulent activities, as assisted mergers that will protect all depositors and other general creditors. The FDIC should do this in

the current climate anyway, so why not announce it as a temporary program and calm depositors?

An additional benefit of this approach is that community banks would be put on a par with the largest banks because depositors are less convinced that the government will protect uninsured depositors in a small bank than a large bank.

The potential instability of funding for money market funds (and perhaps banks) is the primary justification I have heard for acting urgently on the bailout program. There are clearly more efficient and less expensive ways to handle this problem.

If we enact the $700 billion bailout, will it work—will banks be willing to part with the loans and will the government be able to sell them in the marketplace on terms the taxpayers would find acceptable? I have my doubts.

To get the banks to sell the loans, the government will need to buy them at an inflated price compared to what the private sector would pay for the loans today. There are lots of investors who would only be too happy to purchase the loans today, but the financial institutions and investors cannot agree on a price. The money is sitting on the sidelines until there is clear evidence we are at the bottom in real estate.

Having financial institutions sell the loans to the government at inflated prices so the government can turn around and sell the loans to well-heeled investors at lower prices strikes me as a very good deal for everyone but U.S. taxpayers.

Surely we can do better. One alternative is a ''net worth certificate'' program along the lines of the program Congress enacted in the 1980s for the deeply troubled savings bank industry. It was a big success and could work in the current climate. The FDIC resolved a $100 billion insolvency in the savings banks (had they been marked to market) for a total cost of $1.8 billion.

The net worth certificate program was designed to shore up the capital of weak banks to give them more time to resolve their problems. The program involved no subsidy and no cash outlay.

The FDIC purchased net worth certificates (subordinated debentures) in troubled savings banks that the FDIC determined could be viable if they were given more time. Banks entering the program had to agree to strict oversight from the FDIC, including oversight of compensation of top executives and removal of poor management.

The FDIC paid for the net worth certificates by issuing FDIC senior notes to the banks so there was no cash outlay. The interest rate on the net worth certificates and the FDIC notes was identical so there was no subsidy.

If we were to enact this program today, the capital position of banks with real estate holdings would be bolstered, which would give those banks the ability to sell and restructure assets and get on with their rehabilitation. No taxpayer money would be spent, and the asset sale transactions would remain in the private sector where they belong.

If we were to (i) implement a program to ease the fears of depositors and other general creditors of banks, (ii) keep tight restrictions on short sellers of financial stocks, (iii) suspend fair value accounting (which has contributed mightily to our current problems by marking assets to unrealistic fire-sale prices), and (iv) authorize a net worth certificate program, I believe we would settle the financial markets without significant expense to taxpayers.

If Congress spends $700 billion of taxpayer money on the loan purchase proposal, what do we do next? If we implement the program suggested above, we will have $700 billion of dry powder we can put to work in targeted tax incentives to get the economy moving again.

The banks do not need taxpayers to carry their loans, they need proper accounting and regulatory policies that will allow them time to work through their problems.

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BRANCH BANKING & TRUST CO.,
*Winston-Salem, NC, September 23, 2008.*

Hon. (NAME),
*Senate Building,*
*Washington, DC.*

Or

Hon. (NAME),
*House of Representatives,*
*Washington, DC.*

DEAR SENATOR/CONGRESSMAN/REPRESENTATIVE: BB&T is a $136 billion multi-state banking company. We have 1,500 branches throughout the mid-Atlantic and southeast states. While we have been impacted by the real estate markets, we continue to have healthy profitability and a strong capital position.

We think it is important that Congress hear from the well run financial institutions as most of the concerns have been focused on the problem companies. It is inappropriate that the debate is largely being shaped by the financial institutions who made very poor decisions.

Attached are the issues that we believe are relevant from the perspective of healthy banks. Your consideration of these issues is greatly appreciated.

Sincerely,

JOHN ALLISON,
*Chairman and Chief Executive Officer.*

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KEY POINTS ON ''RESCUE'' PLAN FROM A HEALTHY BANK'S PERSPECTIVE

1. Freddie Mac and Fannie Mae are the primary cause of the mortgage crisis. These government supported enterprises distorted normal market risk mechanisms. While individual private financial institutions have made serious mistakes, the problems in the financial system have been caused by government policies including, affordable housing (now sub-prime), combined with the market disruptions caused by the Federal Reserve holding interest rates too low and then raising interest rates too high.

2. There is no panic on Main Street and in sound financial institutions. The problems are in high-risk financial institutions and on Wall Street.

3. While all financial intermediaries are being impacted by liquidity issues, this is primarily a bailout of poorly run financial institutions. It is extremely important that the bailout not damage well run companies.

4. Corrections are not all bad. The market correction process eliminates irrational competitors. There were a number of poorly managed institutions and poorly made financial decisions during the real estate boom. It is important that any rules post ''rescue'' punish the poorly run institutions and not punish the well run companies.

5. A significant and immediate tax credit for purchasing homes would be a far less expensive and more effective cure for the mortgage market and financial system than the proposed ''rescue'' plan.

6. This is a housing value crisis. It does not make economic sense to purchase credit card loans, automobile loans, etc. The government should directly purchase housing assets, not real estate bonds. This would include lots and houses under construction.

7. The guaranty of money funds by the U.S. Treasury creates enormous risk for the banking industry. Banks have been paying into the FDIC insurance fund since 1933. The fund has a limit of $100,000 per client. An arbitrary, ''out of the blue'' guarantee of money funds creates risk for the taxpayers and significantly distorts financial markets.

8. Protecting the banking system, which is fundamentally controlled by the Federal Reserve, is an established government function. It is completely unclear why the government needs to or should bail out insurance companies, investment banks, hedge funds and foreign companies.

9. It is extremely unclear how the government will price the problem real estate assets. Priced too low, the real estate markets will be worse off than if the bail out did not exist. Priced too high, the taxpayers will take huge losses. Without a market price, how can you rationally determine value?

10, The proposed bankruptcy ''cram down'' will severely negatively impact mortgage markets and will damage well run institutions. This will provide an incentive for homeowners who are able to pay their mortgages, but have a loss in their house, to take bankruptcy and force losses on banks. (Banks would not have received the gains had the houses appreciated.) This will substantially increase the risk in mortgage lending and make mortgage pricing much higher in the future.

11. Fair Value accounting should be changed immediately. It does not work when there are no market prices. If we had Fair Value accounting, as interpreted today, in the early 1990's the United States financial system would have crashed. Accounting should not drive economic activity, it should reflect it.

12. The proposed new merger accounting rules should be deferred for at least five years. The new merger accounting rules are creating uncertainty for high quality companies who might potentially purchase weaker companies.

13. The primary beneficiaries of the proposed rescue are Goldman Sachs and Morgan Stanley. The Treasury has a number of smart individuals, including Hank Paulson. However, Treasury is totally dominated by Wall Street investment bankers. They do not have knowledge of the commercial banking industry. Therefore, they can not be relied on to objectively assess all the implications of government policy on all financial intermediaries. The decision to protect the money funds is a clear example of a material lack of insight into the risk to the total financial system.

14. Arbitrary limits on executive compensation will be self defeating. With these limits, only the failing financial institutions will participate in the ''rescue,'' effectively making this plan a massive subsidy for incompetence. Also, how will companies attract the leadership talent to manage their business effectively with irrational compensation limits?

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. LATOURETTE).

(Mr. LATOURETTE asked and was given permission to revise and extend his remarks.)

Mr. LATOURETTE. Madam Speaker, I want to congratulate the chairman of the Financial Services Committee, Chairman FRANK, for noble work in being handed really a pile of garbage and trying to make it better. Sadly, I cannot endorse the legislation he has worked so hard to bring today; and say this mess is not of his making.

Our leader, Mr. BOEHNER, appointed about 14 of us to do a working group to find an alternative to $700 billion, thinking that $700 billion is a lot of money.

And our recommendations had a number of principles. One is that the people that made the mess should clean up the mess. Thankfully, that was the insurance program which Chairman FRANK and the Democrats have acceded to. And it also dealt with CEO compensation in the bill, which I am happy to see.

But there were three market reforms that could have taken this bill from $700 billion to maybe $100 billion, and it is what the folks that have been calling me asked for. Some have already been talked about on the floor, and that is the mark to market. And basically, to give an example, if you are a bank and you have a million dollar building in your portfolio but because the real estate market isn't doing so well, the bank examiners have come in and they have said your building is only worth $400,000 today. You haven't sold it. Nothing has happened to it. You are still collecting rent on it, but you have taken a $600,000 hit on your balance sheet. That has a doubled-edged effect in that now that you have a reduced balance sheet, you have to squirrel more cash so you can't make loans to people wanting to engage in business, people wanting to buy homes. It is fake.

The latest figures that I have seen indicate that this mark down by the bank examiners has taken $500 billion of assets down, with the multiplier effect of about $5 trillion that is not available.

We could double the FDIC reform and do the FDIC reform which I believe the chairman supports. And not one American has lost one penny in an FDIC-insured account of $100,000 or less. We could make it $200,000.

Lastly, the principle was that the taxpayer shouldn't pay for this. Private money should pay for this. Repatriate offshore funds from American corporations, and we could fix this problem.

Mr. FRANK of Massachusetts. Madam Acting Speaker, the leadership that we have been given throughout this crisis by the permanent Speaker of this House has been extraordinary, and I am honored to yield her 1 minute.

The SPEAKER pro tempore. The gentlewoman from California is recognized for 1 minute.

Ms. PELOSI. Thank you very much, Madam Speaker, for recognizing me, and also to the distinguished chairman for his extraordinary leadership which I will address in a moment.

Madam Speaker, when was the last time anyone ever asked you for $700 billion? It is a staggering figure. And many questions have arisen from that request, and we have been hearing I think a very informed debate on all sides of this issue today. I am very proud of the debate. Seven hundred billion dollars, a staggering number, but only a part of the cost of the failed Bush economic policies to our country, policies that were built on budget recklessness.

When President Bush took office, he inherited President Clinton's surpluses; 4 years in a row budget surpluses on a trajectory of $5.6 trillion in surplus. And with his reckless economic policies, within 2 years he had turned that around. And now 8 years later, the foundation of that fiscal irresponsibility, combined with an anything-goes economic policy, has taken us to where we are today.

They claim to be free market advocates when it is really an anything-goes mentality. No regulation, no supervision, no discipline. And if you fail, you will have a golden parachute and the taxpayer will bail you out. Those days are over. The party is over in that respect.

Democrats believe in a free market. We know that it can create jobs, it can create wealth and many things in our economy. But in this case, in its unbridled form, as encouraged, supported by the Republicans, some in the Republican Party, not all, it has created not jobs, not capital, it has created chaos. And it is about that chaos that the Secretary of the Treasury and the chairman of the Fed came to see us just about a week and a half ago. It seems like an eternity, doesn't it. So much has happened, the news was so bad.

They described a very, very dismal situation, a dismal situation describing the state of our economy, the fragility of our financial institutions, and the instability of our markets—our equity markets, our credit markets, our bond markets. And here we were, listening to people who know of what they spoke. The Secretary of the Treasury brings long credentials and knowledge of the markets. More fearful, though, to me, more scary, were the statements of Chairman Bernanke because Chairman Bernanke is probably one of the foremost authorities in America on the subject of the Great Depression. I don't know what was so great about the depression, but that's the name they give it.

And we heard the Secretary and the Chairman tell us that this was a once in a hundred-year phenomenon, this fiscal crisis was so drastic. Certainly once in 50 years, probably once in 100 years. And how did it sneak up on us so silently, almost on little cat's feet, that they would come in on that day. And they didn't actually ask for that much money that night. It took 2 days until we saw the legislation that they were proposing to help calm the markets. It was on that day that we learned of a $700 billion request.

But it wasn't just the money that was alarming, it was the nature of the legislation. It gave the Secretary of the Treasury czar-like powers, unlimited powers, latitude to do all kinds of things; and specifically prohibited judicial review or review of any other Federal administrative agency to review their actions.

Another aspect that was alarming, it gave the Secretary the power to use any money that came back from these infusions of cash to be used at the discretion of the Secretary, not to reduce the deficit, not to go into the general fund so we could afford other priorities, to be used at the discretion of the Secretary. It was shocking.

Working together in a bipartisan way, we were able to make major improvements on that proposal even though its fundamental basis was almost arrogant and insulting.

The American people responded almost immediately. Overwhelmingly they said that they know something needs to be done. Seventy-eight percent of the American people said: Congress must act. Fifty-eight percent said: but not to accept the Bush proposal.

And so here we are today, a week and a couple of days later, coming to the floor with a product, not a bill that I would have written, one that has major disappointments for me beginning with the fact that it does not have bankruptcy in this bill, and we will continue to persist and work to achieve that.

It is interesting to me, though, when they described the magnitude of the challenge and the precipice that we were on and how we had to act quickly and we had to act boldly and we had to act now, that it never occurred to them that the consequences of this market were being felt well in advance by the American people. That unemployment is up; and, therefore, we need unemployment insurance. That jobs are lacking; and, therefore, we need a stimulus package.

So how on the one hand could this be so urgent at the moment, and yet so unnecessary for us to address the effects of this poor economy in the households of America across our country? We will come back to that in a moment.

Working together, we put together some standards. I am really proud of what BARNEY FRANK did in this regard.

That first night, Thursday night when we got the very, very dismal news he immediately said: If we are going to do this—and SPENCER BACHUS was part of this as well—if we are going to do this, we must have equity for the American people. We are putting $700 billion; we want the American people to get some of the upside. So fairness for the American people.

Secondly, as they described the root of the problem as the mortgage-backed securities, BARNEY insisted that we would have forbearance on foreclosure. If we are now going to own that paper, that we would have forbearance to help responsible homeowners stay in their homes.

In addition to that, we had to have strong, strong oversight. We didn't even have to see the $700 billion or the full extent of their bill to know that we needed equity and upside for the taxpayer, forbearance for the homeowner, oversight by the government on what they were doing, and something that

the American people understand full well, an end to the golden parachutes and a review and reform of the compensation for CEOs.

Let's get this straight. We have a situation where on Wall Street, people are flying high. They are making unconscionable amounts of money. They make a lot of money. They privatize the gain. The minute things go tough, they nationalize the risk. They get a golden parachute as they drive their firm into the ground, and the American people have to pick up the tab.

□ 1230

Something is very, very wrong with this picture.

So just on first blush that Thursday night, we made it clear—meeting much resistance on the part of the administration—those four things, equity, forbearance, oversight, and reform of compensation.

Overriding all of this is the protection of the taxpayer. We need to stabilize the markets, and in doing so, we need to protect the taxpayers. And that's why I'm so glad that this bill contains suggestions made by Mr. TANNER that if at the end of the day, say, in 5 years when we can take a review of the success or whatever of this initiative, that if there is a shortfall and we don't get our whole $700 billion back that we have invested, that there will be an initiative to have the financial institutions that benefited from this program to make up that shortfall. But not one penny of this should be carried by the American people.

People ask—and Mr. SPRATT spoke with great knowledge and eloquence on the budget and aspects of the budget—$700 billion; what is the impact, what is the opportunity cost for our country of the investments that we would want to make?

Okay. Now we have it at a place where the taxpayer is going to be made whole, and that was very important for us. But why on the drop of a hat can they ask us for $700 billion and we couldn't get any support from the administration on a stimulus package that would also help grow the economy?

People tell me all over the world that the biggest emerging economic market in the world is rebuilding the infrastructure of America: roads, bridges, waterways, water systems in addition to waterways, the grid, broadband, schools, housing. We're trillions of dollars in deficit there. We know what we need to do to do it in a fiscally sound way, in a fiscally sound way that creates good paying jobs in America immediately, brings money into the Treasury by doing so and, again, does all of this in an all-American way: good paying jobs here in America. We can't get the time of day for $25, $35 billion for that which we know guarantees jobs, et cetera, but $700 billion.

So make no mistake: When this Congress adjourns today to observe Rosh Hashanah and have Members go home for a bit, we are doing so at the call of the Chair because this subject is not over, this discussion about how we save our economy. And we must insulate Main Street from Wall Street.

As Congresswoman WATERS said, Martin Luther King Drive, and in my district Martin Luther King Drive and Cesar Chavez Road, and all of the manifestations of community and small businesses in our community, we must insulate them from that.

So we have difficult choices, and so many of the things that were said on both sides of this issue in terms of its criticisms of the bill we have and the bill that we had at first and the very size of this, I share. You want to go home, so I'm not going to list all of my concerns that I have with it.

But it just comes down to one simple thing. They have described a precipice. We are on the brink of doing something that might pull us back from that precipice. I think we have a responsibility. We have worked in a bipartisan way. I want to acknowledge Mr. BLUNT and Mr. BOEHNER of the work that we've done together in trying to find as much common ground as possible on this.

But we insisted the taxpayer be covered. We all insisted that we have a party-is-over message to Wall Street, and we insisted that the taxpayers at risk must recover; any risks must be recovered. I have told you that already.

So, my colleagues, let's recognize that this legislation is not the end of the line. Mr. WAXMAN will be having vigorous oversight this week, hearings this week, on regulatory reform and other aspects of it. I hope you will pursue fraud and mismanagement and the rest.

Mr. FRANK and his committee will continue to pursue other avenues that we can stabilize the markets and protect the taxpayer.

For too long this government in 8 years has followed a right-wing ideology of anything goes: no supervision, no discipline, no regulation. Again, all of us are believers in free markets, but we have to do it right.

Now let me again acknowledge the extraordinary leadership of Mr. FRANK. He's been an exceptional leader in the Congress, but never has his knowledge and his experience and his judgment been more needed than now. And I thank you, Mr. FRANK, for your exceptional leadership, Mr. Chairman.

So many people worked on this, but I also want to acknowledge the distinguished Chair of our caucus, Mr. EMANUEL. His knowledge of the markets, the respect he commands on those subjects, and his boundless energy on the subject served us well in these negotiations.

But this is a bipartisan initiative that we are bringing to the floor. We have to have a bipartisan vote on this. That is the only message that will send a message of confidence to the markets.

I know that we will be able to live up to our side of the bargain. I hope the Republicans will, too.

But my colleagues, as you go home and see your families and observe the holiday and the rest, don't get settled in too far because as long as this challenge is there for the American people—the threat of losing their jobs, their credit, their savings, their retirement, the opportunity for them to send their children to college—as long as in the households of America this crisis is being felt very immediately and being addressed at a different level, we must come back. And we will come back as soon and as often as necessary to make the change that is necessary.

And before long, we will have a new Congress, a new President of the United States, and we will be able to take our country in a new direction.

Thank you.

Mr. BACHUS. Madam Speaker, I yield 2 minutes to the gentlelady from Minnesota (Mrs. BACHMANN).

Mrs. BACHMANN. I thank the gentleman for yielding.

I also want to thank the Speaker of the House for making the case why so many Republicans are unwilling at this point to sign on to this legislation that's before us. However, I do believe also, Madam Speaker, that Democrats and Republicans are both committed to finding a way out of this financial challenge, and we think we have one. But the answer we believe needn't cost taxpayers $700 billion.

The problem is a lack of credit for creditworthy people, people who are fully capable of paying that credit back. Why is there a lack of credit? It's because the SEC has mandated accounting rules that have forced banks to value assets well below their actual economic value.

So what does this mean? It means that if a bank has $1 worth of deposits, they can make $10 in loans. But if accounting rules are forcing banks to devalue assets, $500 billion, then that means that banks are prohibited from making $5 trillion worth of loans. And that's why we have a credit crunch.

Unfortunately, the bill that we have before us today doesn't even address this credit crisis.

Let's first direct the SEC to suspend mark-to-market accounting rules for assets for which there is no market. That only makes sense. Second, stop naked short selling. Then the FDIC can issue net asset certificates that saved banks during the S&L crisis and the FDIC can write a letter to United States banks telling them in the absence of fraud that the FDIC will fully back all deposits for first-tier creditors.

Let's try these practical solutions before we pull the trigger on a $700 billion bailout that doesn't even address the underlying program.

Today, Madam Speaker, Republicans and Democrats agree. It's time for a rest. It's time for a break. Let's embrace a practical solution before we tie a $700 billion bailout around the neck of the American people.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to a

Member who has played a leading role in bringing us together, the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. There have been a number of important lessons learned in this last year. One, you cannot have a strong economy on a foundation of a weakened middle class. For the last 7 years, the middle class has seen median household incomes decline by $1,200 and costs go up by $4,800. They are working harder, making less, and paying more to maintain their standard of living.

And, second, that this problem is not an earthquake, it's not a natural disaster. It's a manmade disaster, and one in which a philosophy of unregulation created that type of damage. You can come to the conclusion that capitalism is too important to be left to capitalists alone, that the banks that are surviving are the ones that are regulated. The unregulated are the ones that are going under.

People have figured out this problem. The financial industry created things that they don't, themselves, know what the value are. People were buying homes that were being flipped as if they were pancakes. And the regulators that were supposed to be policing this were asleep at the switch; and they're angry at all three, and they have every right to be.

The substance of this legislation has been improved because last Saturday the Treasury Department sent a bill to calm the markets down. And what Congress did in the remaining 7 days is put in there protections for the taxpayers. It had nothing to start with as it related to the taxpayers. The last 7 days was to make sure that the public markets were as protected as the financial markets were calmed. And we have made dramatic improvements in this legislation.

But make no doubts about it: While this may try to avert the recession in the financial sector, our job is not done until we avert the recession on Main Street, that we once again get a growth in jobs, we once again get a growth in median household incomes.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. FRANK of Massachusetts. Madam Speaker, I yield an additional 20 seconds.

Mr. EMANUEL. Until we deal with the standard of living of the middle class and return the foundations of this economy to a middle class that is strong, we will never have a healthy economy.

We are doing what is responsible putting out this fire. But make no doubts about it: The remaining days are to also figure out who created the fire and make sure that that arsonist is put in jail.

Mr. BACHUS. Madam Speaker, I yield 1 minute to Mr. INGLIS, the gentleman from South Carolina.

Mr. INGLIS of South Carolina. I thank the gentleman for yielding.

The question before us, I think, is this: Is the risk of doing nothing greater than the risk of buying $700 billion of illiquid securities? The argument for it, of course, is that illiquid securities may turn out to be an okay investment. The best argument against it is it's basically socializing losses after Wall Street-types have pocketed profits. But, you know, when knowledgeable people tell us that there is a substantial chance of a depression, it's time to act.

Our financial markets have overdosed on credit. Truth be known, we have all overdosed on credit. The Federal Government, businesses large and small, families wealthy and poor. Working that overdose out of our system is going to take some time. But by buying up some of the securities that have fallen to a price below their value, the government might be able to stabilize the market and later sell off some of those securities at a profit. Some will be found to be worthless because they are so far removed from the original collateral, but some will have value, and we may just come out of this okay.

Mr. FRANK of Massachusetts. Madam Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. I thank the gentleman.

Today we're being told that what is good for Wall Street is good for Main Street, yet this bailout plan will fail to keep families in their homes. Treasury will own troubled assets without any control. Terms of bad mortgages cannot be changed absent controlling share of underlying securities.

If you support this legislation because you think it will keep people in their homes, think again. In fact, Treasury will not be able to change the terms of bad mortgages because the act does not require Treasury to purchase a controlling share in the underlying mortgage-backed securities and collateralized debt obligations.

□ 1245

The Secretary will be powerless to make any real and substantive change in the terms of mortgages. The Secretary will have no power to avoid foreclosures and keep families in their homes.

Last night, I received a letter from Frank Alexander, a professor of law at Emory University. He has testified before my subcommittee on domestic policy, on targeting Federal assistance to help neighborhoods affected by the foreclosure crisis. He is an expert on housing law.

I would like to put his letter in the RECORD.

Professor Alexander clearly demonstrates that the Emergency Economic Stabilization Act will not fulfill its stated goal of preserving homeownership. Unless the Secretary of the Treasury is required to prioritize assets that will give the Treasury a controlling share in the underlying home mortgage, the Secretary will hold bad assets with no power to make them solid again. So much for the homeowners.

If we had a plan which focused on saving families' homes, it would actually do more for the economy than this bill. Economist Nouriel Roubini has written that the lack of debt relief to distressed households is behind the financial crisis and the deepening recession. With $700 billion directed towards helping or towards trying to save homes, we could really stimulate the economy and could give real economic security to millions on Main Street, but that's not what this bill is about. It's about Wall Street. What is good for Wall Street is good for Main Street? Not today.

EMORY SCHOOL OF LAW,
*Atlanta, Georgia, September 28, 2008.*

Re Emergency Economic Stabilization Act of 2008.

Hon. DENNIS J. KUCINICH,
*Chairman, Domestic Policy Subcommittee, Committee on Governmental Oversight and Reform, House of Representatives, Rayburn House Office Building, Washington, DC.*

DEAR REPRESENTATIVE KUCINICH: As the text of the Emergency Economic Stabilization Act of 2008 approaches final negotiations and a possible vote in Congress, I want to share my concern over the lack of any clear connection between the Troubled Asset Relief Program, and the provisions of this legislation that appear to relate to Homeownership Preservation.

This legislation, in its most recent form as of Sunday evening, September 28, has many provisions that make it far superior to the bill that was submitted on behalf of Secretary Paulson eight days ago. The two dominant purposes of the current draft of this legislation appear to be first the desire to enhance financial market liquidity through the acquisition (or insurance) of Troubled Assets, and second the desire to facilitate home preservation through loan modifications. The problem is that there is, quite simply, no clear or necessary connection between the Troubled Assets that may be purchased by the Secretary, and the capacity of the Secretary to engage in or facilitate loan modification or foreclosure avoidance strategies.

As presently drafted, the Secretary will engage in a program of acquisition (or insurance) of Troubled Assets, the purchase of which ''promotes financial market stability''. The liquidity crisis primarily stems from mortgage backed securities, or derivatives of mortgage backed securities, which contain or are perceived to contain mortgages with high rates of delinquencies or defaults. Mortgage related securities that are composed of a single class of prime mortgages are not illiquid, and are not likely to be the target of acquisition by the Secretary. Instead, the illiquid securities are most frequently those that are highly subdivided and fractured into separate classes or tranches, and often further securitized by derivatives.

The problem is that when and if the Secretary elects to acquire the mortgage related asset of any single financial institution, the Secretary will not be acquiring a portfolio of whole loans, or even a controlling interest in a securitization of loans.

If the Secretary acquires a partial interest or whole interest in a given tranche of mortgage backed securities, or in a derivative of a mortgage back security, the Secretary will lack the authority to authorize, require or even permit a program designed to encourage or facilitate homeownership preservation or foreclosure avoidance actions. As an

owner of a minority interest in a securitization or security derivative, there is little if anything that the Secretary will be able to do to accomplish the professed goals of Homeownership Preservation in this legislation.

If in fact this legislation is to have as one of its goals that of homeownership preservation, then the Troubled Asset Relief Program should have, at a minimum, as one of its goals the acquisition by the Secretary of Troubled Assets which will provide the Secretary will a controlling or majority interest in the underlying pool of whole mortgage loans. In such a context the Secretary will be in a position to implement the Homeownership Preservation goals of this legislation.

The most direct way to modify the current text of the Emergency Economic Recovery Act of 2008 to create the necessary tie between market liquidity and homeownership preservation is to modify Section 101(d)(5) to add the following:

''(5) Priority acquisition of troubled assets when such acquisition provides the Secretary with a controlling or majority interest in the underlying pool of whole mortgage loans.''

In the absence of any functional tie between Troubled Asset acquisition and control with respect to modifications of the underlying residential mortgages, there is likely to be very little significance to the homeownership preservations provisions of this legislation.

Sincerely,

FRANK S. ALEXANDER,
*Professor of Law, Director, Project on Affordable Housing and Community Development.*

Ms. GINNY BROWN-WAITE of Florida. I recognize Mr. TIAHRT of Kansas for 1 minute.

Mr. TIAHRT. Madam Speaker, fundamentally, there is something wrong with the way we are proceeding. The arguments use fear to build confidence. We are on an artificial deadline, rushing to judgment, fearful we can't get there in time. No one has addressed the fundamental reason that has brought us to this state of fear. No one has talked about it because this bill does not fix the underlying problems. Your fear drives you away from reasoning.

So now the worm turns. Those of you who complained the rich are getting richer want to take money away from those who can't afford it and give it to those who live the life style of the rich and famous. Those of you who curse corporate welfare pursue the biggest corporate welfare bill in history. Why? Because of fear. Taxpayers don't want to throw good money—their money—after bad behavior.

Vote against this. Fix the underlying problem. Don't let fear drive you to a bad decision. Vote ''no.''

Mr. FRANK of Massachusetts. I yield 1 minute to a very committed member of our committee, the gentleman from New York (Mr. MEEKS).

Mr. MEEKS of New York. Thank you, Mr. Chairman. I thank you for your hard work.

Madam Speaker, I think what we are subjected to here today is similar to what the drunk driver syndrome is. We have a situation where none of us likes it, where none of us cares what's taking place here—the drunk driver, the one who is intoxicated. Well, the drunk drivers here are these markets that now have had a crash on a thoroughfare, the same thoroughfare that many individuals drive on, and that thoroughfare is blocked. Unfortunately, with the drunk driver, we have to come in and rescue that drunk driver and open up that thoroughfare so that traffic can flow through it. Well, that is what we have right here.

We have individuals who were drunk. The regulators are the bartenders who continued to pour the drinks and who didn't stop them from drinking. Now they're drunk. They've gotten on the main thoroughfare and have had an accident. The accident has closed the highway. Unfortunately, this highway is also the highway where we have our IRAs. It's the highway where we have our 401(k)s. It's the highway where we have our pension funds. It's the highway where we have our car loans and our mortgages. We have to clear the highway so that Main Street can go through it and can continue to survive.

I support this.

Ms. GINNY BROWN-WAITE of Florida. Madam Speaker, I yield 1 minute to Mr. MURPHY of the great State of Pennsylvania.

Mr. TIM MURPHY of Pennsylvania. Madam Speaker, as we pursue this, there are several things that still are of concern to me. We need to make sure we enact real consequences for those who are accountable for this mess and make sure that we enact real change to the system. We need to make sure that we say loud and clear to those who gamble with public funds that they have an obligation to the taxpayer. We need to also make sure that those who are offered loans with a wink and a nod who have no ability to pay, no identification, no credit, and no money down can't get these loans anymore until we get this system fixed.

We also need to understand that what we're talking about is a $700 billion bailout. It happens to be the same amount of money, $700 billion, that we send every year to foreign oil. If this Congress had taken care of our energy problems and had allowed drilling in the Outer Continental Shelf and of the Colorado shale oil, we would have had a real commodity to sell. We would have had real investments in the market and not just paper that we would have been shuffling around and would have been hoping that someone would have bought at auction.

Trillions of dollars in our economy and hundreds of thousands of jobs, that's what we should be doing to fix our economy, not just selling more paper.

Mr. FRANK of Massachusetts. I yield 1 minute to the chairman of the Oversight and Government Reform Committee who has been playing an important role here, the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Madam Speaker, this is an easy bill to vote against. It was presented to us by a Republican President and by a Republican administration so blinded by their ideology of deregulation that it kept them from preventing this crisis.

Because of the masterful work of Chairman BARNEY FRANK and of others, it is incredibly improved. We hope it will work to stabilize the economy. Nobel Prize economists have recommended alternative approaches, but almost all of them have said, ''Don't leave without passing something.'' This is a Republican bill which must pass with bipartisan votes. Many Democrats don't like it. Many Republicans are choking on it. We aren't going to get another bill or a better bill this year, but we will be back to make real reforms, more reforms next year. For now, it would be irresponsible to do nothing.

I will vote for this bill.

Mr. BACHUS. Madam Speaker, I yield 1 minute to the gentleman from Arizona (Mr. SHADEGG).

Mr. SHADEGG. Madam Speaker, I rise to say that this bill is tragically flawed. It contains no increase in FDIC insurance, which would make people comfortable and safe when they're rushing to their banks right now. It contains no capital gains tax, no tax changes, no attempt to deal systematically with the problem. Most importantly, it contains no change in the mark-to-market rules.

This morning, a banker of mine called me from Arizona. He said, ''Mark to market is destroying the capital in the market, and is dragging down the value of these markets.'' He explained that bank examiners are not even enforcing their own rule. Their own rule says an asset shouldn't be marked down until, one, its value drops and, two, until the people stop making payments, but bank examiners are now saying that they must call it mark to market and destroy its value even if the owner of the property is still making those payments.

We have asked over and over again for FDIC insurance to be increased and for a change in the mark-to-market rules. Again and again and again and again, those requests have been rejected.

Mr. FRANK of Massachusetts. I yield to the gentleman from New York (Mr. CROWLEY) 1 minute.

Mr. CROWLEY. I thank the chairman for all of his work on this bipartisan piece of this legislation.

Madam Speaker, I rise not as a representative of Wall Street in New York but of 65th Street in Woodside, Queens, New York.

First, let me state that everyone is angry that we're here this afternoon enacting this piece of legislation, but immediate action must be taken or our Nation's credit system and banking system will dry up. What that means is pension plans and retirement savings will be threatened by the wild fluctuations of the stock market. It will mean

the tightening of credit, which means even the most creditworthy Americans won't be able to afford homes or be able to refinance their homes. Student loans will evaporate, making college more expensive. Auto loans will dry up and, finally, salaries. If employers cannot access banks and credit, they will not be able to meet their payroll, and layoffs will begin.

This was a 3-page bill when we first got it, ladies and gentlemen, but we, the Democrats, made this a better bill. We added both the civil and criminal accountability of Wall Street executives. Government should be giving out metal bracelets, ankle bracelets, and not golden parachutes.

Madam Speaker, this is not a perfect bill, but it is a much better bill than we got initially. I will be supporting this legislation.

Mr. BACHUS. Madam Speaker, I yield 1 minute to the gentlewoman from Colorado (Mrs. MUSGRAVE).

Mrs. MUSGRAVE. Madam Speaker, I am pleased that the strong opposition to the initial administration proposal has helped to force some very important changes such as the bipartisan oversight board, which is an online database that will allow greater oversight of the Secretary's actions, but this is still a bailout for Wall Street that will cost the average Colorado household thousands.

I simply cannot stomach transferring that kind of money from the middle class families to a bunch of Wall Street bankers whose avarice and greed put us in this situation in the first place. It's interesting that, when working families were being crushed by soaring energy prices this summer, Congress went on vacation. Yet, when Wall Street faced the consequences of its actions, we worked around the clock to help them. We should place the same priority on helping Main Street that we place on helping Wall Street.

Mr. FRANK of Massachusetts. I yield to the gentleman from Minnesota (Mr. ELLISON), a member of our committee, 1 minute.

Mr. ELLISON. Madam Speaker, a good friend of mine who runs a charter school needed to get a line of credit recently to float her payroll. She couldn't get it. In the past, she had. That puts the teachers, the custodial staff, the people who work in the kitchen, and all of those folks in line for a payless payday, which means that we've got 60 folks who will not be able to make car notes, mortgages or who will not, perhaps, be able to pay credit cards and who knows what.

This kind of problem is bleeding throughout the economy. That's why the unemployment rate is 6.2 percent. We can wait to see the pain, and then we will be motivated to act, but do you really want to see 8 percent or 9 percent unemployment?

Mr. BACHUS. Madam Speaker, I yield myself 3 minutes, and I'd like to go to the well.

It's 11 days later, and our time has run out. We're going to have a vote. We're going to make a decision. There are no more alternatives. There are no other choices—just this one choice. I don't know about you. I believe every Member of this body feels as if there is an awesome responsibility on our shoulders. This will be the most difficult decision I make in my 16 years in this body, and I have decided that the cost of not acting outweighs the cost of acting.

I've been able to calculate the financial cost of acting, and I know that it's something less than $700 billion. I could go into a long explanation, but I am actually optimistic that almost all of that money will be recovered by the taxpayer. But I'll tell you, like an explorer in uncharted territory, none of us in this body has any really good judgment or insight into what happens if we fail to pass this bill.

It could mean companies will go out of business. We've been told it would. It could mean more bank failures. It probably will. It will mean the impairment of our parents' and grandparents' pensions. I'm not willing to put that bullet in the revolver and spin it. I'm not willing to take that gamble. I'm not willing to pull that trigger because I am not willing to subject the American people to the worst case scenario.

I don't have a crystal ball. That is one reason that I'll be voting ''yes.'' I will take the political risk, but I will not take a risk on the American people and their future, and on the prosperity of my children and of my grandchildren.

Thank you very much.

Mr. FRANK of Massachusetts. Madam Speaker, I know this has been as difficult for the ranking member as it has been for me, and I appreciate the generosity of spirit he has brought to this.

I now yield 1 minute to the gentlewoman from Connecticut (Ms. DELAURO).

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Ms. DELAURO. Our first goal as Members of Congress is to rescue the economy, get it moving again, and make sure the middle class and small businesses get on their feet.

I hate that near criminal mismanagement of our economy and near criminal contempt for our values has forced us to act today. Today's financial crisis could lead to an economic meltdown unseen since the Great Depression, and I have a responsibility to avert it in the interest of the country, though I know it will be unpopular.

For too long, the policies of this administration and the previous majority in Congress put middle class families at risk. I am under no illusions about how we got here. And I act today not to help the banks, but to help hard-working, struggling middle class Americans, small business people.

If we do not act, unemployment will rise, small businesses will not meet payroll, and a credit freeze closes the door on families who need loans to pay for schools, cars and housing.

The administration offered a plan; it was unacceptable. This legislation, while imperfect, offers a different approach. It should be coupled with investing in job-creating infrastructure, new green jobs, and measures that give consumers more income.

Mr. BACHUS. Madam Speaker, I yield 5 minutes to the gentleman from Missouri, our whip, Mr. BLUNT.

Mr. BLUNT. I thank the gentleman for yielding. I thank him for his leadership today and his leadership during this discussion.

None of us want to be here today. All of us would rather not be dealing with this situation. None of us wanted to see the worldwide economic news over the weekend, but it all happened. And we see things happening in our country today that have to be dealt with, and this body has an opportunity today to deal with those things.

We've reached out to try to compromise on both sides of the aisle on a solution. Now, frankly, I think every speech here today on either side that gets into wanting to allocate blame as part of this vote is not helpful. I do think what could be helpful is this solution. I don't think it is helpful the way we started talking about a ''solution, but it's not this one.'' We started talking about a bailout, and we truly have gotten, with lots of effort, to a program that could be a workout.

These are not valueless assets; these are just assets that don't reflect in today's economy the value that they truly have. And this is a program that, through a number of ways, would begin to stabilize and establish that value again. Whether it was going in and purchasing some of these mortgages, whether it was insuring these mortgages and other assets that are out there, you begin to make money available again for families in America; you begin to make money available again for businesses that want to expand; you begin to make money available again for student loans; you begin to make money available again for the person who wants to pave the parking area at the service station.

This is not about Wall Street; it's about Main Street. And this is not about the government going in and buying things that don't have value, it's about the government helping establish what that value is. If that's done right, and we believe that all of the transparency that you could possibly hope to have in a government program is here, all of the oversight is here—in fact, if anything, we may have overdone the oversight, but none of us want to have underdone the oversight—and that's all here.

And this program would ensure, if administered as I think it now has to be under the protections in it, that taxpayers don't lose money. And if, at the end of the process 5 years from now, the Director of the Office of Management and Budget would say to the President there is still some taxpayer loss here, the President then has to

come back to the Congress and say to the Congress, here's how we, over the next number of years, recover the remaining money from the people who participated in the program, not the entire financial sector, not every person in America, but the people who benefited from, who participated in the program.

Taxpayers, unless a future Congress loses its ability to do what the law says they need to do, taxpayers won't lose anything. And, frankly, I think if this is administered the way it almost has to be now, that 5 years from now it will be apparent that taxpayers won't have lost, they will have gained. And while they were gaining, America gets started on the right direction.

If you're watching the stock market over the next few days and we don't act, whether you have portfolios that you know about or not, if you have a pension plan, if you have a son or daughter who wants to go to college, if you have a home improvement you would like to make, you're going to be affected if the economy doesn't begin to reflect the true strength that this economy has.

This bill helps us re-establish the floor for that strength. This bill helps us ensure that taxpayers don't pay any cost. This bill ensures that everybody can watch all the time to see what's going on.

I urge my colleagues to vote for it. I thank my colleagues who have worked hard to get it to this point. I encourage my colleagues, too, that this is no time to try to seek partisan advantage; this is the time to try to seek a bipartisan solution.

Mr. FRANK of Massachusetts. Madam Speaker, I yield to my colleague from Massachusetts, who has one of the best records in dealing with this set of issues in the Congress, the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. When the markets go up, Wall Street cleans up. When the markets go down, Main Street gets cleaned out.

Nobody wants to do this. Nobody wants to clean up the mess created by Wall Street recklessness. Nobody thinks this is perfect. But, if we don't act now, we won't just punish Wall Street, but punish innocent people on Main Street who will get cleaned out.

This is the greatest threat to those people since the Great Depression. This bill, because of BARNEY FRANK, protects taxpayers, prevents golden parachutes, and limits excessive CEO compensation, helps prevent home foreclosures, provides strong, independent oversight and transparency. Not just Main Street, but the whole world is looking at us. Our very system of capitalism is under assault.

We must pass this today. We must give support to this. We must protect Main Street across this entire country. Vote ''yes'' on this protection of citizens of our country.

I rise in support of this bill.

After careful consideration of the bill to provide emergency assistance to stabilize our economy, I have decided to support this bill.

For years, I have fought hard for tougher oversight and regulation of Wall Street. I fought for tougher laws against insider trading, market manipulation, and other financial fraud; I fought to give the SEC expanded powers to obtain risk assessment reports regarding the risks posed by derivatives and other risky investments; I fought against efforts to deregulate Wall Street and make it tougher for defrauded investors to sue the scam artists who have ripped them off.

But 12 years of Republican-led deregulation and lax controls have fueled Wall Street's greed and recklessness in an inexcusable manner. I don't like having to vote for this kind of legislation. Still, I believe that a failure to act now wouldn't merely punish Wall Street, but also would put hardworking Americans at risk of losing their homes, their jobs, and their savings.

When the Bush administration presented its plan to Congress a week ago, I believed it did not contain the safeguards needed to protect taxpayers from billions of dollars in losses that could result from this rescue plan.

But over the past week, as a result of round-the-clock negotiations with the Bush Administration, essential taxpayer protections were added. For example, the plan now:

Protects taxpayers by requiring a plan for full repayment of all funds used to assist troubled financial firms;

Helps prevent home foreclosures by granting the Government authority to work with loan servicers to change the terms of mortgages to keep Americans in their homes;

Prevents golden parachutes by limiting excessive compensation for CEOs and executives of firms selling assets to the Government as part of the plan;

Creates strong, independent oversight and transparency to prevent waste and fraud and protect taxpayers.

I believe that failure to take action now would mean considerable risk of serious economic pain for America. The pain would not be limited to Wall Street bankers who made risky bets that didn't pay off.

Without relief now, Americans across the country struggling to pay their mortgages would be at greater risk of losing their homes. Responsible companies seeking credit to keep their businesses afloat already have seen financing dry up—if the Government fails to intervene now, more companies could close their doors, putting more Americans out of work.

The bill provides tough oversight and commits Congress and the President to the principle that whatever the ultimate cost is, it will be borne by the financial services industry directly, not taxpayers in general.

Our economy is facing the biggest Wall Street crisis since the Great Depression. Congress must respond to stop further declines that could wipe out savings accounts and hurt everyday Americans around the country if the crisis spreads even further.

Our entire economy depends on this critical legislation, but the taxpayers should not be on the hook to pay for risky business on Wall Street and lax oversight by the Bush administration. The taxpayers' insurance guarantee in the bill is one of the many taxpayer protections Democrats included to improve the original Bush-Paulson plan to stabilize American financial markets.

I urge adoption of the bill.

The SPEAKER pro tempore. The gentleman from Alabama has 2 minutes remaining. The gentleman from Massachusetts has 4 minutes remaining.

Mr. BACHUS. Madam Speaker, I reserve the balance of my time.

Mr. FRANK of Massachusetts. Madam Speaker, I yield for a unanimous consent request to the gentleman from California.

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Madam Speaker, I rise in support of this legislation.

Madam Speaker, I rise today in support of the Emergency Economic Stabilization Act, a bill to respond to what could be one of the worst financial crises to face our country.

Just over 10 days ago, in response to this crisis, President Bush asked Congress to immediately approve a 2½-page plan to grant never-before-seen powers to the Secretary of the Treasury to spend a staggering $700 billion in taxpayer money to bail out Wall Street firms, with no strings attached, no accountability, and no guarantee of success.

This President, who has overseen one of the worst economic records in American history, asked us for a blank check.

The Speaker of the House, my colleagues, and I said, ''No.'' We rejected his blank check plan.

But we did not dismiss the need to take action on behalf of American workers and families already hurt by our economic problems and who would be severely hurt further if this financial crisis becomes a full scale economic meltdown.

Instead, we said that if we are to rescue failing institutions because it is in the public's interest then we must ensure that the plan protects the taxpayer and holds officials accountable.

The plan that we are voting on today is a far cry from what we were first asked to approve. It is the result of hundreds of hours of negotiations between the House, the Senate, and the White House and between Democrats and Republicans.

The result is a plan that:

Provides money to rescue firms in stages, not all at once;

Limits the compensation of CEOs whose firms the government rescues. No more golden parachutes for Wall Street tycoons who get government assistance.

Provides immediate and ongoing tough oversight by independent boards including the Inspector General and the Government Accountability Office;

Gives taxpayers ownership of the companies that they would rescue, giving them a share of the profits in those companies;

Helps families going through foreclosure, and;

Provides a mechanism for paying for any losses the taxpayer might face from this plan.

You would think that these protective measures would have been obvious to the President when he asked us to approve his plan.

The fact is, Democrats in the House and Senate had to fight for them. We had to fight to limit CEO pay for rescued firms. We had to

fight for tough oversight. We had to fight to give taxpayers ownership of the companies we help. And we had to fight to get some mechanism of paying for this plan.

So, with great deliberation and a lot of hard work, we made this a much better bill.

This bill does not have everything in it that I or others here wanted. It is a compromise. But it is a compromise that I believe is far preferable to the alternative of not acting at all.

The American economy is in its weakest condition in many, many years. Rising unemployment, stagnant and declining wages, record high energy costs, and soaring food prices.

Mortgage foreclosures continue to rise and home values continue to decline.

Fundamental investments in our economy remain unmet—for health care, aging roads, bridges and schools, new energy sources and energy conservation, and for education.

Amidst this economic crisis we face the potential for a sudden meltdown of our nation's financial markets of a magnitude that few of us have ever seen in our lifetime and that would reach into every corner of our nation and further weaken the living standards of every American.

No one can say with certainty, but if you believe the experts' predictions the collapse of the financial markets will not just result in the bankruptcy of banks and other firms on Wall Street.

The financial collapse would cripple the credit markets and would prevent the economy from growing, hurting Americans' ability to borrow at reasonable rates to make payroll at small businesses, invest in new equipment, borrow for college, take out a mortgage, start new businesses, or buy new cars. It would hurt our ability to create new jobs.

As we are seeing in California, school districts, counties, and cities are losing millions of dollars because of the collapse of Wall Street firms in which they held investments.

The question of whether to help rescue Wall Street firms and stabilize the credit markets is daunting and one that I know each of my colleagues is considering with greatest sense of caution, obligation and responsibility.

Americans are furious with the CEOs of Wall Street, and they have every right to be. Just as they should be furious with 8 years of the Bush Administration and 12 years of the Republican-led Congress that did nothing but cut taxes for the rich and help Wall Street with deregulation of the banks and provide no oversight from Washington.

With the Republicans' help, the barons of Wall Street have taken the upside of the economy with relish. They invented and mastered the golden parachutes and eye popping executive compensation schemes that have created their own economic class in our country.

They created new, complex financing mechanisms that were beyond even their own understanding and they violated every common sense rule of corporate transparency and financial soundness.

Armed with their powerful lobbyists, Wall Street cunningly held off fair regulations by Congress, arguing that left to their own devices Americans would be better off.

The American people are the victims of this go-go, Wild West approach to governing.

Well, the damage is done, and the damage is devastating. And now, the party is over.

Congress and the American people are going to have to step up to the plate and right the pieces. It will not be easy.

But the taxpayers should not be asked to do so without the protections that we have fought to include.

That is our primary concern—the American people who have had to withstand a devastating economic downturn during the last eight years, who had to shoulder the mounting costs of bailing out one large bank or financial firm after another, and who have not had anyone come to their own rescue when times got hard.

This bill is intended to stabilize the credit markets, slow the decline of foreclosures, slow the decline in home values, and begin to free up credit so that the economy can have a chance to grow.

Based on what I have learned from a wide range of experts across the country, I believe the financial crisis is real and that the consequences of not acting now will be far, far worse for average Americans than if we do nothing at all.

This bill is not just about trying to prop up the stock market. Markets will rise and fall for a variety of reasons. But the dramatic decline in the stock market clearly hurts tens of millions of Americans with pension funds, retirement accounts, college funds, and other savings that are invested in the stock markets.

What we are attempting to do is stabilize the credit markets because that is what fuels our economy and creates jobs and good incomes. The crisis that started on Wall Street does not end on Wall Street, it ends on Main Street, in every small town and big city in our country.

If this bill were just about Wall Street, given their behavior, I wouldn't walk across the street to save them. But this is really about our communities and families and people's access to credit, and jobs and economic growth. This is an important step but clearly much more needs to be done to create jobs and try to stop the slide in home values.

For example, the House passed a bill to spend $60 billion quickly on a stimulus plan, for infrastructure and unemployment insurance. The Administration has opposed it and has threatened to veto our plan.

Our plan would have created good paying jobs in California and in America, providing an infusion of money for mass transit, highways, water projects, bridges, water recycling, and broadband technology, all of which are an investment in the economic future of America.

The President is wrong to oppose this. At a time of rising unemployment, it is unfortunate that the President has opposed us and refuses to support our investment plan. But I will continue to fight for our economic plan that is essential to our long-term economic recovery.

I have fought to protect homeowners, taxpayers and consumers. I urge my colleagues to support this plan and to continue to work together to make further investments in the economy that are crying out for our approval to get America moving forward and get Americans working again.

Mr. FRANK of Massachusetts. Madam Speaker, I yield myself 3 minutes.

Madam Speaker, I have mostly appreciated the kind words directed at me. I say ''mostly'' because it has been my experience here that there is often an inverse ratio between the nice things people say about you and their inclination to vote for your bill. I hope we can overcome that in this situation.

But I want to talk now—and we've worked on this in a compromise way, and I am proud to have worked with the whip and my ranking member counterpart and others across the ideological spectrum. And meeting a national crisis does not give any of us the luxury of doing everything we want.

I hope we will come back here with more votes. And if we have more votes, the next time we negotiate I'll be tougher, but you have got to accept reality.

I wish this was a bill that reflected more of my priorities. I wish I could eat more and not gain weight, but I have learned that acting imprudently on my wishes that cannot be realized is not helpful. But I do want to address those who share with me a commitment to dealing with people who are low on the economic spectrum.

Madam Speaker, I do my work, and I work on a lot of the general issues. But if there weren't poor people in this world and if we didn't have discrimination, I wouldn't be here. That's why I'm here.

What I have tried to do every time we've had a major bill, I'll be honest, is to use the leverage I get as chairman because there are things that everybody needs to put in for the poor people, to put in something for the people who don't otherwise get a fair shake. And sometimes there's a lot of other things in there. But I will tell my colleagues this, particularly my fellow liberals, 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. We do not unilaterally have the power to impose policies we would like, and therefore, a compromise is required.

What do we have in this bill? I've got a letter I'm putting in the RECORD from every liberal advocacy group—not ACORN, I want to assure my colleagues over there before they have a conniption—but every other group, the Low-Income Housing Coalition, the Legal Aid Society, National Coalition for the Homeless. And it says: ''We are writing to thank you for the inclusion of measures to protect renters.''

People all over this country who rented, who didn't make an imprudent decision to buy a house, found themselves being evicted because somebody didn't pay the mortgage. We try to protect them against this. We try to keep subsidies. I tell you this, the lower-income people, the poor people, they will get nothing if we're not prepared to compromise some.

Secondly, we have in here—and I understood what the gentleman from Ohio (Mr. KUCINICH) was saying—very good language on foreclosure. Is it everything I wanted? No. But I'll tell you this, if this bill passes, we will have a Federal Government empowered to do, for the first time, significant reductions in foreclosures. Now, I don't know who's going to win in November, but I will tell you this, this will put in the hands of whoever the President is

the power to do a great deal of good. Please don't throw it out because you're unhappy with some other provisions.

SEPTEMBER 29, 2008.

Hon. BARNEY FRANK,
*Chair, Committee on Financial Services, House of Representatives, Washington, DC.*

DEAR CHAIRMAN FRANK, we are writing to thank you for the inclusion of measures to protect renters in this Emergency Economic Stabilization Act of 2008. The provisions that will allow renters with leases to stay in place and that provide for the continuance of existing protections for tenants, including rental subsidies, are very important to ensure that this financial crisis does not disrupt the lives of some of our most vulnerable citizens.

Thank you for your leadership on this issue.

Yours truly,

Center on Budget and Policy Priorities; City of New York; Coalition on Homelessness and Housing in Ohio; Community Economic Development Assistance Corporation; Community Service Society of New York; Jesuit Conference USA; Housing Preservation Project; Legal Aid Society; and National Coalition for the Homeless.

National Housing Conference; National Housing Law Project; National Housing Trust; National Law Center on Homelessness & Poverty; National Low Income Housing Coalition; National Policy and Advocacy Council on Homelessness; Stewards for Affordable Housing for the Future; The Community Builders—DC; and Urban Homesteading Assistance Board.

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NATIONAL ASSOCIATION OF HOME BUILDERS,
*Washington, DC, September 29, 2008.*

Hon. JOHN BOEHNER,
*Minority Leader, House of Representatives, Washington, DC.*

DEAR MINORITY LEADER BOEHNER: On behalf of the 235,000 members of the National Association of Home Builders (NAHB), I am writing to urge your support for the Emergency Economic Stabilization Act of 2008. NAHB strongly believes this bipartisan proposal will help remedy the extreme turmoil and uncertainty currently facing the nation's financial markets.

Falling home prices, mounting foreclosures, and a frozen credit market have taken a severe toll on the nation's economy. As the financial markets struggle, mortgage credit costs are increasing and home builders are finding it more and more difficult to obtain any business credit. The Emergency Economic Stabilization Act of 2008 will provide an outlet and patient market for troubled mortgage assets, thus restoring confidence in global financial markets and allowing credit to once again flow to businesses. Ensuring that credit-worthy home buyers, builders and other small businesses have access to credit is absolutely essential to putting the American economy back on track.

Again, NAHB believes that the Emergency Economic Stabilization Act of 2008 represents the best opportunity to address the turmoil facing the U.S. economy, and we urge your support for this carefully-crafted, bipartisan legislation. We look forward to working with Congress to move this legislation forward in an expeditious manner.

Sincerely,

JOSEPH M. STANTON.

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM PRESS RELEASE

I welcome the agreement by the Congress and the Administration on a comprehensive plan to stabilize our financial system and support our economy. This legislation should help to restore the flow of credit to households and businesses that is essential for economic growth and job creation, while at the same time affording strong and necessary protections for taxpayers. I look forward to swift passage of the legislation.

In addition, the Federal Reserve Board supports the timely actions taken by the Federal Deposit Insurance Corporation, which demonstrate our government's unwavering commitment to financial and economic stability.

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AMERICAN FINANCIAL SERVICES ASSOCIATION,
*September 28, 2008.*

Hon. NANCY PELOSI,
*Speaker, House of Representatives, Washington, DC.*

Hon. HARRY REID,
*Senate Majority Leader, U.S. Senate, Washington, DC.*

Hon. JOHN A. BOEHNER,
*House Minority Leader, House of Representatives, Washington, DC.*

Hon. MITCH MCCONNELL,
*Senate Minority Leader U.S. Senate, Washington, DC.*

DEAR SPEAKER PELOSI, SENATOR REID, LEADER BOEHNER, AND LEADER MCCONNELL, The American Financial Services Association (AFSA) is pleased to support the Emergency Economic Stabilization Act of 2008. AFSA hopes that Congress will pass this critically important legislation and send it to the President's desk as soon as possible. The plan is essential to restoring certainty, stability and liquidity to the credit markets.

AFSA is encouraging the Securities and Exchange Commission to use its new authority in the bill to suspend mark to market accounting standards as quickly as possible. In addition, AFSA is urging the Secretary of the Treasury to use the authority given to him in the legislation to make finance companies eligible to participate in the rescue plan, as well as to include auto, small business and student loans as eligible assets under the definition of troubled assets.

Sincerely,

BILL HIMPLER,
*Executive Vice President, Federal Affairs, American Financial Services Association.*

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MEMO

Date: September 29, 2008.

To: Members of the U.S. Senate and House of Representatives.

From: Edward L. Yingling, President and CEO, Floyd E. Stoner, Executive Vice President, Congressional Relations & Public Policy, American Bankers Association.

Re: Support for the Emergency Economic Stabilization Act of 2008.

I am writing on behalf of the entire banking industry to express our support for the compromise legislative package that Congress is considering to address the current financial crisis.

The crisis on Wall Street and in financial centers around the world has reached a point where extraordinary action is required. The proposal put forth by Treasury Secretary Henry Paulson and modified by Members on both sides of the aisle is a constructive solution to the crisis we face. It will provide the financial backstop needed to unfreeze the financial markets and provide for greater transparency and accountability for firms that participate in the program.

The action that Congress is taking is not one that the regulated banking industry sought, but is necessary to address this financial crisis to ensure that credit is available to consumers and businesses on Main Street. There can be no doubt that the freezing up of the world's credit markets and the loss of confidence we are seeing will, if left unchecked, dramatically impact consumers and businesses of all sizes.

While we support the basic construct of the compromise package, we are concerned about the provision that was added at the end of the process to have the President assess the final costs to the government, after five years, and make a legislative proposal on how to recoup those costs from the financial services industry, possibly through the assessment of a fee. As Secretary Paulson, Chairman Bernanke, and many Members of Congress have consistently pointed out, this crisis was the result of actions of unregulated mortgage brokers and failures on Wall Street, not of actions of regulated, FDIC-insured banks.

We support this compromise package because we recognize the impact that a failure to pass this legislation would have on the national economy.

The SPEAKER pro tempore. The gentleman from Alabama has 2 minutes remaining.

Mr. BACHUS. Thank you, Madam Speaker, and thank you, Chairman FRANK.

Madam Speaker, at this time, I yield the balance of our time to our very capable leader, Mr. JOHN BOEHNER from Ohio.

Mr. BOEHNER. Let me thank my colleague from Alabama for yielding and thank him for his words.

The gentleman, along with the chairman, have been through a tough period. And it's not just been the last week or 11 days; it's been really over the last year. And I want to thank both of them for their good work.

You know, the American people are angry, angry that this is happening to them, angry about their future. They're scared. And there isn't a Member in this room that isn't as angry as they are and not a Member in this room that isn't just as scared about where we are.

I've been here for a long time, a lot of you have been here for a long time; and we've cast a lot of tough votes along the way. I don't know that they get much tougher than this because nobody wants to vote for this, nobody wants to be anywhere around it. And I don't blame you, I don't want to be around it.

We have a bill in front of us that is a bipartisan bill. We've got Members on the Democrat side who have all kinds of things they want in this bill that aren't in here. I have a lot of my Republican friends who are irritated that this issue and that issue aren't in here, that we don't do more to attract private capital to help fix this problem. I understand that.

And so we have an imperfect product. But we have a product that may work, a product that may work if we can get the votes to pass it, which, I don't have to tell any of you, is in serious doubt.

I just want everybody to think about where we are. While there is a lot of risk to any Member who votes for this, both sides of the aisle, just think about what happens if we don't pass this bill.

Think about what happens to your friends, your neighbors, your constituents. Think about those retired people whose retirement income will shrivel up to zero. Think about the jobs that will be lost. If I didn't think we were on the brink of an economic disaster it would be the easiest thing in the world for me to say no to this; but I believe the risk in not acting is much higher than the risk in acting.

This Congress has to do its job. None of us came here to have to vote for this mud sandwich—I can describe it a lot of different ways, you all know how awful it is. I didn't come here to do this. I didn't come here to vote for bills like this. But let me tell you this, I believe Congress has to act, and that means each and every one of us have to act. These are the votes that separate the men from the boys and the girls from the women.

□ 1315

These are the votes. These are the votes that your constituents sent you here to decide on their behalf. They didn't tell you it was going to be easy. They didn't tell you that it's going to be black and white, you won't have any shades of gray. These are the kind of votes that we have to look into our soul and understand and ask ourselves the question: What is in the best of our country?

I believe what's in the best interest of our country, as I stand here today, is to vote for this bill. While imperfect, while not having everything everybody wants, I believe that we have to vote for this bill and do our very best to keep ourselves from the brink of an economic disaster that will harm all of our constituents.

So I ask all of you, both sides of the aisle, what's in the best interest of our country? Not what's in the best interest of our party. Not what's in the best interest of our own re-election. What's in the best interest of our country?

Vote ''yes.''

Mr. FRANK of Massachusetts. Madam Speaker, I now have the privilege, to the regret of absolutely nobody, of closing out this debate by yielding 1 minute to the very able majority leader, who has played such a constructive role, the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. I thank the gentleman for yielding.

Madam Speaker, we swore an oath to protect this country, to protect our Constitution, and protect our people.

Most days in the House of Representatives, we make judgments. Those judgments are between what we think are good and better and perhaps bad. Most days are not like today. This is a day of consequence for the American people. This is a day of consequence to our country. This is a day when the Democratic leader, myself, rises to follow the Republican leader, and they speak with one voice as America faces crisis. That's what Americans want us to do.

I congratulate Mr. BOEHNER for his courage and for his leadership. And I congratulate my good friend ROY BLUNT, with whom I have worked on issue after issue to try to bring us together, not on behalf of Republicans or Democrats but on behalf of our people.

Why should taxpayers lend out their own money to solve a crisis brought on by someone else's greed? Because when it comes to our economy, none of us, none of us is an island. We are all bound together in boom or bust, in growth or collapse, from the bankers on Wall Street to the smallest rural community that we represent.

Imagine, my colleagues, that we do nothing. A million more homes will likely be foreclosed on. Banks would likely be unable to lend. Credit, the lifeblood of any economy, might dry up across America. That means families unable to take out a loan to buy an appliance when their washing machine or refrigerator breaks, or send a child to college. It means retirement savings devastated. It means businesses shrinking all over America unable to meet their payrolls, and jobs lost and families at risk. That's what Mr. BOEHNER said and that's what I say. That's what Mr. Paulson has said. That's what Mr. MCCAIN has said. That's what Mr. OBAMA has said. America faces a crisis, and Americans call out for us to come together to confront that crisis on their behalf.

It means workers losing their jobs on top of the more than 600,000 that we have lost this year. The meltdown would begin, it is true, in a few square miles in Manhattan. But before it was over, all of us know no city or town in America would be untouched.

With this bipartisan rescue plan, I am hopeful, every one of us in this body is hopeful, the President of the United States is hopeful, and I know that every American that we have the honor and privilege of representing hopes that we will prevent the worst-case scenario.

Under a plan put forward by President Bush, the government would purchase the bad assets clogging up our financial system, with the goal of restoring the flow of necessary lending and credit.

The original plan gave unchecked power to the Secretary of the Treasury to spend $700 billion as he saw fit. We, who represent the American public, who will be at risk, we hope they will not lose and we think they may not, but we said, no, we cannot do that. Our responsibility is to ensure transparency and oversight so that we know how their money is being spent and can ensure to the extent possible that it is spent in as honest and as effective fashion as we can effect. We made clear that this Congress does not write blank checks.

Both Chambers and both parties negotiated around the clock. I especially want to thank my colleague, as I have before, my friend Minority Whip ROY BLUNT. ROY BLUNT came to the table, and everybody that has been at that table has said ROY BLUNT represented the American public at that table, as BARNEY FRANK represented the American public at that table.

We've made significant improvement to the President's plan. First, we fought to add provisions ensuring that if and when financial institutions helped by this rescue begin to grow again, taxpayers will be the first to share in their profits; so even though this bill authorizes a total of $700 billion, as Mr. SPRATT pointed out earlier today, the Congressional Budget Office does not believe that it will be anywhere near that price tag.

Some of you have heard me say that I was sworn in to the Maryland State Senate in January of 1967. On that same day in my State, Spiro T. Agnew was sworn in as Governor of the State of Maryland. And in his inaugural address, he said to all of us that the cost of failure far exceeds the price of progress. I think that is what is at stake here today, that the cost of our failure will far exceed the price of the progress we try to effect in this bill.

Secondly, we added a repayment clause originally championed by Congressman TANNER. And after 5 years the administration will have to tell us the true net cost to taxpayers and submit a plan laying out how Wall Street and financial institutions will pay back the taxpayer. While the final provision we negotiated with Republicans is not as strong as either of us would have liked, it is a step in the direction that both of us sought.

Thirdly, this bill restricts the compensation of executives. We ought not ask taxpayers to take a risk and advantage people who are making millions either as they work or as they leave successful or failed institutions.

Fourth, the Treasury Secretary's decisions will be subject to oversight and judicial review.

Finally, we will help homeowners change the terms of their mortgages to forestall the 2 million projected foreclosures that could further cripple our economy and devastate our neighborhoods. I know that it is not as good as some would like, but the alternative is nothing, and that is not acceptable.

We have ensured that this bill will not reward Wall Street for bad risks. Instead, it will keep local banks open. It will protect retirement accounts. It will help families get the credit they need. It will help small businesses stay alive and hiring.

But we must also reform our financial sector to safeguard against another collapse like this, and we will do so. Fiscal irresponsibility and regulatory neglect were at the core of this crisis. We must and we will investigate just how that failure occurred. And we will strengthen regulation and put economic referees back on the field. Responsible oversight must return to Wall Street.

Today, though, today, we are doing our best to forestall what Secretary

Paulson and Federal Reserve Chairman Bernanke are predicting would be a disaster.

I opened by saying America was in crisis and that this was a day of consequence for our country. They have sent us here to respond. Today, this is not a Republican House or a Democratic House. It is the People's House. And the people, by an overwhelming majority, have asked us to act. They have not said act on this bill in this way because, like us, they're not sure. But what they do know is that inaction is not an option, that inaction will result in greater pain for our people and for our country.

So I rise with my friend JOHN BOEHNER and my friend ROY BLUNT and with Speaker PELOSI and with President Bush and with JOHN MCCAIN and with BARAK OBAMA and say this day of consequence, let us meet the challenge, let us act, let us confront this crisis, let us be the best of the people's House.

Mr. HOLT. Madam Speaker, I rise in support of H.R. 3997, the Emergency Economic Stabilization Act.

As we work to rescue our economy we must understand how we got to this point. The speculation and greed of Wall Street in recent years—coupled with years of failures, excesses, arrogance and irresponsibility of the Bush Administration and some in Congress—has resulted in the meltdown of our Nation's financial markets. The subprime mortgage meltdown that started a few years ago has trickled up from Main Street to decimate Wall Street. The largest financial institutions in our nation, Bear Stearns, Lehman Brothers, AIG, have fallen into brink of bankruptcy.

I am voting in favor of the Financial Rescue Legislation because it is a significant improvement—by including taxpayer protections and strong oversight—over Secretary Paulson's original $700 billion proposal, and because inaction could have a devastating impact on our already unstable economy. I still will work to ensure that Congress does more to rescue our economy in the long term, sensitive to the variety of kinds of work New Jerseyans perform from factory to financial district from farm to pharma. There are thousands of my constituents who are not traders or high powered executives but still work in these impacted industries. Furthermore, millions of Americans who have retired or are nearing retirement have seen the value of their pensions shrink or dwindle away. If day to day credit tightens up, small business may not be able to make payroll and farmers may not be able to get by until the harvest is sold. 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.

President Bush and Secretary Paulson have told us that this rescue must be done immediately or else our fiscal house would collapse. Indeed we must act—but we must act wisely and thoughtfully to stand behind our institutions, restore confidence in our markets, and protect millions Americans who would be affected by a continuing meltdown.

If the President had his way again, he would have ridden a wave of fear and railroaded Congress into passing Secretary Paulson's original three-page proposal asking for $700 billion—with no oversight—to bailout the financial services agencies. I would not support the original plan, and while I have reservations of the compromise bill before us today, after careful and thoughtful review I believe it is a significant improvement to the original Bush-Paulson plan.

For the last 9 days the President, the leadership in both parties and Secretary Paulson worked to come up with a more palatable proposal. The over 100-page bill that this body is considering today is a far improvement over what we started with. I wish that we had more time to look at this proposal closely and determine that we are using the taxpayer's money wisely. If there is one thing we in this body should know it is that acting quickly can be worse than not acting at all. However it is essential that the world know that Congress will stand behind our institutions and avoid a financial collapse.

There are some vast improvements over the Paulson-Bush proposal in H.R. 3997. This legislation includes taxpayer protections and does not simply hand over $700 billion to the treasury. My constituents rightly are concerned about what they would get for $700 billion. Instead this legislation would parcel out this funding in much smaller amounts so we can monitor the effect that it is having on the economy. It would release $250 billion immediately, another $100 billion if the President can certify the need for such an investment, and the final $350 billion would require the approval of Congress and the President before it would be available to the Treasury Department. It would give taxpayers a share of the assets recovered, and it is likely that we would recoup much of our investment. The CBO estimates that this bill would only truly cost $10 to $30 billion, and requires the President in 5 years to come up with legislation which would recoup funds lost from the financial industry. And it would help keep families in their homes by allowing the Government to work with loan servicers to change the terms of mortgages.

The bill includes strong oversight and transparency, creating an oversight board appointed by Congress and instituting GAO oversight and audits at Treasury. It would include limits on excessive compensation for CEOs and executives. This legislation would also require the study of the way that our markets are regulated to make sure that this type of crisis does not happen again.

This is a far from perfect bill. I have concerns about the amount of power that we are vesting in the Secretary of the Treasury. I believe that we should have included a provision requiring assets to be valued at their actual worth rather than just requiring a study of the flawed mark to market industry. This legislation should have had stricter restrictions on "golden parachutes" to ensure that CEOs do not profit from the Federal Government's stepping in to correct their bad decisions. It was my hope that we would decide to shore up the bad mortgages and help the American families struggling to make ends meet similar to the Home Owners' Loan Corporation, a Federal program that shored up a collapsing market in the past.

Today's vote does not preclude us from acting further. We also must invest in the real economy and act to shore up the bad mortgages and help American families struggling to make ends meet. One approach would be similar to the Home Owner' Loan Corporation, a 1930s-era Federal program that shored up a collapsing market in the past. We also must reform the way the FDIC manages risk to accurately reflect the assets that banks hold, rather than the flawed "mark-to-market" requirements that led to this mess. Ultimately, we must change the failed philosophy that favored no regulation and no oversight and allowed this crisis to happen in the first place.

Ms. SCHAKOWSKY. Madam Speaker, I rise to say that I will support H.R. 3997, the Emergency Economic Stabilization Act, not happily, and not because I think the titans of Wall Street are deserving of our help. I am casting my yes vote because I am concerned about hardworking families in my district, the homeowners, small businesses and those who rely on modest pensions and investments. These are the people who knew well before the President or Wall Street woke up to the fact that our economy was in serious trouble, because they have friends and loved ones who have lost their jobs or house; they saw the price of gas and milk hit $4 a gallon, and they are struggling to afford good health insurance.

Yes, we must do something and today is the day. But we must also recognize how we got here. This is, in fact, the predictable result of years of misguided policies of the Bush Administration, the misguided belief that regulation of the markets, any regulation, was bad. Couple this with a lack of enforcement of regulations that did exist, and now we have a financial crisis that requires government intervention.

As a freshman member of the House Financial Services Committee, I was one of only 57 Members of Congress to vote against the Gramm-Leach-Bliley Act in 1999. By deregulating the financial services industry and removing consumer protections, that legislation set in motion the crisis that we are facing today. My colleague and friend, BARNEY FRANK, now the chairman of the Financial Services Committee, a true progressive and the chief negotiator for this bill, also voted against that reckless measure.

I have consulted with many of the Nation's top economists, including top progressive economists, and virtually all have agreed that a failure to act would have devastating effects on the global economy—including your block and mine. Without quick action, employers might fail to make payroll, private student loans are already drying up, pensions would continue to lose value, and mortgages would become sparse. While I am not certain that this legislation will be able to fully stabilize the economic turmoil, I believe that we need to vote for the possibility of success over the certainty of failure.

The House Democratic leadership, and especially Chairman FRANK, has worked to make the very bad bill presented by President Bush and Treasury Secretary Henry Paulson better. The administration came to Congress with a breathtakingly arrogant plan—a mere three pages, 800 words, which basically said give us $700 billion for a plan that is "non-reviewable and committed to agency discretion, and may not be reviewed by any court of law or any administrative agency." Today, we are offering our 110-page reply, and while it is certainly not perfect, I believe it is substantially improved.

Today we are saying "no" to a blank check! Congress cut in half the Administration's automatic $700 billion, requiring Congressional review for future payments. We are making sure

that none of the CEO's who have run their companies into the ground and created this mess will retire with a ''Golden Parachute.'' We make sure that taxpayers get a share of the profits of participating companies, and require the next President to submit a plan to ensure that taxpayers are repaid in full by Wall Street. We help prevent home foreclosures destroying our neighborhoods by allowing Government to work with loan servicers on new mortgage terms. Finally, we ensure tough, independent oversight and transparency, including judicial review of the Treasury Secretary's actions.

Unfortunately, because of the need to obtain bipartisan support to move a bill quickly, this bill is by no means perfect. I believe that this legislation should have included bankruptcy protections and mandatory mortgage restructuring for homeowners in or at risk of foreclosure. I believe that we need to crack down on the lobbying practices and stop campaign contributions from companies which are clearly too irresponsible to manage themselves.

I am extremely disappointed that, even as we address part of the economic crisis, we failed to enact a second economic stimulus that would immediately create jobs and put money in the pockets of middle class families and struggling State and local governments. Unfortunately, the plan to extend unemployment compensation, increase food stamp and health care funding, and create jobs by rebuilding our infrastructure failed in the Senate last week. This is clearly unfinished business.

Today's vote represents the first step in reforming Wall Street and restarting our economy. For the first time in history, this Congress is addressing the excesses in executive compensation. This legislation gives the Treasury Secretary authority that could be used, if he or the next Secretary so choose, to significantly help low-income and working families. Finally, we are setting in motion the process of a comprehensive reform of the financial services industry.

Wall Street better get the message that Congress will never be ready with a blank check to clean up the messes that they made in the first place. I look forward to working with the next Administration and my colleagues in Congress to enact sensible regulations to ensure that this will not happen again.

Mr. COSTELLO. Madam Speaker, I rise today to oppose H.R. 3997, the Emergency Economic Stabilization Act. While I realize this bill is a product of intense and lengthy negotiations between Congress and the Bush administration and between Democrats and Republicans—and I greatly appreciate the efforts of Speaker PELOSI, Leader HOYER and Chairman FRANK—I remain unconvinced that this bill will solve the problems we face on Wall Street.

This bill is an unprecedented $700 billion bailout of the financial industry on the backs of the American taxpayer. I oppose this bill because I am not convinced that it is imperative we act right now; I believe we are moving too quickly to rush this proposal through and have not adequately considered other approaches to solving the problem of bad debt and tight credit. Numerous economists have expressed that this proposal might actually make the problem worse. We should take more time to consider alternatives, as the deadline we are up against today has been set solely by the Bush administration.

American taxpayers are being told by the President that they must rescue Wall Street, despite the fact that the Bush administration and Wall Street have opposed Government oversight in the financial industry for years. I believe the financial industry should help pay for any program to heal the economy. $700 billion is too much to ask taxpayers to bear without a requisite sacrifice from the industry that bears much of the responsibility for bringing us to this point.

Madam Speaker, this is a historic vote, and we should be taking more time to ensure we have considered all options. I am not convinced that this is the best way to proceed, so I must, and will, vote no.

Mr. UDALL of Colorado. Madam Speaker, for eight years, the Bush administration and its allies in Congress have allowed Wall Street to gamble with America's economy, and the results have been devastating for Main Street. The Administration consistently ignored the experts and failed to adequately oversee America's financial markets. Administration officials were warned that Wall Street's risky investments, combined with the mortgage industry's irresponsible practices, could produce a perfect storm that would threaten Americans' homes, jobs and life savings. Yet they did nothing.

When Wall Street's dangerous behavior began to undermine America's economy, the Bush Administration proposed a bailout that would have given the Treasury unprecedented power to spend taxpayer money without adequate oversight or an actual plan for fixing the systemic problems that led America to this crisis. At the time, I spoke out against the Bush bailout and called for a better proposal, one that would protect taxpayers, help homeowners and benefit Main Street, not just Wall Street. More importantly, I demanded that any plan to shore up America's financial markets include reasonable rules to ensure that Wall Street does not continue to gamble with our future.

We could have, and we should have, taken the time to do this right. Four hundred of the country's top economists, including three Nobel laureates, asked Congress to take more time to improve this proposal. With a proposal this far-reaching and complex, we had a responsibility to produce the best possible piece of legislation. The bill we are voting on today falls short. Instead of reforming Wall Street, we are using taxpayer dollars to insulate financial firms from the consequences of their own actions. The American taxpayer is on the hook for $700 billion to cover Wall Street's mistakes, and that is not right. Even worse, Wall Street is not being forced to change its behavior. This can only encourage more irresponsibility.

At the same time, the provisions that limit executive compensation in this bill are weak, meaning that corporate executives who ran their companies into the ground could still walk away with millions in taxpayer-funded compensation in the forms of golden parachutes or other lavish benefits packages. Again, this sends exactly the wrong message to Wall Street. This legislation may still use taxpayer dollars to reward executives who have failed their companies and subsequently hurt the American economy.

In addition, at a time when America's middle class is severely stretched to make ends meet, this $700 billion bailout not only seeks to rescue our taxpayer dollars to bail out foreign comapnies. We must protect American taxpayers before we seek to rescue foreign companies while their governments do nothing.

Finally, this legislation does too little to help responsible homeowners. As a result, tens of thousands of families could lose their homes. More importantly, families who had nothing to do with failed mortgages could lose billions in assets as foreclosures continue to drive down property values.

I believe strongly that Washington must act to protect Main Street from the crisis on Wall Street. I supported an economic stimulus plan that puts working families before corporate CEOs by creating jobs, protecting children's access to healthcare and ensuring that struggling families do not go hungry. I have consistently supported strong action to protect middle class New Mexicans. But I could not vote to give Wall Street $700 billion of taxpayer money without solving the underlying problems with our economy.

I will continue working with my colleagues to reform America's financial markets, so Wall Street is not allowed to make the same mistakes over and over again. I will also continue fighting to support middle class New Mexico families that find themselves struggling in an economy devastated by the irresponsible acts of others. They are the true victims of the Bush administration's malign neglect of our economy. We must do what's right for them.

Ms. KILPATRICK. Madam Speaker, as we prepare to vote on one of the most important pieces of legislation in history, I rise in opposition to the Troubled Asset Relief Program, TARP. While I have nothing but respect, admiration and trust in Speaker PELOSI and House Financial Services Committee Chairman BARNEY FRANK, this legislation, which was forced upon Congress by the Bush administration, provides no judicial review of individual home mortgages for my senior citizens, single parents and working families; is opposed by over 400 of our Nation's top economists and three Nobel laureates; does not adequately protect the American taxpayer; was not considered under regular order and does nothing to stimulate our stagnant economy.

The state of Michigan is one of the states hardest hit by home foreclosures, unemployment, and the loss of jobs. For poor people and low income people and many ethnic minorities, the Court is the option of last resort when you are on the brink of losing your home. As Chairwoman of the Congressional Black Caucus, I sent a letter to Speaker PELOSI requesting that such language—that would allow a citizen under the threat of foreclosure—to go to court to have a non-partisan, objective judge review their financial circumstances and, if warranted, lower the principal of the mortgage. Under this legislation, judges do not have that option. Instead, this discretion is left up to the Secretary of the Treasury. While we are busy bailing out the financial markets, this bill does little for the folks on Main Street. This bill does not bailout my senior citizens who are behind on their mortgage. This bill does not help my working single parents who are facing foreclosure. This bill does not work for the majority of the people in the State of Michigan, who are staring down the barrel of losing their largest asset—their home.

Over 400 of our Nation's top economists, including three Nobel laureates in economics,

oppose this bill. The Washington Post reported on September 26, 2008, that over 200 economists ''have signed a petition organized by a University of Chicago professor objecting to the plan on the grounds that it could create perverse incentives, that it is too vague and that its long-run effects are unclear.'' While their reasons are many, Dean Baker of the Center on Economic and Policy Research, one of these economists, says that ''suppose the Paulson plan goes through. It is virtually certain that the economy will weaken further and the number of foreclosures and people without jobs will continue to rise. This is the fallout from a collapsing housing bubble . . . this bailout will make further stimulus much more difficult to sell.''

The Treasury Department admits that it has absolutely no factual basis for asking for $700 billion. We have asked the hard, tough and important questions of the Secretary and this administration, only to come up short.

This bill was not considered under Congress's regular order of conducting informational hearings from all sides, a mark-up of the bill in subcommittee bill in subcommittee and full committee, and finally, a floor vote. When we do not exercise the rules of this institution, we debase the rules, the regulations, and the standards we have to conduct the people's business. This deliberate process allows everyone to support, oppose, and amend legislation—an opportunity we did not have during this process. I have recommended that Congress establish a select committee, made up of the Chairmen and Ranking Minority Members of the Committees with jurisdiction, including the administration, to arrive at legislation that addresses the problem of illiquidity of credit markets, insolvency of businesses, and the hardship of foreclosures. This Committee would meet for three weeks, or a time certain, and would guarantee that as representatives of the American people, we have done our job.

This bill does not adequately protect the American taxpayer. As an Appropriator, I am designated as the protector of the people's purse. While the administration does not have $35 billion to spend on the health care for the children of families of working women and men; while the administration does not have the money to provide for Low Income Home Energy Assistance Program to help my seniors, low- and middle-income families pay for their lights, gas and oil heat; while the administration does not have the money to extend unemployment benefits; while the administration does not have the money for a summer jobs program for teens, adults and senior citizens; while the administration has $10 billion per month and one trillion dollars to spend on wars in Iraq and Afghanistan; when the Administration argues over $22 billion—less than 1 percent of the overall budget—on virtually every issue before the Appropriations—Committee, we do not have the money. However, we have $700 billion—and believe me, it will soon be $1 trillion—to bail out Wall Street. Something is wrong with this analysis, America.

We are being asked, once again, to ''trust'' the administration, when time is supposedly running out, and if nothing is done, the worse will befall all of us. Regrettably, as a Congress, we have been in this position before. Under duress, we were supposed to trust the administration that these tax cuts were going to save America. Under duress, we were told that if a bill that authorized wiretapping of law abiding, American taxpayers was needed as terrorists were at our door steps. Under duress, we were told that America was imminently under threat from Iraq. Now, again, at the last minute, we are being asked, under duress, to trust one trillion dollars to a Treasury Secretary who is out of office in less than three months?

Must we do something? Of course. There is a better way. We must ensure on regular order for this bill. We can use fewer American tax payer dollars—who did not get us into this problem in the first place—to ensure the stability of our financial markets. There are clearly better and safer alternatives. I am not an economics expert, but I do know that as the steward of the people's purse, I have a higher standard to which I am held accountable.

Mrs. CAPPS. Madam Speaker, I rise in very reluctant support of this bipartisan effort to address our nation's economic crisis.

I do so because the very core of our American economy is at risk and we must act now in order to prevent its collapse. This is the diagnosis presented to us by Treasury Secretary Paulson, Federal Reserve Chairman Bernanke and countless economists. In my own survey of the finance and banking world, I have heard the same analysis of our current predicament and the need for Congress to act quickly.

What we face here is an economic meltdown brought on by a housing bubble, fueled in part by the subprime mortgage scandals, and made possible by the lack of regulatory oversight by the Bush Administration. Wall Street now sits on billions of dollars of mortgages it cannot price and it cannot sell. The response to this uncertainty has been a near freeze of credit markets, increasing unemployment and a slowing of our economy. Already, car, home, student and business loans are drying up across the economy and should this continue—or get worse—the markets would likely drop precipitously and the economy would come to a standstill or worse.

Obviously, my concern is not with the effect on large financial institutions. They got themselves into this mess and if we could just turn our head while they failed that would be fine with me. My concern is how this economic calamity would affect ordinary Americans. And here the prediction is truly dire.

If the Secretary is correct, lending would come to a near halt. That means it would be much, much more difficult—and expensive—to obtain loans to buy a car, a home or to run a business. Small, medium and large businesses alike would begin layoffs because the ability to obtain a loan is such a critical part of running a business today, much less growing a business. We have already seen over job losses of over 600,000 people in the U.S. this year. The unemployment rate in California has increased to 7.7 percent, the highest in over 12 years and up from 5.5 percent only 12 months ago.

Foreclosures would continue unabated. So far this year, over half a million foreclosures have been filed in California, and the state is on pace to see more than 841,000 foreclosure filings this year. Eight of the 10 metropolitan areas with the highest foreclosure rates in the nation are in California. As bad as those foreclosures are for the people losing their homes, they also contribute to the downward pressure on home values for other properties in the neighborhood, hurting homeowners who are totally innocent in all this.

In addition, more innocent and hardworking Americans could see their life savings sapped, as IRAs and 401Ks lose value in a plummeting stock market. And increased unemployment also means lower tax revenues and greater calls for government assistance, resulting in even more exploding federal deficits.

In short, we could be facing a huge recession if we're lucky, a depression if we aren't. This is what our economic leaders tell us is the future we face if we don't act now.

I share my constituents' disgust with this situation. The idea that hardworking taxpayers have to put their money at risk to stabilize the economy because of the bad choices, nefarious actions and utter incompetence of Wall Street, its regulators and the Bush Administration is nauseating. But, if Secretary Paulson and the others are correct, the alternative is much worse and a serious threat to every single American.

Madame Speaker, the proposal originally offered by President Bush to address this crisis was completely unacceptable. True to form, the President simply asked the Congress to provide him with a blank check, no questions asked.

The Administration wanted no oversight—by Congress, the courts or anyone—of how it would spend the money it asked for. It rejected calls to limit CEO pay in companies that would be bailed out by taxpayers. It refused to help the growing number of Americans facing foreclosure and the millions of Americans whose housing values affected by those foreclosures. And it failed to ensure taxpayers would benefit as much as the Wall Street firms getting this federal assistance.

The legislation before us today is very much the President's product. But Democrats have made critical improvements. Most importantly, the bill contains mechanisms to ensure taxpayers get their money back by requiring taxpayer ownership stakes in companies that benefit from this rescue plan, so if the companies return to profitability then taxpayers prosper as well. And it sets up insurance collections measures and a potential new tax on the financial services industry after 5 years if repayment of taxpayer rescue funds hasn't occurred.

We limit the compensation of top corporate executives whose companies benefit from taxpayer assistance, put a halt to ''golden parachutes,'' and require repayment of bonuses based on company profits that may vanish at a later date. We establish an oversight board and a special inspector general to oversee Secretary Paulson's actions, and require the details of his actions to be posted on the Internet.

The bill also should help small business and families that need credit by aiding smaller banks hurt by the mortgage crisis, expanding eligibility for mortgage refinancing help and encouraging loan servicers to make problem loans more affordable. While these steps are helpful to homeowners potentially facing foreclosure, they are critical to innocent families whose home values are plummeting from record foreclosure rates and abandoned, foreclosed properties in their neighborhoods.

Finally, while the immediate need is to stabilize the markets and get our economy back on track, we begin the process of reestablishing common sense regulation protecting

consumers and encouraging stability in our markets. Much of this current mess arises from the governing choices of President Bush and his party, especially their undying faith in deregulation and a systematic policy to dismantle vital consumer protections. That has to be reversed. On President Bush's watch we have seen widening income inequality, anemic job creation, skyrocketing energy prices, record federal budget deficits and now a potential historic financial meltdown. This record of failure is clear and we have to turn a page on it.

Madam Speaker, this is not an easy vote to cast, but it is necessary for the future stability of our economy and the lives of everyday Americans.

Mr. MAHONEY. Madam Speaker, 11 days ago, the Bush administration came to Congress with a $700 billion emergency ''handout plan'' for its friends on Wall Street. The Bush plan had zero accountability and allowed Wall Street executives to push their bad investments and losses on to American taxpayers. Then, after the American people cleaned up the mess and we righted the ship, the Bush plan would allow these same Wall Street executives to once again make obscene incomes and bonuses. A return to business as usual.

Madam Speaker, the good news today is that the bipartisan legislation negotiated with the Bush Administration coming before Congress holds Wall Street accountable. It provides for independent oversight and transparency. It protects taxpayers by requiring the Administration to report back on the program's progress and allows for corrections to be made if the program does not work. It eliminates excessive executive compensation and ensures that every tax dollar spent to purchase illiquid assets is an equity investment that gives taxpayers an upside. Once we are through this crisis, the legislation ensures that any taxpayer losses are repaid by the industry.

The events over the past weeks have shown that Main Street has rightfully lost confidence in Wall Street because this Administration has eliminated safeguards and turned regulatory oversight over to the industry. I want Americans to know that this legislation is not a silver bullet, and that by itself will not fix the economy. We still have tough times ahead. I can tell you as an entrepreneur and businessman for almost thirty years that our economy is on the brink and inaction is not an option. A vote for this legislation is a vote to protect every American's investment in their homes, their savings, and their businesses. I call on all my colleagues to support this bill.

Mr. STEARNS. Madam Speaker, I rise today to address the historic vote we are holding on the largest government bailout in our Nation's history.

I do want to applaud the legislation we have on the floor, because it is much improved from the 2½-page document put forth by Secretary Paulson. However, while I commend my colleagues on their bipartisan efforts to improve the bill and insure better protections for American taxpayers, I still have strong reservations.

Our Nation faces a growing financial crisis that deserves strong Federal intervention, and I had hoped to support a proposal to shore up our Nation's financial markets while protecting taxpayers. However, I believe this legislation takes the wrong course in supporting troubled financial institutions while simultaneously exposing taxpayers to excessive risk.

To begin, this bill comes with a $700 billion price tag which will be paid for by the American people. Billions of taxpayer dollars are going to benefit an indiscriminate number of private financial institutions that utilized reckless investment strategies.

Even more troubling than the cost of this bailout is a provision that allows foreign banks to participate in the Treasury's purchase plan. Under this bill, a foreign bank, such as the Bank of China, could sell a portfolio of toxic assets to a U.S.-headquartered investment bank and then that bank could sell those same assets to the Treasury Department.

Unfortunately, this bill deals exclusively with the asset side of these troubled institutions and does not address the key issue of liability. Furthermore, it is very possible that we will still face the risk of a run on our banks.

Having gone through the Savings and Loan crisis as a freshman Member of Congress in the 1980s, I can better understand ways we can address this financial crisis. In putting forward $700 billion in public funds, I would like to see Congress pursue a more deliberative process in identifying the ills affecting our financial markets. We need to hold hearings and call in the best financial and economic experts in the Nation and take a careful look at our alternatives. One plan I recommended was providing low-interest loans to these institutions combined with giving warrants to taxpayers so that they too can gain from any future upside. Furthermore, we should expand the FDIC to cover all transaction accounts and put in place an oversight board that is separate from the Congress and the administration.

It is troubling that under this bill the Treasury will be ceded vast powers. Secretary Paulson and successors will decide how $700 billion in taxpayer dollars will be spent, and may buy not only mortgages and mortgage-backed securities, but also any other financial instrument he deems necessary.

And while the bill does set up an oversight board, Mr. Paulson would be one of the five members of the Board monitoring his own actions. Thus, if Mr. Paulson wishes to use his authority to buy financial assets not linked to mortgages, he can do so after consulting with the Fed Chairman, but he does not need his approval or the approval of the Oversight Board. Granting a single person this much power over our financial future is not acceptable in a democracy.

The bill also gives the SEC Chairman the ability to suspend the accounting rules that require banks to report on the market value of their assets if he believes it is in the best interest of the public. The bill also allows the Government to purchase troubled assets from pension plans and local governments and small banks that serve low and middle-income families. This expands the intended scope of the bill to allow the government to buy the toxic debt of States, cities and municipalities in places like Detroit and Chicago. This begs the question—who is going to make the basic decision on what cities, States and municipalities are going to be rescued?

However, the heart of the problem of the bill we are considering today is that the Government should not be deciding the winners and the losers. The investors who made mistakes should be held responsible, and those who navigated the Federal distorted market should be rewarded for their wisdom and prudence.

If we, as Americans, believe in the viability of the free market system, we should allow it to work by not perpetuating a continuing bailout strategy that places immense risk on the shoulders of American taxpayers.

Mr. LANGEVIN. Madam Speaker, we're here today with the unenviable task of considering H.R. 3997, the Emergency Economic Stabilization Act. During this difficult economic crisis, I am proud of this Congress for coming together at a critical moment to reach a bipartisan compromise to rescue our financial markets and, indeed, our entire economy. However, no one is celebrating today about the tough decisions that had to be made.

Over the last week 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 to government regulators to Congress. Unfortunately, the actions of these firms do not take place in a bubble: they are inextricably linked to the everyday transactions of everyday 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 then 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 settled 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 Insurance 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 of our country's history when Washington Mutual collapsed. Just this morning, Wachovia was 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 I have 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 10 days ago, 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 ensured 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. 3997 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. 3997 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, let me assure 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 who 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.

Mrs. MCCARTHY of New York. Madam Speaker, my number one concern as we debate the Emergency Economic Stabilization Act of 2008 is my constituents and how the instability and lack of confidence in our financial markets is going to affect them.

I am concerned that if we do not act soon we will find ourselves in a recession, the effects of which will be felt for many years to come.

In my district on Long Island, New York, we have already felt the effects of the foreclosure crisis. A large number of foreclosures in my district have already resulted in a decrease in home values for families and property tax revenue for Municipalities.

Now, my constituents are beginning to see the effects of the current economic crisis.

Small businesses in my district are seeing a decrease in activity. After seeing a decrease in the value of their 401k's, individuals who were thinking of retiring in the next year are having to reconsider that decision. Families preparing to send a child to college are finding it more difficult to obtain a loan.

All these things have consequences: Small- and medium-sized business owners may have to lay off workers or shut down; those planning for retirement may not be able to do so; and parents may have to tell their children that college just isn't an option.

If we do not act, this will only be the beginning. As unemployment rises, more people are unable to spend money on items large and small and the downward spiral begins. As banks make it difficult to obtain a loan for a house or car those industries begin to decline and the downward spiral continues.

This will all occur at the same time that families are being required to spend more money on gas and facing another cold winter with almost double the home heating costs compared to last year.

The causes of the problem are complicated but easy to identify. The proponents of deregulation have been able to slowly peal away requirements that would have kept companies like Bear Stearns from being too big to fail. Additionally, what little regulations we have been able to save from opponents of regulations were not properly enforced by an Administration who thought that the markets would regulate themselves.

It is unfortunate that the actions on Wall Street are going to affect Merrick Road and Hempstead Turnpike. But this is the reality of the situation we are faced with today. Merrick Road and Hempstead Turnpike are why I am going to vote for this bill today.

I am pleased that we have been able to come up with a compromise package that strikes a fair balance and can potentially offer the relief we need to restore confidence in the markets to ensure economic stability for the families in my district.

We will first reinvest in our troubled financial markets. Stabilizing our economy will insulate our communities from the mistakes and bad decisions of Wall Street. The Secretary of the Treasury will be allowed to invest $350 billion and potentially up to $700 billion in troubled assets held by financial institutions that are currently unwilling to extend lines of credit to each other or to small businesses.

The Secretary will buy up the securities that no one wants and that have almost no short-term value. This does not mean that they do not have any value. In fact, many of these securities have substantial long-term value and the U.S. taxpayer will realize this value over time.

We will then reimburse the taxpayer for this reinvestment. We have required that the Secretary take an interest on behalf of the taxpayer in any financial institution that sells troubled assets to the U.S. This will allow the taxpayer to be reimbursed for reinvesting in Wall Street.

If full reimbursement is not realized at the end of five years, the President is required to submit a plan to Congress to recoup any losses to the taxpayer.

In order to ensure that this program works for the American people, provisions requiring strong independent oversight and transparency have been included. Within 48-hours the Secretary is required to post details of every transaction. There will be periodic reports on everything from whether taxpayer dollars are used effectively to whether conflicts of interests are managed properly. Every $50 billion investment by the Secretary must be followed by a report justifying all transactions and the pricing of each purchase.

We will also reform how business is done on Wall Street.

Golden parachutes for executives are prohibited, compensation that encourages unnecessary risk-taking putting shareholders investment at risk is limited and bonuses can be recovered that are paid to executives who promise gains based on false and inaccurate information.

In evaluating transactions, the Secretary must protect the taxpayer and encourage the modification of home loans at-risk of foreclosure. As the one holding these mortgage-backed securities, we will have put the Secretary in a position to work with servicers to ensure that those who can afford their homes are able to modify their mortgages in order to stay in their homes.

At the end of the day, this compromise will ensure unemployment does not increase, families will be able to access lines of credit to make purchases, small businesses are able to make payroll, and municipalities are able to continue providing the services our communities rely on.

I will vote in favor of this compromise so that the families in my district who are already struggling under high gas prices and property taxes and facing high home heating prices will not be further burdened by the mistakes of Wall Street.

Mr. CONYERS. Madam Speaker, I rise in opposition to the Emergency Economic Stabilization Act of 2008. As an elected official tasked with the tremendous responsibility of protecting the taxpayers' interests and money, I cannot in good conscience support this fundamentally flawed legislation before us today.

As Chairman of the House Judiciary Committee, I am often required to engage in oversight of the enforcement of our nation's antitrust laws, the statutes which ensure the competitive balance of our free market economy. One of the important things I have learned during my tenure is that the free market serves America best when it keeps prices low for the people on Main Street and doesn't cater to the titans of Wall Street. The only way this properly functioning market can be realized, is when no corporation or bank is allowed to become too big or too powerful to fail. Otherwise, corporations grow too bold, and begin to take more risks than a prudent business afraid of bankruptcy should.

For the last 8 years, President Bush has governed from the intersection of Pennsylvania Avenue and Wall Street; leaving Main Street behind. Desperately needed priorities like children's health insurance and heating fuel for the poor have gone unfulfilled, while the top one tenth of one percent have benefited from dramatic cuts to the capital gains and income taxes. During this same time, President Bush's Justice Department sat by as the financial juggernauts grew larger and larger and their financial wheeling and dealing grew more and more reckless.

Now, President Bush has proposed a $700 billion dollar bailout of Wall Street. And why is the Congress held hostage? Because financial institutions and investment banks are too big to be allowed to fail. Unless the American tax payer foots the bill for Wall Street's risky behavior, credit will freeze, investment will cease, and the economy will crash and burn.

Or so the President's former Goldman Sachs executive, Treasury Secretary Paulson, would have us believe. I am not sure, considering the source here.

True, buying the worthless mortgage backed securities from these firms and banks would likely improve their ability to lend. I'm sure it's just a coincidence that this approach also magically turns institutions on the verge of collapse back into profitable business ventures.

If injecting credit into our financial industry is the solution to the current supposed credit squeeze, why hasn't this body been given the option to vote for other proposals, like giving tax payers a no-risk equity stake in the bailout recipients or supporting the direct injection of capitol into the financial industry, as we did during the Savings and Loan crisis of the 1980s? The likely reason is because Wall Street would have to give up a piece of its wealth; something this crony-capitalist Administration is loathe to do.

Although the President's radical proposal has gradually been improved over the last week by the Leadership, the fundamental structure and capital delivery method remains flawed. No number of federal loan modifications or oversight boards will alter that.

People all over the country are up in arms over this bailout, not because it's not necessary, but because it is just more of the same. The American people can't take another transfer of wealth from the working class to the upper crust. I encourage my colleagues to vote today to scrap this deal so that we can put together a real plan that addresses the credit crunch by directly injecting capital into the markets, updating our outdated regulatory structure, helping people who are struggling to stay in their homes, legitimately providing for the recoupment of taxpayer dollars, and restoring the competitive balance of the free market by ensuring that no firm is too big to fail.

Mr. WAXMAN. Madam Speaker, I rise today in reluctant support of H.R. 3997, the Emergency Economic Stabilization Act.

This is an easy bill to vote against. It was presented to us by a Republican President and Republican Administration so blinded by their ideology of deregulation that it kept them from preventing this crisis. This is a Republican bill which must pass with bipartisan votes. Many Democrats don't like it. Many Republicans are choking on it.

But for now, it would be irresponsible to do nothing and I will vote for this bill.

Our economy has been imperiled by a combination of runaway greed on Wall Street and stunning indifference to oversight and regulation from Washington. It is fundamentally unfair that the taxpayers are being asked to pay $700 billion to bail out Wall Street, while the executives who made the reckless investments can walk away with millions. Yet that is what the Administration asked us to do.

Because of the masterful work of Chairman BARNEY FRANK and others, this bill is much improved. Some of the worst elements of the Administration's plan have been modified. But at its core, what we are voting on is the Bush bailout plan.

In essence, the Administration has forced us to choose between adopting their plan or doing nothing. This is a Hobson's choice.

I would have preferred that we take a different approach. Nobel Prize economists have recommended alternative approaches. A broad range of economists have urged the Administration and Congress to take more time and to consider alternatives that would put less burden on the taxpayers.

But the Bush Administration has been adamant that Congress adopt its approach. They have steadfastly resisted considering other options to protect the taxpayer.

I have reluctantly decided to vote for the plan, but I do so only because the alternative of doing nothing is worse. Even the economists who question the structure and effectiveness of the Administration's proposal say that doing nothing would imperil our economy. That is a risk we should not take.

We urgently need to enact comprehensive reform of our financial markets. That is why the Oversight Committee will be conducting a series of hearings starting next week to examine what went wrong and who should be held accountable. These hearings will help provide all members with a roadmap to the reforms we will need to place into law under the next Administration.

I want to comment specifically on the provisions in the bill which ensure that the Government Accountability Office will have adequate access to documents and persons involved in the Troubled Asset Relief Program. As the chair of the committee with jurisdiction over GAO, I was involved in writing this important language.

GAO oversight is a critical component in ensuring the $700 billion is spent wisely and responsibly. To do its important job, GAO will need broad access to information. The legislative language reflects this by providing GAO with access to ''any information, data, schedules, books, accounts, financial records, reports, files, electronic communication, 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 . . . or any such vehicle at such reasonable time as the Comptroller may request.''

This right of access covers both papers and people. GAO has a right to review any documents and communications that relate to the financial rescue program, regardless of whether they are federal records or the records of contractors hired to help run the program. Equally important, the language gives GAO the right to interview the federal officials and the private accountants, advisors, and others who are involved in administering the program. The transactions envisioned by the Act are going to be complex by their very nature. To understand these complex transactions, GAO will need direct access to the individuals most knowledgeable about the program, and this legislation gives them this right.

The legislation provides that GAO's access is provided ''to the extent otherwise consistent with law.'' This phrase ensures that where the rights of access provided by this legislation overlap with existing rights of access, they should be applied consistently. A good example involves GAO's right to enforce its right of access to federal records. Another provision of law, 31 U.S.C. 716, spells out in detail the steps GAO must take to enforce its right to documents. In the event of a conflict with the Treasury Department over access to documents, GAO should use its existing authority under section 716 to enforce its right of access.

In some important respects, the GAO language in this bill goes beyond existing law. For example, it gives GAO rights to interview federal officials that GAO does not have under other laws. These new rights are being extended to GAO because of the importance of GAO oversight to the success of this unprecedented intervention in the markets.

This is not an easy vote for any member, and it is not an easy vote for me. But in the end, we cannot let our anger at the excesses on Wall Street lead us to reject a bill that could avoid a calamity for Main Street. That is why I am going to support this legislation.

Mr. HUNTER. Madam Speaker, as we move to vote on the ''bailout'' of weakened institutions in the U.S. and abroad, it is appropriate to address the emerging question: Where does the U.S. go from here? Most instructive is the fact that the nations which appear to be cash-rich in the financial crisis are those which have strong manufacturing based economies . . . China and Japan. China presently holds $502 billion of American debt followed by Japan which tops the list of American creditors with $592 billion in U.S. debt. Following the bailout and the sale of toxic assets to U.S. taxpayers, China and Japan will have additional cash, some of which can be loaned back to the U.S. to pay for the bailout.

A few years ago, an American manufacturer seeking a loan package from a major Wall Street firm recalled the threshold condition,

''before we talk about your loan package, you must tell us when, not if, you are moving your production facility to China.'' This has been the reality for U.S. manufacturers for the past 10 years or so. The defacto tariff, of 17 percent in China's case and 15 percent in Japan's case dampens U.S. exports to those countries and the same tariff; know as the VAT tax subsidizes Japan's and China's industries when those nations rebate the tax to them upon export to the U.S. This built in trade advantage of the VAT tax is not limited to the ''big two'' but is employed by 130 other trading nations to disadvantage the U.S. manufacturers.

As a result, thousands of financial advisors last year told their clients that for tax and tariff reasons it made sense to move their production offshore, even when their operations in the U.S. were healthy.

The manufacturing bases of Japan and China are now generating the cash needed to purchase big pieces of the U.S. financial community. Mitsubishi UFJ has now acquired about 20 percent of Morgan Stanley for $8.4 billion, China Investment Corporation picked up 10 percent of the bank earlier this year for $5.5 billion.

The movement of U.S. manufacturing offshore damages the U.S. in two major ways. The cause of the present economic crisis, the devaluation of U.S. real estate, is contributed to by the growing inability of our citizens to meet substantial mortgage payments with their wages. Service sector jobs do not produce the take home pay that can carry the payment schedule of appreciated homes in the U.S. Manufacturing jobs have historically supported the heart of the 1500 to 2000 square foot home market but now they are scarce. For a long time the housing market itself has represented the last of the major manufacturing effort in the U.S. Homes are simply a composite of material and labor, called ''product'' by home builders. Every community which has experienced a strong home building surge understands the ripple effect of high wages from construction operations. Now this last major manufacturing initiative in the U.S. has ebbed and the toxic-debt left in the wake of over valued real estate packages is resulting in a new debt package, this time for taxpayers, which could reach $700 billion.

Now is the time for the U.S. to rebuild our manufacturing base. We should now:

(1) Eliminate taxes on U.S. manufacturing. This would offset the 15 to 20 percent tariffs now being charged on U.S. exports by our trading competitors.

(2) Adopt ''mirror trade'' rules with our trading partners that treat foreign exports from any given nation in the same way they treat ours. For example, a 15 percent Japanese border tax will be met with a reciprocal tax for their exports at U.S. borders.

(3) Have a commission review unfair trade practices by other nations, including lack of enforcement for intellectual property rights and impose tariffs or other penalties to balance unfair foreign treatment.

(4) Reduce rate licenses from U.S. government laboratories and U.S. government sponsored research when the intellectual property created is used in U.S. manufacturing.

(5) Fund the development of robotics and manufacturing sciences with emphasis on our academic institutions.

A few years ago when roadside bombs began to massively increase U.S. casualties in Iraq, I detailed our staff teams from the House Armed Services Committee to locate steel companies in the U.S. which produced high grade armor plate. Only one such company remained in the U.S. This dissolution of the U.S. defense industrial base, once known as the arsenal of democracy is a by-product of the manufacturing exodus. National security requirements should compel a restoration of U.S. manufacturing, as much as our present economic situation does.

Rebuilding U.S. manufacturing should be America's next step forward toward solid economic footing.

Mr. VAN HOLLEN. Madam Speaker, let's be clear: we are facing this crisis today because of the reckless economic policies of the Bush Administration and its deregulatory ideology run amok. No one likes the choice before us. But we must deal with the world as it is today, not the world that might have been had the Bush policies not driven the economy and our financial system to the brink of collapse. If this rescue plan were simply an effort to indemnify Wall Street from the consequences of its own excesses, I would have none of it. Unfortunately, that's not why we're here today.

We're here because we cannot let the toxic contagion on Wall Street spill over to Main Street. We must not let the colossal failures of irresponsible corporate executives wipe out innocent small businesses and citizens who had nothing to do with this mess. At the end of the day, we are here out of the conviction that acting decisively now will mean less expense and pain than waiting for the crisis to get even worse.

Make no mistake: this legislation is a far cry from the original blank check the Administration so brazenly requested. Secretary Paulson and his successor at Treasury will have real time oversight regarding the decisions they make—and robust judicial review of those decisions after the fact. There will be no golden parachutes for the corporate executives whose poor judgment and failed leadership created this crisis. Qualified homeowners struggling to pay their mortgages will get the help they need to stay in their homes. The $700 billion authorized in this bill will be broken up and made available in separate tranches so that Congress can exercise ongoing oversight before additional funds are spent. And taxpayers will receive additional, vital protections in the form of a non-voting equity or senior creditor interest in the companies they are helping to rescue, a preferred position for distribution of assets should a company fail and the ability to resell the assets the government purchases at a potential profit once the markets recover.

In that regard, while no one has a crystal ball, the Congressional Budget Office has testified that it believes the final cost for this rescue package will be substantially less than $700 billion because the assets the government will be purchasing will have at least some value. Moreover, it is reasonable to expect that at least some of these assets could over time actually increase in value, giving taxpayers the opportunity to make money on their investments and help recoup the initial costs of this plan. However, in the event a full recovery of taxpayer funds is not complete within five years, this legislation requires the President to submit a plan that would impose a fee on the financial industry to make up the difference and make the taxpayers whole.

Finally, Madam Speaker, we would not be doing our job today if we did not assure our constituents that, even as we address the immediate crisis before us, we are firmly committed to analyzing what went wrong and fixing it so that this kind of crisis never happens again. In addition to the provisions in this legislation requiring a top to bottom review of our regulatory system, Congress—and the House Oversight and Government Reform Committee on which I sit—will immediately begin an investigation designed to give this Congress a comprehensive blueprint for 21st century regulatory reform.

Mr. HALL of New York. Madam Speaker, the events of the last few weeks have been unprecedented. Following a summer of economic disarray and confusion the rapid failure of Fannie Mae and Freddie Mac, Lehman Brothers and AIG have rocked our economy, roiled our financial markets, and left many Americans fearing that we may be on the verge of the greatest economic collapse since the Great Depression. This would imperil the economy of the Hudson Valley and New York State, costing us jobs and revenue that the State and local governments rely on.

In the wake of massive federal intervention to keep these former pillars of the financial industry afloat, it has quickly become clear that a cascade of financial collapse on Wall Street threatens to spill over into the credit markets, wreaking havoc on the broader business community and our entire economy unless swift, responsible, and effective steps are taken to stabilize the situation.

In response to these events, the Bush Administration asked Congress for a $700 billion blank check to bail out failing companies as it saw fit without limits, restrictions, or oversight.

It's hardly surprising that following this proposal, the outcry from my constituents came through loud and clear that it was unacceptable to throw a life line with no strings attached to the same reckless, irresponsible CEOs who have driven our economy to the brink through dangerous, greedy speculation on mortgage values. I share their view that the original Paulsen plan had too little oversight, too little protection for taxpayers and too little accountability for Wall Street. It was unacceptable.

I share the anger we're hearing from Americans about the fact that Congress may be poised to bail out greedy, freewheeling CEOs while average families are struggling with flat wages and higher costs. However, one of my most important responsibilities, and one of the most sacred obligations of Congress, is to ensure the security of the people of the United States, including their economic security. As satisfying as it would be to let these irresponsible companies flounder and fail as a result of their actions, the bottom line is that their instability has created an economic contagion that must be contained, or it will spread into the rest of our economy and present a clear and present danger to our prosperity and the quality of life of every American.

It is that need for action that has driven Members of Congress from both sides of the aisle to work feverishly over the last several days to come up with a plan. While far from perfect, it attempts to address the economic crisis in a responsible way that helps Wall Street while still looking out for Main Street and protecting our tax dollars.

It is outrageous to think that the CEOs who ran their companies into the ground and have brought us to the precipice of disaster could

receive fat corporate bonuses, and the bill before us today would put a stop to that by instituting limits on executive compensation and golden parachutes for the executives of companies that take part in the plan. There is real oversight, from the courts, from Congress and from a new Inspector General's office. There will finally be significant government supervision and regulation of the companies that helped to put us in the situation we're in now.

Perhaps most importantly, the bill puts in place mechanisms to make sure that taxpayer dollars will be protected to the maximum extent possible. When the market improves, and I believe it will, our investment will allow the taxpayers to share in the profits. 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 proposal we have before us today is a substantial improvement over what was originally presented to us just a week ago. It has safeguards to protect the taxpayers' investment and it has comprehensive oversight so we will always know where our money is going. While I would take great personal satisfaction in seeing Wall Street deal with this crisis on its own, I have a responsibility to the people who elected me to do everything in my power to keep the economy in good order.

New York State depends on the continued success of our financial institutions for tax revenue and jobs. The Hudson Valley is especially vulnerable to difficulties on Wall Street. If we could contain the damage to Wall Street I would be tempted to vote no, but I have become convinced that the situation has already begun to have ripple effects through our economy that could do permanent damage to retirement accounts, individual investments, and small businesses. This would be unacceptable, and that is why for the sake of our economic security I believe that I must reluctantly support this measure.

We must also be clear that passage of this plan is only a first step. One of the conditions that created this crisis is the tendency by the Bush Administration to turn a blind eye to the recklessness on Wall Street, and we cannot allow that to happen again. 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.

Mr. DICKS. Madam Speaker, less than 2 weeks ago, Treasury Secretary Henry Paulson and Federal Reserve Board Chairman Ben Bernanke issued a solemn warning to the President and Congress about the increasingly fragile state of the Nation's economic and banking system. They expressed their belief that, without prompt congressional action, widespread failure of financial institutions on Wall Street and across America threatened to send the Nation into an economic crisis not experienced since the Great Depression.

In the past few months, as my colleagues know, several financial institutions in the United States have failed, have been acquired by other companies through government intervention, or have been sustained only with Federal assistance. In the last 2 weeks, the number of failures has accelerated at an alarming rate, including the failure of Washington Mutual in my State, resulting in the loss of thousands of jobs. The Washington Mutual situation has underscored for me and my constituents the depth and seriousness of the crisis and has emphasized how our action is needed not simply for Wall Street, but also for Main Street.

Even without the collapse of Washington Mutual, it is clear to me that the growing crisis of liquidity could have devastating effect on my constituents and on the middle class throughout America. Companies failing because of an inability to manage their debt would not just be isolated to lower Manhattan; indeed, all of our congressional districts have businesses large and small that rely on the ability to access credit to survive. These businesses may well fail, too, if this crisis is allowed to continue without intervention. Retirees and workers alike are facing the loss of their retirement funds and pensions if they are invested in the markets on a scale not seen in 80 years.

It is that backdrop and with the advice of some of the wisest and most financially astute members of the House a well as financial experts from my state, that I am now convinced Congress must act quickly to avoid these disastrous consequences.

It was obvious to me that the legislative proposal initially drafted by the Bush administration was overly broad and lacking of any substantive or independent oversight by Congress or any clear safeguards for American taxpayers. After 10 days of intense, often around-the-clock negotiations, the original proposal drafted by Treasury Secretary Paulson has been dramatically improved in the legislation that is under consideration by the House of Representatives today. In addition to helping stabilize the U.S. economy by authorizing the Treasury to acquire mortgage-backed securities, enabling the release of credit for American consumer and businesses, this bill provides strict, independent oversight to assure that the program is carried out properly. The provisions of this legislation will help existing homeowners to stay in their homes and continue to make payments and the bill includes specific provisions to ensure that taxpayers are insulated from any losses sustained in this program. And I am encouraged that, for the first time, the bill places clear restrictions on so-called ''golden parachutes'' and executive compensation for companies participating in the new program.

I believe the revised version of this legislation represents a substantially more responsible and prudent means of addressing this crisis, and it is my intention to support it. I recognize that many of my own constituents have deep reservations about this package. So do I. I recognize that it may not be perfect. But I believe it is a responsible action and that it is in the best interests of our Nation at this critical time. And I also believe that the consequences of not acting today could be devastating. It is therefore my intention to support this legislation.

Ms. EDDIE BERNICE JOHNSON of Texas. Madam Speaker, my constituents are justifiably anxious about the threats this financial chaos poses to their savings, their children's future and their retirement security. I share their outrage that this administration and its supporters in Congress failed to prevent this foreseeable crisis and punish those responsible. I appreciate their anger and their opposition to using their tax dollars to bailout the executives of corporations who profited from the lax oversight of the past 8 years.

I have been told that this crisis is called an economic Pearl Harbor. In those war days, American credit, which is necessary for all commerce, had stalled. Investors were pulling record amounts of money from even the safest investments, which meant that money for the short-term loans that businesses use every day were either unavailable or cost three to four times more than they had cost just a few days prior.

If allowed to continue, the result would have been catastrophic for individuals and businesses alike. The war-time government developed a plan to have the government buy the troublesome securities on the books of financial institutions in order to rescue our Nation's and world's economy.

Since the Reagan administration, deregulation has spiraled out of control. Executive compensation and buyout packages have outraged millions of Americans, and rightfully so. We cannot continue with the path we currently are on. This measure is aimed to do that.

Madam Speaker, I truly understand that the cost of this rescue package may also limit discretionary spending. Federal spending also might be hampered by the much larger commitments that the government has made for Medicare, Medicaid and Social Security.

Regional economies, such as ours in north Texas, may have to fight even harder for scarce Federal dollars for roads, bridges and sewer projects. Creative solutions will be needed to find pragmatic ways to fund these needs.

We need credit in order for this country to operate economically.

Madam Speaker, state and local governments rely on their ability to borrow to finance special projects. Think of how new schools get built: a district issues bonds through a bond house, the bonds are sold to raise money, the money is paid back over time with interest. It's like a mortgage.

Texas companies rely on free-flowing credit to finance both day-to-day operations and long-term needs. Credit is tighter for businesses across the region at the moment, something of particular concern to manufacturers. And individuals rely on credit to buy homes, cars, and to pay for college.

In a troubled economy, now made more difficult by the credit crisis, it is more important than ever to work together to nurture job growth in north Texas. From worker training to transit to luring new business to helping existing businesses expand, a lot is at stake right now.

If this really is our economic Pearl Harbor, then the way we, as a nation and as individuals, act in the coming days will be the measure of whether we meet the challenge with the same resolve as our parents and grandparents.

For that, I intend to vote for this measure.

Mr. SMITH of Texas. Madam Speaker, much of our economic crisis today is rooted in misguided policies of the past. Permitting home mortgages with nothing down was a disaster waiting to happen when home prices fell. Unfortunately, all the bad mortgages and the resulting credit crisis have dragged down our economy and threatened the financial well-being of all Americans.

If companies big and small cannot access funds they need to operate and pay employees, this will adversely impact the entire economy and punish hard-working Americans. If

credit to buy homes, cars and other purchases dries up, home prices will fall even further and loans will become even harder to get.

Many people felt the original proposal was unfair. It would have been far more unfair to do nothing and allow a recession to occur, which would hurt everyone. Changes were made to the plan to address those concerns. Measures were successfully included to ensure Wall Street pays its share and taxpayers are protected.

We were facing the economic equivalent of a cattle stampede. To stop a stampede, you have to act quickly and decisively and get ahead of the herd to turn it. This plan, while not perfect, does that.

This is not about bailing out Wall Street. It's about protecting American jobs, the financial security of families, and the economy of our Nation.

Since half of all households own stocks either directly or indirectly through 401(k) accounts, IRAs, and pension plans, we had to find a solution to this crisis.

The money in the compromise plan will be used to purchase the mortgage-related assets at the center of the problem. When the financial markets stabilize, many of those assets will regain their value and will be sold by the Federal Government to recover a substantial portion of the cost for taxpayers.

This plan will stabilize the economy, strengthen home values, and prevent a devastating recession. It's an investment in the future of the American people.

Ms. ESHOO. Madam Speaker, I rise today to express my support for the H.R. 3997 Emergency Economic Stabilization Act.

Each of us is outraged about the circumstances that have brought our financial system to near collapse. In my view, this was brought on by the Bush administration's failed economic policies and their support for ''cowboy capitalism,'' believing the markets must be allowed to run free and unfettered. Instead, Wall Street has been allowed to run wild without accountability, without transparency and without effective enforcement or regulations to protect the American taxpayer.

The legislation the President presented to Congress on Monday, September 22, requested Congress to approve a $700 billion bailout, 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.

Over the past week, legislation has been completely reshaped and it now includes three essential elements to rebuild our financial system. First, we will reinvest in troubled financial markets to stabilize our economy and insulate Main Street from Wall Street. Second, the taxpayer will be reimbursed through ownership shares and asset recovery as the plan begins to work. Finally, the bill will reform how business is done on Wall Street including the prohibition of golden parachutes.

This legislation ensures that taxpayers have an equity share in any profits and gives taxpayers an ownership stake and profit sharing of participating companies. It puts taxpayers first in line to recover assets if a participating company fails, and allows the Government to purchase troubled assets from pension plans, local government, and small banks that serve low- and middle-income families.

H.R. 3997 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 had investments in failed institutions.

I firmly believe if we do nothing, our ability 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 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.

This is as tough a vote as any I've ever taken during my time in Congress. Today, I will vote ''yes'' because I believe we've shaped a good bill which is fair to taxpayers and a plan to address the many critical issues plaguing the U.S. financial system.

Having said this, I know that no legislation is perfect; it is a product of human beings. But doing nothing I believe 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 the country move forward, protect taxpayers, help Main Street, protect pensions, protect 401(k)s, and restore our credit markets and, with no rewards for those whose greed and foolishness have so jeopardized our economy.

Ms. SPEIER. Madam Speaker, we never should have reached this point.

But a perfect storm of greed and poor risk-management on Wall Street, along with a decade of lax oversight and deregulation, has our markets teetering on the edge of collapse.

We should never have reached this point—but here we are, and we must lead.

Leadership and our democracy require elected officials to make difficult decisions. Last Saturday Congress was presented with Secretary Paulson's plan. The proposal was a blank check for bad actors. It carried no oversight and, indeed, placed an administration appointee beyond the arm of the courts.

This is not Paulson's plan. This legislation is crafted with taxpayers, not bankers, in mind.

This begins a new era of strong congressional oversight. If we, the Congress, are asking the American taxpayer to foot the bill, then we must protect their investment.

At the beginning of the week, I laid out specifics that needed to be in this bill: taxpayers deserved an equity position, there needed to be guarantees that taxpayers wouldn't be funding exorbitant executive compensation packages, and that this would not be a lump-sum and a blank check without the ability to stop payments if this proves the wrong solution.

These taxpayer protections were included.

To protect taxpayers going forward, Congress must bring back the firewalls between investment houses and banks repealed by Gramm-Leach-Bliley; we need strict controls on exotic financial instruments that provide great wealth for a few at the expense of the rest of society like ''naked short selling,'' and we need conflict of interest measures that ensure Wall Street does not subvert the public's trust in any way.

Some have characterized our action here as the Government butting into the free market. On the contrary, what we are doing is reasserting the Government's rightful role in maintaining the stability of our economy for the good of all Americans.

Congress finds itself choosing between two unfortunate choices—between a massive Government expenditure or inaction that could lead to a calamitous collapse of our economy.

It would be easy to vote against this bill, it would also be irresponsible. I was not sent to Congress to be a slave to public opinion polls, but to make decisions after listening to my constituents, hearing from experts and fashioning solutions that are in the public's best interest.

Inaction in the face of adversity is not an option. Inaction is not leadership. None of us want to be here, none of us is happy about the decision before us, but our duty is to act in the best interests of everyone.

More hardship is on the horizon, like greater unemployment, a run on banks, and further collapse in value of a great many Americans' only financial security: Their homes and their pensions.

I look forward to working with Chairman FRANK and with the Speaker as this House protects the American taxpayer and stabilizes our financial markets.

Mr. THORNBERRY. Madam Speaker, the issue before us is one of the most difficult decisions I have faced during my time in Congress. The reason it is so difficult is the concern about what will happen to our economy if this bill is not passed. But the bottom line is that this bill is an unprecedented intrusion by government into the economy of the country and is contrary to the common sense principles in which I believe. I have carefully weighed the opinion of many different sources, including those who have spent their professional lives in the financial sector and the American taxpayers I am privileged to represent.

I am convinced that the United States faces a serious economic crisis, centered on Wall Street and high risk financial institutions but with shock waves that could extend throughout the country. I am further convinced that in this situation some sort of government action is needed and appropriate.

In fact, Congress is partly responsible for this situation. Over the years, some in Congress have pushed government agencies and lenders to provide more loans than many could repay. Too many people borrowed too much money. Yet, those laws and regulations which helped to create this problem are not corrected in this legislation.

Despite the fact that action is needed, I am not convinced that the bill before us is the type of government action that is appropriate or that it will be effective in solving our problems.

In order to support a measure of this size and scope, there should be some reasonable belief that it will work—that it will solve the underlying causes of the problem. Of course, there are no ''guarantees,'' as we keep hearing, but $700 billion of taxpayer money should not be used as a hopeful experiment.

Yet, many believe that this bill will not be effective in preventing an economic downturn, and, in fact, does nothing to address the underlying issues that created the problems we face. It does little to bring more private capital into the market. It has no systemic reform of the regulatory agencies that helped contribute to the problem. The Fair Accounting Rules, which are widely believed to have aggravated the situation, are only studied, not changed.

The bill is far better than it was as originally offered and now has more oversight and some checks and balances. But there is still enormous discretion with the Secretary of the Treasury, more power than seems wise to give to anyone. The core of the plan is to have the federal government buy assets which cannot be sold to anyone else. Those who have the most of these assets, often based on ''zero-down loans'' and ''no doc/low doc'' mortgage loans, will obviously benefit the most. Those who were more prudent in their lending will benefit less.

I understand that any measure will be somewhat unfair in that some of those who took the excessive risks and made unwise decisions will be protected from the full consequences of their decisions. Some degree of unfairness is inevitable.

But it is important to keep foremost in our minds that the foundation of the American economy is not Wall Street traders or multi-national banks. The foundation of our economy is American businesses and workers who pay their bills and taxes on time, who borrow responsibly and take reasonable risks, and create economic value, jobs, and a higher standard of living. If this measure damages them, it damages our present economy and our future. I am afraid that this bill does damage well-run companies and institutions, and it certainly damages the American taxpayer.

The only compelling argument I can find on behalf of this bill is that we will confront a credit crisis and severe recession if it does not pass. Obviously, I hope that will not happen. But failure of this specific proposal should not mean that we stop trying to find common sense answers to support our economy. Congress can return to work immediately, listening not just to the Secretary of the Treasury this time, but to commercial bankers and economists and taxpayers across the country. There are a number of good ideas which can be considered in a thorough but timely way. We should not rush into a flawed proposal that will have consequences that last for generations.

Mrs. DAVIS of California. Madam Speaker, my constituents have every right to be angry about our economic situation. I am angry too.

But I believe that going forward with this legislation enables us to begin to right our economy.

It does not address all the requisite steps that should be taken.

That is why I am urging the chairman and the Congress to work with the Treasury and the SEC to promulgate rules on accounting practices that reflect the true value of assets they will be working with.

This bill is not a magic bullet but the cost of doing nothing may be far greater than the painful steps we take today.

I thank the Chairman and all of my colleagues from both sides of the aisle. We may disagree but people have worked hard over the past week to listen to one another no matter where you come down on this issue.

Mr. MILLER of North Carolina. Madam Speaker, this bill is a very bitter pill for me. I probably have become the leading critic in Congress of the mortgage lending industry, including the financial institutions that bought predatory mortgages knowing full well the consequences of those mortgages for middle class homeowners.

The industry has not always taken my criticism with good humor.

The industry hated the legislation that I introduced more than five years ago to prohibit predatory mortgage lending practices. And the industry really, really hated the legislation that I introduced last year to let bankruptcy courts modify predatory mortgages.

But I do think we are in a worsening financial crisis that will affect ordinary Americans, not just financial institutions. The economy will slow dramatically if every business and every American family has to operate on cash. If credit is not readily available and affordable, middle class American families will have a hard time buying a new car, with disastrous results for the Americans who depend on the automobile industry for their livelihood. The story is the same in industry after industry.

This bill is a dramatic improvement on what the Bush Administration presented Congress not quite a week ago. There is now real transparency, and vastly improved accountability and oversight. The bill takes pains to shift the ultimate cost to the industry that made the mess, not innocent taxpayers.

I regret that this bill does not do more for families with houses that they can afford, but abusive mortgages that they can't. Millions of families will lose their homes to foreclosure, and foreclosures are pulling down home values for millions of other families. I will push hard for bankruptcy reform early next year.

I wish the limitations on the compensation of top executives were tougher, another issue we need to come back to.

I wish there were real reforms in consumer lending practices that cheat middle class families with deceptive penalties and fees, and trap struggling families in a cycle of debt.

And I know that no matter what Congress does, we are all in for several tough months, and maybe longer. Many financial institutions are carrying assets on their books for far more than the assets are really worth. Banks won't trust each other enough to lend freely until insolvent institutions collapse, and taxpayers will foot much of the bill to pick up the pieces.

I reluctantly voted for this bill today, but I'm not finished with the fight against the heedless greed that is responsible for so much grief for so many Americans.

Mr. ETHERIDGE. Madam Speaker, I rise in support of H.R. 3997. Today, the United States faces the most significant financial crisis since the Great Depression. While we wish this action was unnecessary, this emergency requires bold steps to protect homeowners, small businesses, retirement savings plans, and community banks and to ensure that our economy can weather this storm. This bill should put us on the right path to recovery for our financial system.

Over the last several months we have seen the collapse of some our largest financial institutions, throwing our nation's financial system into turmoil. As one collapse has followed another, a dangerous lack of liquidity has beset the entire system. This freeze in the flow of capital means that remaining banks have ceased lending to one another, and loans for businesses and individuals are starting to become almost as scarce. 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.

I have spoken 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. They told me clearly: if we do not take action now, these problems could overtake the entire economy, affecting jobs, the vibrancy of our communities, and harming North Carolinians.

This bill is not the blank check that the Bush Administration originally proposed. H.R. 3997 contains key provisions, negotiated by Democratic leaders in Congress, to ensure this bill benefits Main Street. As I demanded when this 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. In taking action authorized by H.R. 3997, the Treasury Secretary must consider the interests of taxpayers, preserving home ownership, the needs of all financial institutions including small institutions and credit unions, and the needs of local communities. To ensure that the public shares in the benefit of the economic relief provided, Democratic leaders fought to add provisions that allow taxpayers, to share in profits if a financial institution we invest in grows healthy in the future. At the same time, H.R. 3997 requires any losses to the government to be recouped from financial institutions in the future. Additionally, this bill includes a fiscally responsible requirement 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, H.R. 3997 includes provisions to coordinate and increase efforts to modify mortgages for homeowners. The bill provides authorization for 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. We will work to ensure people can remain in their homes when possible.

H.R. 3977 makes sure that the people who made this mess do not unduly profit at the public's expense. There are limits on executive compensation and golden parachutes for the financial institutions that receive this government assistance. It also allows taxpayers to recover bonuses paid to executives who promise gains that later turn out to be false or inaccurate.

Congress has also increased oversight and transparency in H.R. 3997. The final bill includes $250 billion as an initial effort to stabilize the markets, and authorizes the rest of the $700 billion request only after Presidential notification and Congressional oversight of the Treasury Department's actions. Any purchase by the Secretary must be publicly disclosed within two business days of the action. A strong oversight board has authority over the Treasury Secretary's actions, and the bill mandates detailed reports to Congress at regular intervals. Additionally, H.R. 3997 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. 3997 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.

H.R. 3997 provides liquidity to the market so that our banks have the confidence to make loans again. It is our hope that this will enable our financial markets to recover, but we cannot be certain that it will do so. The oversight provisions in H.R. 3997 will ensure that we can react to any further developments and take further action as necessary.

Madam Speaker, this crisis is wide-spread and threatens the financial security of this generation and the well-being of our children and grandchildren. I fervently wish that this action was not necessary, and that the markets could correct themselves. However, in order to protect Main Street from the impact of Wall Street's problems, I support H.R. 3997, and I urge my colleagues to join me in voting for its passage.

Mr. KIND. Madam Speaker, I rise today in support of H.R. 3997, the Emergency Economic Stabilization Act of 2008. The financial crisis that has been gripping our country reached a point last week where extraordinary action is now required.

Supporting this legislation was not a decision that I came to easily or without tremendous thought and consultation. It is based on imperfect information. Initially I was very angry and skeptical of the plan that the administration proposed because it gave too much discretion to the Treasury Secretary and included no accountability for the burden that was going to be placed on the taxpayer.

Fortunately, the administration has listened to the concerns from me and my colleagues and has returned the focus of the rescue plan from Wall Street to Main Street. This plan protects taxpayers, not executive compensation. It includes strong transparency, accountability, and oversight functions for Congress.

The goal of this plan is to take the poison out of the market, get it stabilized, and ensure the free flow of credit. Most importantly though, it guarantees that taxpayers will be reimbursed for their investment at the end of the day. Furthermore, in the longer term, I support a comprehensive review and reform of our financial market structure and associated regulations.

This is a rescue plan for the American economy. The reality is that without action, there is a good chance that Americans could lose everything they have worked so hard for. We are loaning banks money so they can loan money to Americans for their everyday lives to buy a car, pay for college, start a small business, or buy a house. The risk of inaction far outweighs the risk of action. This bill will allow us to continue moving forward.

Madam Speaker, I support this important legislation that will shore up our economy and urge my colleagues to join me in voting for its passage.

Mr. RAMSTAD. Madam Speaker, I rise today to oppose the Bush administration's $700 billion bailout plan for Wall Street firms and banks.

The administration's bailout plan imposes great risk to taxpayers and no guarantee of success.

Because this bill was considered in such haste, without adequate hearings or debate, nobody knows what this complex financial scheme will produce so the final cost to taxpayers is uncertain.

Four hundred of the Nation's top economists signed a petition to Congress objecting to the bailout plan, as they are skeptical of the Federal Government buying up toxic mortgage-backed assets from banks and hoping the benefits trickle down from Wall Street to Main Street.

According to these economists, the long-term effects of this financial scheme—higher inflation, a weakened dollar and a greater National debt—will outweigh any short-term stabilization of the credit markets.

Rather than providing $700 billion of taxpayer money to buy frozen mortgage assets to solve the current problem, Congress should adopt the plan to insure mortgage-backed securities through payment of insurance premiums by the holders of these assets.

I urge my colleagues to oppose this bailout.

Mr. BISHOP of Georgia. Madam Speaker, Never in my 16 years in Congress have I so grudgingly voted ''yes'' on a piece of legislation. And hopefully, with this action, never again will I have to do so.

The so-called financial titans of this country and those who for years have favored lax regulatory oversight put us up against a wall. For some time now, Wall Street has been turning a tidy profit by playing with other people's money, manipulating balance sheets, and using complex financial instruments that few people, if anyone, understood. And through it all, the Bush administration has turned a blind eye and insisted that our ''fundamentals were strong.''

It turns out they were fundamentally wrong. And now we are all going to pay because of it.

I certainly do not disagree with the many constituents who have called my office and exclaimed, ''$700 billion!'' It is, without a doubt, an enormous sum. But it is less expensive than a deep economic recession.

During the Great Depression, the Federal Government waited too long to aid the battered banks. Today, the whims of a Wall Street Gone Wild have so afflicted our credit markets that I am convinced if we don't do something soon—and more importantly, if that action is not taken responsibly, and with strict oversight—we will regret it for a long, long time to come.

Everyone in this country, from individuals, to small businesses, to farmers, and multinational corporations, relies on credit. The local supermarket needs a reliable credit line to stock its shelves, farmers need to borrow money to plant their crops, students and parents have to borrow for college, and, right now at this very moment thousands of Second District residents facing foreclosure desperately need a chance to keep their homes by drawing upon a re-financed line of credit.

We must learn the lessons from history and act quickly to prevent an economic calamity. And, we are staring down the barrel of a gun that, if fired, would wound our economy so badly that even those with impeccable credit histories will not be able to secure a loan.

Members from both parties have come together to craft this consensus package. Each side made its views known. Neither party got everything it wanted. But I think we have a good plan in place to prevent a deepening of the current crisis and put us back on our feet.

And, we have secured the taxpayer protections absent from the administration's initial proposal: Taxpayers will have an ownership stake in these investments with profit-making opportunities, will be given a priority position to recover assets in the event a company fails, and will be included in a plan to recover any potential remaining costs from Wall Street firms after five years.

Taxpayers will also benefit from six different oversight entities, including an oversight board, an inspector general to monitor the Treasury Secretary's decisions, a review and audit program within the Government Accountability Office, public disclosure of any bailout-related transaction by the Treasury Secretary, and monthly reports to Congress on every $50 billion spent by Treasury. The Treasury Secretary's actions will also be subject to judicial review.

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 effort into investigating the financiers whose actions precipitated this crisis and who walked away with millions for themselves, as they have put into crafting this bill. Meantime, I encourage my colleagues 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. DAVIS of Illinois. Madam Speaker, although I am voting to support this bailout plan, I am concerned that we do not have enough of an equity remedy for small institutions that held preferred stock in Fannie Mae and Freddie Mac. I was recently contacted by Standard Life Insurance Company of Indiana (''Standard Life'') regarding an unintended consequence of the Fannie Mae and Freddie Mac government bailout. Standard Life is a small life insurance company domiciled and headquartered in Indiana, with executive offices in Kentucky. They have approximately 100 employees (all in Indiana and Kentucky) and 30,000 policyholders. They sell traditional annuities for pre-retirement savings and retirement income purposes. Their average customer is approximately 65 years old and average size policy is approximately $50,000.

I understand that between late 2007 and early 2008, based on repeated representations by Treasury and Regulatory officials that Fannie Mae and Freddie Mac were adequately

capitalized and were safe and sound, Standard Life purchased $31 million of Fannie Mae and Freddie Mac perpetual preferred stock.

On September 7, 2008, Secretary Paulson announced the conservatorship of Fannie Mae and Freddie Mac, a part of which was the elimination of dividends on all preferred stock. The consequence of that action was to cause the securities to be rated near default, requiring Standard Life to carry them at a market value of 10 cents on the dollar for regulatory capital purposes, an immediate reduction of Standard Life's capital from $113 million to $85 million (or diminution of $28 million dollars, or 25 percent).

It is my understanding that this result has potentially dire consequences for Standard Life's survival, Kentucky and Indiana jobs and, most importantly, Standard Life's policyholders, if corrective action is not taken by September 30, 2008. Standard Life has been informed by the rating agency A.M. Best that its rating will be cut if the lost capital is not replaced by that time. The rating cut will be from a ''secure'' B++ to a likely ''unsecure'' B or lower. This will likely result in a cascade of negative events:

Shut down of sales; extended withdrawal activity (''run on bank''); and regulatory intervention, up to and including receivership and liquidation, which will result in delayed policyholder access to their funds and possible reduction of interest earned on their policies.

I believe this was an unintended consequence of the government moving quickly to stabilize Fannie Mae and Freddie Mac. There are a number of ideas being discussed to help companies like Standard Life. It is my hope and desire that the government rescue plan include an equitable remedy for Standard Life and companies in a similar position. I trust that before we finalize this legislation and the President signs it, we will have adequately addressed this very serious issue.

Ms. BROWN-WAITE of Florida. Madam Speaker, I rise today because of my grave concerns over what is surely one of the largest bailouts in American history.

I recognize that this is the product of compromise and therefore imperfect; but the serious problems with this bill make it impossible for me to support.

Make no mistake; a vote for this bailout is a vote to ratify business as usual in Washington. This compromise was crafted by the same people who brought you this mess, except this time they are putting a gun to your head and saying give me more.

This isn't legislation; this is extortion. We could actually call it the ''in-out plan,'' as the FBI is going in, we are bailing out. That's not what the taxpayers want.

My greatest concern is that this bill creates yet another opportunity for the Federal Government to meddle in the economy. The scope and size of this bill, however, means that the bailout will come at greater harm to equity holders, businesses, and homeowners.

In order to participate in this bailout, a company will essentially give stock options to the Treasury Secretary, who will be able to exercise those options at whatever price he decides.

How will the markets be changed when the Federal Government is the largest single stockholder in the country? Senator OBAMA is the most liberal Senator in the history of this country, someone who seeks to socialize large sectors of the economy.

With passage of this bill, it is now pertinent to ask how will our companies and markets fare under OBAMA and Federal Government and consolidated liberal Democrat controlled government?

I think not well, and for any company forced into this deal with the devil, they are barred from negotiating, complaining or seeking judicial recourse.

Do you like 10 trillion in debt? In one stroke of the pen, Congress will have expanded the debt by another trillion to 11.3 trillion.

What happens if any of this money is repaid? Democrats won't have to make any effort to expand their spending for more Federal Government; that spending will have already been authorized in this bill.

Which brings me to another financial mess buried in these pages. Any premium paid by companies will be put into a fund, like the Social Security trust fund. And we all know how well that has worked out well for Social Security.

What's worse, these premiums will be counted against the deficit, allowing for more spending, higher pay-go, and will finance more federal bureaucracy. Democrats are rapacious for more spending. You can count on this.

If you weren't angry enough about this bailout, foreign banks get special treatment. Right there in Section 112, the Treasury Secretary has the discretion to bailout foreign banks at the expense of the American taxpayer. No restrictions and no guarantees.

Madam Speaker, the American homeowner has paid for your energy schemes this year with higher gas prices. Now you want the middle class homeowner to pay for your housing schemes.

My biggest concern is that this bill creates two classes of homeowners.

There are those homeowners who make every mortgage payment, and pay every bill and struggle to meet their commitments, and there are those homeowners, like Representative RICHARDSON, who didn't meet their obligations, skipped out on the bills and now want the taxpayer to bail them out.

This is all too embarrassing and it turns my stomach.

Make no mistake; a vote for this bailout is a vote to ratify business as usual in Washington. This is the same crowd delivering the same bills and expecting the middle class homeowner to pick up the tab.

Madam Speaker, the American homeowner is tired of being your piggy bank. The American homeowner is sick of your promises and platitudes and is simply not going to stand for this.

Mr. NADLER. Madam Speaker, I rise reluctantly in support of this rescue package. I have great reservations about this legislation, but after looking at the situation carefully, reviewing the facts, and speaking with economists whose views and expertise I value, I believe that the threat to our credit markets is both real and urgent.

Is the danger severe enough to warrant supporting a bill about which I have strenuous reservations? I believe so.

In the past, I have been very skeptical of proposals brought to us by this administration with the warning that the situation was dire, that we could not afford to be more deliberate, and that we must give the administration broad new powers. I opposed the USA PATRIOT Act, the recent FISA legislation, and the vote to authorize the war in Iraq. In each instance, we were told that the danger was great and imminent. The administration went so far as to warn of a smoking gun in the form of a mushroom cloud.

Unfortunately, these tactics worked, and Congress was stampeded into doing the wrong thing. In each case, it was not easy to stand in the way of the stampede, but, in my judgment, after examining all the known facts, it was the right and necessary thing to do.

In this case, the administration should have seen this crisis coming years ago. Many of us warned that the administration's deregulation policies were leading us toward disaster, but so long as unprecedented profits were rolling in, the voices of caution were ignored.

The near-religious belief that unrestrained markets would bring nothing but good times, that real estate prices would spiral upward forever, that financial instruments that even the directors of the firms selling them did not understand, would always bring prosperity, permeated thinking in government and out.

History should have taught us otherwise. Our current situation proves otherwise.

When the final accounting came, the boom was revealed for what it was: history's largest and most costly ponzi scheme.

Finally, the administration acted—belatedly and arrogantly. Only a week ago, they told us that the situation was dire, that they needed $700 billion—more even than the President's Iraq adventure has cost so far—and presented us with a three page proposal that said essentially, ''Give the Treasury Secretary a free hand with nearly a trillion dollars, make sure no one can go to court to stop him if he gets out of hand, forget any oversight or transparency, don't worry about paying for it, don't do anything to help the middle class, then buzz off.''

In defense of that request, they said we should just trust them—the same people who got us into this crisis—with power even the Vice President only dreams of.

As the old joke goes: how do you say ''drop dead'' in Washington? ''Trust me.'' Only this time, it's not funny.

The legislation before us today is not very attractive, but it is greatly improved from the President's proposal. The bill has increased transparency. It leaves available court remedies, although not as many as I would want. It partially repays the taxpayers by providing for acquiring an equity stake in participating firms. It does have real oversight.

I am deeply disappointed that some very important provisions for which I fought were not included.

The package should have been paid for with a repeal of tax breaks on the wealthy, and of giveaway tax benefits for oil companies and other big corporations and for the industry that caused this mess. The shareholders should have borne more of the cost of this package. They are the ones who profited, and they are the ones who should pay. I do not believe in privatizing profits while socializing risk. That's not capitalism, that's lemon socialism—the people get only the lemons.

It is clear that the taxpayers will not be on the hook for the full $700 billion authorized, because the securities that will be acquired are not as worthless as the market now assumes, although we do not know how much they are really worth.

I believe that the Bankruptcy Code should have been fixed so that families with predatory

or subprime mortgages could restructure their mortgages. Mortgages are the only secured debts in bankruptcy that cannot be restructured. Investors can do it with their properties; The Senator from Arizona [Senator MCCAIN] can do it with six of his seven houses; you can do it with airplanes, yachts, steel plants, or anything else. The only exception is the family home. That's wrong, and we should have fixed it in this bill.

We need comprehensive regulatory reform in order to stave off the next financial catastrophe, and we need a President and regulators willing to enforce the laws we have on the books. The bill does not do that, but the next Congress must enact comprehensive regulatory reform. We need to take away from this experience the lesson I had thought the nation learned in 1929. Sound regulation in markets is necessary to maintain stability.

So, as I said, I am angry that we are in a situation we could and should have avoided, and I am disappointed with the bill we are voting on today. I am especially angry that we are now at a point where, as unpopular as this is—and my constituents have told me that they do not like this any more than I do—we must act.

The crisis is real and immediate. If the credit markets freeze, as they started to do last week, and as we are warned by almost all credible economists they will if we do not act, we will face a calamity. All economic activity dependent on credit will cease. Businesses will not get loans to expand or to meet their payrolls. Thousands of banks will fail, ATM machines will dispense no funds, credit cards will be worthless, millions will be thrown out of work, and we could face a repeat of the Great Depression of the 1930s. We cannot be certain this bill will stave off this calamity, but it might. When faced with a choice between a certainty of catastrophe and a possibility of averting a catastrophe, the choice is clear.

Madam Speaker, I reluctantly support this legislation, and I urge my colleagues to do the same.

Mr. HARE. Madam Speaker, I rise in support of the Emergency Economic Stabilization Act, and commend Speaker PELOSI, Chairman FRANK, and all Members and staff of the House leadership and Financial Services Committee who worked tirelessly, spending untold hours negotiating this bill with their Senate counterparts, the President, Treasury, and the Federal Reserve.

Madam Speaker, we as a nation find ourselves in an alarming financial crisis. But this crisis is bigger than a few failing banks or a stock market in disarray. It's more about family budgets than corporate balance sheets. Americans are losing their homes. Many are concerned about the future of their retirement savings. Some fear they won't have enough money to send their kids to college. The unwise and purely ideological decision to deregulate Wall Street has threatened our very way of life. It is with the best interests of working families in mind that I rise today to support this comprehensive rescue package. It is not a decision I made lightly.

Madam Speaker, the original plan which President Bush proposed to Congress was completely unacceptable. It was nothing more than a $700 billion handout to Wall Street. It gave unregulated authority to one person—the Secretary of the Treasury—to spend 700 billion of taxpayers' hard-earned dollars without any accountability. The President's plan did virtually nothing to prevent more Americans from losing their homes, and provided no return to the taxpayers responsible for funding it. Finally, the Bush Plan did nothing to limit executive compensation—known as golden parachutes—for top executives who made the disastrous decisions that helped lead to this crisis. At a time when we need to more closely regulate Wall Street, the President's package actually rewarded it.

Under the leadership of Chairman FRANK, a new bill was crafted to authorize, with strict independent oversight, limited funding to the Treasury to transparently buy the debts of troubled firms. This is not a gift. It is not a blank check. It is a loan. Any financial recovery that results from our action must be shared with the taxpayers. We are loaning these banks money so they can resume lending to ordinary people—families who need help with their homes, cars and college tuition; farmers to continue to buy equipment, seed and fertilizer; and small town banks to deduct losses from investments in Fannie Mae and Freddie Mac.

This bill also gives the government a financial stake in some of these firms, which means not only will taxpayers get their money back, but they will also have the opportunity to turn a profit. Additionally, this bill limits pay for the executives of the firms to which the Treasury loans. Unlike the Bush proposal, it does not reward corporate greed.

Madam Speaker, this bill is certainly not perfect. While it does give the government some ability to protect homeowners facing foreclosure, I feel much more work needs to be done. My family lost its home growing up. It broke our hearts. Congress must continue its efforts to address the housing crisis, a large contributor to our current economic woes.

In the final review of this bill, I believe the good outweighs the bad. It is a necessary step to protect Main Street from Wall Street. I urge all my colleagues to support it.

Ms. SCHWARTZ. Madam Speaker, during the past 8 years, the economic policies of President Bush have failed American families and destabilized our nation's economy.

Now my constituents and hard working families across this country are rightfully concerned about what this all means to them.

Let us be clear—it is the Bush policies of deregulation, non-existent oversight, disregard for our nation's infrastructure, irresponsible tax policies, and excessive deficit spending that exploded our national debt and lead us into the worst financial crisis since the Great Depression.

The action we take today is difficult, but it is the responsible one. The potential downside for everyday Americans is simply too great not to act.

The instability in the financial markets creates serious difficulty for every company seeking to meet payroll, every retirement plan seeking to meet their obligation to retirees, and every family who needs to borrow money for a car, for college, for a home, or for just getting by.

My constituents want to trust Washington to do the right thing to turn the economy around, but they want us to protect their interests and address their everyday concerns.

That is why the American people and members of Congress 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.

Because of Democratic leadership, this economic recovery proposal is fundamentally different than the proposal first brought to us by President Bush.

We now have an economic recovery proposal that will protect the interests of hard-working 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 multi-million dollar golden parachutes.

Responsible action to stabilize our economy is required and warrants bipartisan support. But, efforts to rebuild our economy cannot stop here.

Moving forward 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 the economy to one of prosperity, opportunity and growth—not just for a few—but for all Americans.

Ms. DEGETTE. Madam Speaker, after careful review of this package, I rise today to support the ''Emergency Economic Stabilization Act of 2008.''

While I am hesitant about putting taxpayers on the hook for the mistakes of Wall Street, doing nothing is simply not an option. No one likes this bill, but without it, credit markets would seize up, more companies would have trouble making payroll, consumers would be unable to get loans for cars and homes and credit cards, their pensions would deteriorate, and the crisis in our financial markets would spread to the entire economy and across the globe.

This bill will not fix our troubled economy on its own, and we have much work ahead of us to reform our financial regulatory system. But our Nation's top economic experts have concluded that without this legislation our economic problems would have gotten much worse.

This bill is a vast improvement from President Bush's initial proposal, which contained no oversight, no protections for taxpayers, and amounted to a blank check to the Treasury Department.

But working in a bipartisan fashion, Congress was able to agree on a compromise that includes rigorous oversight and transparency, provides funding in installments subject to congressional review, and prevents golden parachutes for CEOs that drive their companies into the ground. This legislation will inject liquidity into the credit markets so businesses and consumers can continue to utilize their credit and keep our economy moving.

Madam Speaker, I hope that following passage of this bill, with a new president in office, Congress can begin work on a comprehensive, top-to-bottom review of our Nation's financial laws, and enact meaningful reform that prevents the abuses we have seen in recent years.

Mr. STARK. Madam Speaker, I rise today to oppose H.R. 3997, the Emergency Economic Stabilization Act of 2008.

President Bush tells us that we face unparalleled financial doom if this $700 billion bailout is not approved today. He and his Treasury Secretary—a former Wall Street fat cat—tell us that we have reached the point of ''crisis.'' That is a familiar line from this President. It sounds like the disastrous rush to war in Iraq and the subsequent stampede to enact the Patriot Act. As I opposed the Iraq War and the Patriot Act, I stand in opposition to his latest rush to judgment.

We are not in a sudden crisis. It has been building over the past 8 years of the Bush Administration. Lax oversight of the financial industry ballooned into a house of cards.

Homeowners throughout the country have seen property values decline as their mortgage rates adjusted upward. As a result, millions of people across our country have already lost their homes to foreclosure and many more are on the way.

It is easy to blame consumers for purchasing homes they couldn't afford. However, these consumers weren't informed of the extreme risk they were assuming. Creative financiers invented a market for these risky mortgages and preyed upon consumers by peddling the American dream of homeownership to make that market flourish.

While those were poor choices by consumers, they pale in comparison to the irresponsible bets made on Wall Street. These mortgages and their declining collateral values are the root of this financial crisis.

We now face a choice. President Bush tells us we must inject $700 billion into this market to avoid a total meltdown. He and Secretary Paulson say it is the only answer. Many economists—who don't have a financial stake in Wall Street or an 8–year record of bad decisions—tell us it isn't the only choice. An option would be to assist homeowners with their mortgage payments. By making sure these mortgages remain viable, the market should stabilize.

The bill before us today is basically the same three-page Wall Street give away first put forth by President Bush. The fig leaf adjustments are not enough to outweigh the fact that, no one knows if this bill is what's needed. I'm not willing to make a $700 billion gamble that President Bush is right after 8 years of seeing all that he's done wrong.

Mr. NEAL of Massachusetts. Madam Speaker, I rise today in support of the Emergency Economic Stabilization Act of 2008. I want to applaud the work of my friend, Chairman BARNEY FRANK, in negotiating this agreement on behalf of the House. Compared with the proposal of a week ago from the Bush administration, this agreement has much improved.

I have already heard from a number of my constituents this morning who oppose the bill and I understand their opposition. I think it is clear that we are not done with this matter. There is more to do, and even under this bill, Congress will revisit the agreement in 5 years to determine whether the taxpayers are due some repayment from the industry saved by this bailout.

At this time, though, it is important that we proceed forward with this limited authority, which is only provided with substantial oversight. It is an appropriate balance and that is why I will support the bill.

But as I said, there is more to be done. John F. Kennedy said that victory has a thousand fathers, but defeat is an orphan. It is true that no one has stepped forward to claim responsibility for the economic quandary we find ourselves in. But if we simply look back to the last time the financial services industry teetered on the brink of disaster, we can see roots that lead to the crisis we confront today.

A decade ago, Long Term Capital Management, a billion-dollar hedge fund lost half its value due to sour derivative contracts and the Federal Reserve Chairman had to arrange a bailout. Complexity is the name of the game in the derivatives market, and that fact has not changed over the last decade. Derivatives are financial products with a value derived from an underlying asset, such as a stock or commodity. The accounting and tax rules regarding these products, though, are anything but clear and that part of the game has also not changed over the last decade.

I am concerned about one section of the bill we are considering today which would grant the SEC authority to suspend mark-to-market accounting. This accounting rule requires companies to declare the market value of assets. With financial products, this may differ from the purchase price. Plus, the value might be hard to determine until the contract expires some time in the future. However, in valuing derivatives, I believe it is important that there be transparency in the market, and mark-to-market accounting is probably the closest to the actual value and is therefore, an essential tool for investors. Think of it this way: if someone asked you for a loan and their only asset is their house which could be sold for $100,000, would you care that they had paid $200,000 for it a year ago?

Should we care about accounting rules for derivatives? Well, clearly yes. It would be easy to assume regulators are taking care of these issues, but recent events show us that is not the case. It would be easy for us to dismiss the threat of derivatives since only sophisticated investors hold them, but as Warren Buffet warned in 2002, ''Derivates are financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal.''

In March, the Ways and Means Subcommittee on Select Revenue Measures, which I chair, held a hearing on the taxation of derivatives. At that hearing, I referred to the threat of AIG directly as one reason our hearing was timely. AIG had just the week before devalued its holdings by $5 billion because of one complex derivative—the credit default swap. I asked the Treasury Department, which appeared before my subcommittee that day, what guidance we might expect on the appropriate tax treatment of credit default swaps, since in their absence, investors were free to choose whatever seemed most convenient. Treasury said it was still under review.

Taxpayers and investors need clarity in the market with respect to these complex products. While some may blame mark-to-market accounting for the problems of individual companies, it merely exposed that these companies were holding worthless paper. And I believe news like that is better known earlier rather than later, and to all investors, not just insiders.

The global market for derivatives exceeds $500 trillion in notional value, according to the Bank for International Settlements. Hedging risks via derivatives is a normal practice of businesses, but the ''Wild West'' trading in these products must be addressed by regulation and transparency. Of course, all businesses would prefer to choose whichever accounting method makes them look the most profitable to investors and the least profitable to the IRS. But we need consistent rules and a system of valuing businesses which is fair to investors, regulators, and the tax collector.

A decade ago, I stood on the floor lamenting the near-crisis that Long Term Capital Management had created. I chastised Congress for ignoring the request of the regulator, CFTC, which had asked for more oversight over derivatives. Since then, we have seen Enron collapse and now our current crisis. Will things be different this time? I certainly hope that is the case. But changing the accounting rules mid-game, I believe, is a move in the wrong direction. I hope that the SEC will take the long view on this and study the issue before reversing any current accounting rules meant to provide greater transparency.

In 1999, I filed legislation to strengthen the constructive ownership rules so that investors in a hedge fund via a derivative could not avoid current taxation on income earned. This legislation was directly aimed at Long Term Capital Management and based on legislation my colleague and friend Representative Barbara Kennelly had previously filed. In 2002, I filed legislation to end the game of corporations betting on their own stock via derivatives. The Tax Code does not allow corporations to claim gains or losses when trading in its own stock, but that provision can be avoided through derivative transactions. This year, I filed legislation to require current taxation on prepaid forward contracts, as investors had been taking the position that no taxation was appropriate until the end of the contract, which could be 30 years hence.

I will continue my efforts to bring transparency to these products and to end the tax game on derivatives. Further, this bill affords us the opportunity to implement a regulatory structure that will result in a healthier market. On both fronts, I hope we will see action.

Mr. EDWARDS of Texas. Madam Speaker, having opposed the original Paulson plan, I will vote for the bipartisan economic recovery bill for two reasons. First, I believe our economy is dangerously close to a meltdown that could dramatically increase unemployment, hurt family businesses and put the retirement security of millions of working families and seniors at risk. Second, a number of taxpayer protections were added to the new bill, so that the cost of this bill will be ultimately paid by Wall Street and not by everyday citizens.

Had it not been for the ill-advised banking deregulation law passed in 1999, which I opposed, we would not be in this economic mess today. I hope some of the greedy Wall Street executives who have put our economy at risk will end up in: prison, but in the meantime we have a responsibility to try to stabilize our economy for the benefit of families and businesses on Main Street.

Unlike the original Paulson proposal, which had no oversight and very little protection for

taxpayers, this bipartisan bill includes a number of key improvements in it. First, it cuts in half—from $700 billion to $350 billion—the funding available to Secretary Paulson without additional congressional approval. Second, the bill sets up an extensive, independent oversight process rather than giving Mr. Paulson complete control of the funds. Third, and this is important, the bill says that after 5 years, any taxpayer costs not recouped by the sale of government purchased assets must be repaid by financial services corporations, not by everyday taxpayers. Fourth, the bill cracks down on any new golden parachutes for executives whose companies benefit from this bill.

There is no guarantee that this bill will prevent a recession, because our economy faces a lot of challenges right now, but I believe a failure to pass recovery legislation could potentially start a downward economic spiral that could put millions of jobs and families at risk. I am angered that Wall Street greed has put us in this' position, but as imperfect as this bill is, I believe the risk of inaction is far greater for our country and everyday citizens than the risk of this action.

Ms. HARMAN. Madam Speaker, recklessness on Wall Street and fecklessness in Washington have brought the American economy to the brink of disaster. Mounting corporate debts and collapsing real estate markets have all but frozen the flow of credit that is the life-blood of our system.

It is now clear that without immediate and dramatic action, we face an economic calamity—not just for Wall Street, but for small businesses, communities, and families around the country.

But while I agree that quick action is necessary, the Treasury Department's original three-page proposal—in essence "Dear Congress, please send a $700 billion blank check, love, Hank."—was a nonstarter.

We have come a long way in the past week, thanks mostly to tough negotiations by Democrats and the inclusion of improvements demanded by Senator OBAMA, my constituents, and others. The result is legislation that I can support.

The bill addresses the concerns of three important groups: families who are struggling to stay in their homes; small businesses and their employees; and taxpayers.

First, the legislation requires that the government renegotiate the terms, including principal, interest rates, or duration, of any mortgage owned in whole or in part by the Federal Government to prevent foreclosures and keep people in their homes. These provisions are vitally important.

The Government now controls Fannie Mae and Freddie Mac, which together own or back nearly 50 percent of the mortgages in America, and will be purchasing many thousands of new mortgages or shares of mortgages under this bill. The bill requires that the Government use its new market power to rework many of the flawed mortgages that are at the heart of this crisis. Done right, this effort can help families avoid the wrenching experiences of foreclosure and bankruptcy.

Second, it will allow all financial entities—big banks, regional banks, and local community banks—to sell off the toxic assets that have crippled the credit markets.

It also allows a 1-year write-off of losses stemming from the Government takeover of Fannie Mae and Freddie Mac, removing a major burden from the financial hubs of our communities.

This means capital that breathes life into our economy will flow not just to Wall Street, but to Artesia, Sepulveda, and Rosecrans Boulevards. As one of my constituents, a former auto mechanic, puts it: "If there's no oil in the engine, the car won't run. You have to put the oil in from the top and clean the parts from the bottom."

Third, the bill includes a number of provisions intended to minimize the costs to taxpayers. It requires that the Government buy assets, rather than merely cover corporate losses. These assets give the Government an equity stake in the companies it helps—like the stake Warren Buffett just bought in Goldman Sachs. Just like Buffett, taxpayers will profit from increases in these companies' stock prices when the economy recovers.

The bill includes tough new oversight and transparency provisions, including an oversight board appointed by Congress. It provides funding in installments—$250 billion at first; $100 billion after the President certifies that it's necessary; and the final $350 billion only if Congress allows funding to continue. It limits executive compensation and bans so-called "golden parachutes" for companies participating in the program.

And, if after 5 years the program has resulted in a loss to the Federal Government, the President must propose a fee on financial services companies to recoup the costs of the program. This means that those whose greed caused the problem will pay for it.

The bill is by no means perfect. Among other things, my preference would have been to include provisions that allow bankruptcy judges to rewrite mortgages of primary homes. But as a mother of four and now grandmother of three, I know life requires compromise.

Our action today does not mark the end of America's financial peril. Critical next steps must include substantial reform of the financial regulatory system, a task that will be a priority for a Democratic President and a larger Democratic majority in Congress.

But passage of this bill, I am now convinced, is urgent and necessary to reassure the American people and global financial markets that our economy is secure and major reforms are coming.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 1517, 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.

RECORDED VOTE

Mr. LINDER. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15-minute vote on the motion to concur with an amendment will be followed by a 5-minute vote on the motion to suspend the rules and pass H.R. 7175, if ordered.

The vote was taken by electronic device, and there were—ayes 205, noes 228, not voting 1, as follows:

[Roll No. 674]

AYES—205

Ackerman
Allen
Andrews
Arcuri
Bachus
Baird
Baldwin
Bean
Berman
Berry
Bishop (GA)
Bishop (NY)
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boren
Boswell
Boucher
Boyd (FL)
Brady (PA)
Brady (TX)
Brown (SC)
Brown, Corrine
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capps
Capuano
Cardoza
Carnahan
Castle
Clarke
Clyburn
Cohen
Cole (OK)
Cooper
Costa
Cramer
Crenshaw
Crowley
Cubin
Davis (AL)
Davis (CA)
Davis (IL)
Davis, Tom
DeGette
DeLauro
Dicks
Dingell
Donnelly
Doyle
Dreier
Edwards (TX)
Ehlers
Ellison
Ellsworth
Emanuel
Emerson
Engel
Eshoo
Etheridge
Everett
Farr
Fattah
Ferguson
Fossella
Foster
Frank (MA)
Gilchrest
Gonzalez
Gordon
Granger
Gutierrez
Hall (NY)
Hare
Harman
Hastings (FL)
Herger
Higgins
Hinojosa
Hobson
Holt
Honda
Hooley
Hoyer
Inglis (SC)
Israel
Johnson, E. B.
Kanjorski
Kennedy
Kildee
Kind
King (NY)
Kirk
Klein (FL)
Kline (MN)
LaHood
Langevin
Larsen (WA)
Larson (CT)
Levin
Lewis (CA)
Lewis (KY)
Loebsack
Lofgren, Zoe
Lowey
Lungren, Daniel E.
Mahoney (FL)
Maloney (NY)
Markey
Marshall
Matsui
McCarthy (NY)
McCollum (MN)
McCrery
McDermott
McGovern
McHugh
McKeon
McNerney
McNulty
Meek (FL)
Meeks (NY)
Melancon
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murtha
Nadler
Neal (MA)
Oberstar
Obey
Olver
Pallone
Pelosi
Perlmutter
Peterson (PA)
Pickering
Pomeroy
Porter
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Rangel
Regula
Reyes
Reynolds
Richardson
Rogers (AL)
Rogers (KY)
Ross
Ruppersberger
Ryan (OH)
Ryan (WI)
Sarbanes
Saxton
Schakowsky
Schwartz
Sessions
Sestak
Shays
Simpson
Sires
Skelton
Slaughter
Smith (TX)
Smith (WA)
Snyder
Souder
Space
Speier
Spratt
Tancredo
Tanner
Tauscher
Towns
Tsongas
Upton
Van Hollen
Velázquez
Walden (OR)
Walsh (NY)
Wasserman Schultz
Waters
Watt
Waxman
Weiner
Weldon (FL)
Wexler
Wilson (NM)
Wilson (OH)
Wilson (SC)
Wolf

NOES—228

Abercrombie
Aderholt
Akin
Alexander
Altmire
Baca
Bachmann
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Becerra
Berkley
Biggert
Bilbray
Bilirakis
Bishop (UT)
Blackburn
Blumenauer
Boustany
Boyda (KS)
Braley (IA)
Broun (GA)
Brown-Waite, Ginny
Buchanan
Burgess
Burton (IN)
Butterfield
Buyer
Capito
Carney
Carson
Carter
Castor
Cazayoux
Chabot
Chandler
Childers
Clay
Cleaver
Coble
Conaway
Conyers
Costello
Courtney
Cuellar
Culberson
Cummings
Davis (KY)
Davis, David
Davis, Lincoln
Deal (GA)
DeFazio
Delahunt
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Doolittle
Drake
Duncan
Edwards (MD)
English (PA)
Fallin
Feeney
Filner
Flake
Forbes
Fortenberry
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)

Gerlach
Giffords
Gillibrand
Gingrey
Gohmert
Goode
Goodlatte
Graves
Green, Al
Green, Gene
Grijalva
Hall (TX)
Hastings (WA)
Hayes
Heller
Hensarling
Herseth Sandlin
Hill
Hinchey
Hirono
Hodes
Hoekstra
Holden
Hulshof
Hunter
Inslee
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (GA)
Johnson (IL)
Johnson, Sam
Jones (NC)
Jordan
Kagen
Kaptur
Keller
Kilpatrick
King (IA)
Kingston
Knollenberg
Kucinich
Kuhl (NY)
Lamborn
Lampson
Latham
LaTourette
Latta
Lee
Lewis (GA)
Linder
Lipinski
LoBiondo
Lucas
Lynch
Mack
Manzullo
Marchant
Matheson
McCarthy (CA)
McCaul (TX)
McCotter
McHenry
McIntyre
McMorris Rodgers
Mica
Michaud
Miller (FL)
Miller (MI)
Mitchell
Moran (KS)
Murphy, Tim
Musgrave
Myrick
Napolitano
Neugebauer
Nunes
Ortiz
Pascrell
Pastor
Paul
Payne
Pearce
Pence
Peterson (MN)
Petri
Pitts
Platts
Poe
Price (GA)
Ramstad
Rehberg
Reichert
Renzi
Rodriguez
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Rothman
Roybal-Allard
Royce
Rush
Salazar
Sali
Sánchez, Linda T.
Sanchez, Loretta
Scalise
Schiff
Schmidt
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Shadegg
Shea-Porter
Sherman
Shimkus
Shuler
Shuster
Smith (NE)
Smith (NJ)
Solis
Stark
Stearns
Stupak
Sullivan
Sutton
Taylor
Terry
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Turner
Udall (CO)
Udall (NM)
Visclosky
Walberg
Walz (MN)
Wamp
Watson
Welch (VT)
Westmoreland
Whitfield (KY)
Wittman (VA)
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

NOT VOTING—1

Weller

□ 1407

Messrs. SULLIVAN and RUSH changed their vote from ''aye'' to ''no.''

Mr. RADANOVICH changed his vote from ''no'' to ''aye.''

So the motion was rejected.

The result of the vote was announced as above recorded.

PARLIAMENTARY INQUIRY

Mr. BARTON of Texas. Madam Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. BARTON of Texas. As the vote currently stands, the ''noes'' have it, and I am on the prevailing side.

If I were to move to reconsider, when would the Chair bring the bill back up?

The SPEAKER pro tempore. The motion to reconsider would be entertained and disposed of at this time.

Mr. BARTON of Texas. It would be immediately. Is that not at the discretion of the Chair?

The SPEAKER pro tempore. If the motion is offered, the Chair will put the question.

Mr. BARTON of Texas. Madam Speaker, I withdraw.

The SPEAKER pro tempore. Without objection, the motion to reconsider is laid upon the table.

There was no objection.

## SMALL BUSINESS FINANCING IMPROVEMENTS ACT OF 2008

The SPEAKER pro tempore. The unfinished business is the question on suspending the rules and passing the bill, H.R. 7175.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. VELÁZQUEZ) that the House suspend the rules and pass the bill, H.R. 7175.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

RECORDED VOTE

Mr. CHABOT. Madam Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 374, noes 6, not voting 53, as follows:

[Roll No. 675]

AYES—374

Abercrombie
Aderholt
Akin
Alexander
Allen
Altmire
Andrews
Arcuri
Bachmann
Bachus
Baird
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bean
Becerra
Biggert
Bilbray
Bilirakis
Bishop (GA)
Bishop (NY)
Blackburn
Blumenauer
Blunt
Boehner
Bonner
Bono Mack
Boozman
Boren
Boswell
Boucher
Boustany
Boyd (FL)
Boyda (KS)
Brady (PA)
Brady (TX)
Braley (IA)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Buchanan
Burton (IN)
Butterfield
Campbell (CA)
Cannon
Cantor
Capps
Capuano
Cardoza
Carnahan
Carney
Carson
Carter
Castle
Castor
Cazayoux
Chabot
Chandler
Childers
Clarke
Clyburn
Coble
Cohen
Cole (OK)
Conaway
Cooper
Costa
Courtney
Crowley
Cubin
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
Davis (KY)
Davis, David
Davis, Lincoln
Davis, Tom
Deal (GA)
DeFazio
DeGette
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
Forbes
Fortenberry
Fossella
Foster
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Garrett (NJ)
Gerlach
Giffords
Gilchrest
Gillibrand
Gingrey
Gohmert
Gonzalez
Goodlatte
Gordon
Granger
Graves
Green, Al
Hall (NY)
Hall (TX)
Hare
Harman
Hastings (FL)
Hayes
Heller
Hensarling
Herger
Herseth, Sandlin
Higgins
Hill
Hinchey
Hirono
Hodes
Hoekstra
Holt
Honda
Hooley
Hoyer
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
Kennedy
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Klein (FL)
Kline (MN)
Kucinich
Kuhl (NY)
Lamborn
Lampson
Langevin
Larsen (WA)
Larson (CT)
Latham
LaTourette
Latta
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Lipinski
LoBiondo
Loebsack
Lofgren, Zoe
Lowey
Lungren, Daniel E.
Lynch
Mack
Mahoney (FL)
Maloney (NY)
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy (CA)
McCarthy (NY)
McCaul (TX)
McCotter
McCrery
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris Rodgers
McNerney
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Miller (FL)
Miller (MI)
Miller (NC)
Mitchell
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy (CT)
Murphy, Patrick
Murphy, Tim
Murtha
Musgrave
Myrick
Napolitano
Neal (MA)
Neugebauer
Nunes
Oberstar
Obey
Olver
Ortiz
Pallone
Pascrell
Pastor
Payne
Pearce
Pence
Perlmutter
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Richardson
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roskam
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Salazar
Sali
Sánchez, Linda T.
Sarbanes
Saxton
Scalise
Schakowsky
Schiff
Schmidt
Schwartz
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Sestak
Shadegg
Shays
Shea-Porter
Sherman
Shuler
Shuster
Sires
Skelton
Slaughter
Smith (NE)
Smith (NJ)
Smith (TX)
Smith (WA)
Solis
Souder
Space
Speier
Spratt
Stearns
Sullivan
Sutton
Tanner
Tauscher
Taylor
Terry
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Tierney
Towns
Tsongas
Turner
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walberg
Walden (OR)
Walsh (NY)
Walz (MN)
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Westmoreland
Whitfield (KY)
Wilson (NM)
Wilson (OH)
Wilson (SC)
Wittman (VA)
Wolf
Woolsey
Wu
Yarmuth
Young (AK)
Young (FL)

NOES—6

Bishop (UT)
Broun (GA)
Flake
Goode
Paul
Poe

NOT VOTING—53

Ackerman
Baca
Berkley
Berman
Berry
Burgess
Buyer
Calvert
Camp (MI)
Capito
Clay
Cleaver
Conyers
Costello
Cramer
Crenshaw
Delahunt
Everett
Gallegly
Green, Gene
Grijalva
Gutierrez
Hastings (WA)
Hinojosa
Hobson
Holden
Hulshof
Keller
Knollenberg
LaHood
Linder
Lucas
Marchant
McCollum (MN)
McNulty
Miller, Gary
Miller, George
Nadler
Rangel
Sanchez, Loretta
Shimkus
Simpson
Snyder
Stark
Stupak
Tancredo
Thornberry
Udall (CO)
Wamp
Welch (VT)
Weldon (FL)
Weller
Wexler

□ 1417

So (two-thirds being in the affirmative) the rules were suspended and the bill was passed.