

Update from NLC's Leslie Wollack re: passage of economic recovery package in House

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Sent: Wednesday, January 28, 2009 6:54 PM
To: fedleg@sml.nlc.org
Subject: House passes HR 1, economic recovery package, by a vote of 244 - 188

This evening, the House passed the \$819 billion economy recovery legislation without any support from Republican House members following a day of sometimes heated debate over the size and provisions of the bill, the transparency of the process and whether tax cuts or spending would be more helpful to reviving the economy.

Last evening, the House Rules Committee voted to allow a limited debate on the bill, with only 11 amendments. The House adopted several of the amendments including:

An increase in transit capital funds from \$9 billion to \$12 billion and an amendment to reinstate a provision requiring that 50 percent of the money for highway, aviation, transit and rail projects be obligated within 90 days. The House Appropriations Committee had extended that time frame. The House rejected an amendment to strike funding for Amtrak.

Before final passage of HR 1, the House rejected a Republican that would have cut new spending programs in the measure while adding \$36 billion for highways and \$24 billion for the Army Corps of Engineers. Transportation advocates have expressed disappointment with amount of transportation funding in the bill. Appropriators said that transportation funding could not be spent quickly enough to meet the goals of the stimulus package.

We are putting together more detailed information on the House and Senate versions of the bill which we will send to you later in the week.

Thanks, Leslie

\$819 Billion Stimulus Passes in House
By Richard Rubin, CQ Staff

The House passed an \$819 billion economic stimulus bill Wednesday after rejecting a Republican substitute that would have made deeper tax cuts than the legislation proposes.

The final-passage tally of 244-188 included no support from Republicans, a day after President Obama had made a personal appeal to GOP lawmakers to vote for the bill ([HR 1](#)).

Democrats say the legislation is necessary to cushion the blow from the recession and make important investments in energy, health care and infrastructure. Obama and his allies say it will provide a short-term spur to the sagging economy and make investments with a long-term impact.

Republicans, however, argue that the bill should be tilted more sharply toward tax cuts, which they say will generate the most economic activity the fastest. Their substitute amendment, which proposed cutting individual and business taxes as well as reducing much of the bill's spending, was rejected by a vote of 170-266. The measure was estimated to be worth \$478.7 billion over 10 years.

Obama said earlier Wednesday that the bill would not be a blank check for the government.

"I know that some are skeptical about the size and scale of this recovery plan. I understand that skepticism, which is why this recovery plan will include unprecedented measures that will allow the American people to hold my administration accountable," he said. "Instead of just throwing money at our problems, we'll try something new in Washington — we'll invest in what works."

GOP members complained about being locked out of the process of writing the bill. But they directed their ire more toward Speaker [Nancy Pelosi](#), D-Calif., and other Democratic leaders, and not toward Obama.

The House bill differs somewhat from the version ([S 1](#)) moving through the Senate over the next week, and Obama a day ago told Republicans they will have another opportunity to shape the measure more to their liking during House-Senate negotiations on a final version.

"We are going to need the president's help intervening with Democrats on the bill," said House Minority Leader [John A. Boehner](#), R-Ohio, though he credited House leaders for removing funds to renovate the National Mall and funds for contraception in the Medicaid program.

Pelosi dismissed the GOP complaints.

"I think when you lose the argument on substance on policy . . . you talk about personality," she said. "We prefer to keep the conversation on substance and policy."

Eleven Democrats voted against final passage of the bill.

The Senate Finance and Appropriations committees both approved their portions of the bill on Tuesday, and it is headed for the Senate floor later this week or next week.

Amendment Action

The House adopted several amendments by voice vote, including:

- A measure from Transportation and Infrastructure Chairman [James L. Oberstar](#), D-Minn., that would set up a "use it or lose it" provision in the bill. The amendment would require that 50 percent of the money for highway, aviation, transit and rail projects be obligated within 90 days. But [Tom Latham](#) of Iowa, ranking Republican on the Appropriations subcommittee that handles transportation, opposed the change. "We're asking our states to make hurried judgments," he said.

- An amendment by [Bill Shuster](#), R-Pa., clarifying that highway maintenance money in the bill cannot supplant existing state funds, as a way to make sure that the bill pumps additional money in the economy. “We want to make certain that there are no games played at the state level with the budgets,” Shuster said.
- A measure by [Jerrold Nadler](#), D-N.Y., that would boost transit spending in the bill from \$9 billion to \$12 billion. The amendment increased the total cost of the legislation from \$816 billion to \$819 billion.
- A proposal by [Larry Kissell](#), D-N.C., that would require the Department of Homeland Security to purchase American-made uniforms for the Transportation Security Administration. Kissell is a former textile worker and said it would help the industry.

[David E. Price](#), D-N.C., who chairs the Appropriations subcommittee that funds the Homeland Security Department, said he would support the amendment, but added that some future modifications may be necessary to avoid a heavy burden on the department.

- An amendment from [Todd R. Platts](#), R-Pa., and [Chris Van Hollen](#), D-Md., that would strengthen whistleblower protections for federal employees.

“All of us would agree, regardless of our position on whether we should put any particular amount into public investment, we want that money safeguarded against waste, fraud and abuse,” Van Hollen said.

The sponsors said they are working to address concerns raised by Intelligence Committee members.

The House defeated, 134-302, an amendment from [Randy Neugebauer](#), R-Texas, that would have eliminated all of the funding approved by the Appropriations Committee.

The House also defeated, 116-320, a proposal from [Jeff Flake](#), R-Ariz., that would have taken \$800 million for Amtrak out of the bill.

GOP Substitute

The rejected Republican substitute amendment proposed reducing federal income tax rates in the bottom two brackets from 15 percent to 10 percent, and from 10 percent to 5 percent.

Boehner said “all Americans who pay income taxes will get tax relief up to \$3,200 per family” under the plan. It would add only half as much to the national debt as the Democratic proposal, he said.

But it excludes people who make too little to pay income taxes. Democrats prefer targeting money to that group, as a way to get money to people who are so cash-strapped that they will definitely spend it.

Republicans said that based on methodology used by Obama advisers, the substitute would create more jobs at a lower cost.

Ways and Means Chairman [Charles B. Rangel](#), D-N.Y., chastised Republicans for proposing to cut provisions that would have low-income workers, hard-hit areas and school construction.

“How could you do it? What were you thinking?” he asked. “And just how are you going to explain it when you get back home?”

The House also rejected, 159-270, a Republican motion to recommit the bill that would have cut new spending programs in the measure while adding \$36 billion for highways and \$24 billion for the Army Corps of Engineers. The motion would have shrunk the spending in the bill by \$104 billion, said [Jerry Lewis](#), R-Calif.

Spending, Tax Cut Combination

The House bill includes \$523.5 billion in spending and \$275 billion in tax cuts, plus other provisions that round out the total.

The measure also includes help for unemployed workers trying to preserve their health insurance and aid to states to pay for Medicaid.

The largest piece of the tax package would temporarily implement Obama’s “Making Work Pay” tax credit for 2009 and 2010. Workers would get an income tax credit designed to cover their first \$500 of payroll taxes. Employees should expect to start seeing slightly larger take-home pay within a few months of the bill’s enactment.

Individuals making more than \$75,000 and couples earning more than \$150,000 would get reduced credits, and the benefit would disappear entirely for people making more than \$100,000 and couples earning \$200,000. The bill would also expand the child tax credit and the earned-income tax credit in ways that would provide more money for low-income families.

The bill also includes \$20 billion for the renewable-energy sector, including a three-year extension of the tax credit for producing electricity from wind and more generous tax credits for purchasing certain energy-efficient products.

State and local governments would get assistance to help them finance projects and cope with changes in the credit markets. The bill authorizes \$22 billion in school construction bonds, \$25 billion in bonds for economically distressed recovery zones, \$4 billion in energy bonds and \$2 billion in tribal bonds.

GOP-Friendly Provisions

Republicans wanted a much larger part of the bill devoted to tax cuts. But the tax title does contain several items Republicans like, including a \$15 billion provision that would allow businesses to use their losses in 2008 and 2009 to offset profits from five previous years instead

of the two allowed under current law, although companies getting federal assistance through the Troubled Asset Relief Program ([PL 110-343](#)) and other rescue efforts would not be eligible.

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