

THE  
NEW ENGLAND  
COUNCIL

**Weekly Washington Report**  
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**Next Week in Congress**

The House is expected to take up the New England National Scenic Trail Designation Act (H.R. 1528), a bill to redesignate a 220 mile-long trail system from Royalston, MA to Guilford, CT. The Senate will continue its work to extend the Foreign Intelligence Surveillance Act which expires on Feb. 1, and possibly return to a bill to improve and expand health services for American Indians.

The President's State of the Union address is scheduled for Monday. President Bush is scheduled to release his Fiscal Year 2009 budget on Feb. 4.

**Financial Services**

The details of a bipartisan "targeted" and "temporary" economic stimulus package emerged yesterday, and as expected the central focus is tax rebates, which encompass more than 2/3 of the overall total of the bill (\$150 billion). The tax rebates are structured to pay up to \$600 for an individual making less than \$75,000, and up to \$1,200 per couple making less than \$150,000 (plus an additional \$300 per child).

Members on both sides of the aisle are stressing the need to send the package to the President by the second or third week in February so the economy can receive any possible benefits as soon as possible. However, this week the Joint Committee on Taxation said in prepared testimony for the Senate Finance Committee that the vast majority of rebates of any kind would not be distributed until the first few weeks of summer at the earliest, stating, "The IRS's systems are today fully engaged in processing 2007 tax returns. As a result, it is not practical to contemplate distributing cash rebates until the peak filing season is completed, which in past years has been the very end of May."

Other initiatives in the package, which will begin in the House (most likely circumventing the traditional Committee process), include allowing small businesses to significantly increase the amount they can write off their taxes for new investments and tax breaks to encourage physical growth. Also included are temporary changes to the conforming loan limit adhered to by Freddie Mac and Fannie's Mae (currently at \$417,000, it will rise to a maximum of \$729,750), a permanent increase in the loan limit of the Federal Housing Administration (\$367,000 to a maximum of \$729,750), and a variety of initiatives to help homeowners refinance their loans to avoid foreclosure.

There appears to be enough support to waive Pay-As-You-Go budget rules which would require cutting spending or increasing revenue to offset the final price tag. That news comes in the same week as the Congressional Budget Office increased its projected budget deficit to \$219 billion. However, this number does not include an anticipated \$30 billion in additional costs for the wars in Iraq and Afghanistan (traditionally not Pay-Go compliant) and the stimulus package – both which will be added to the FY08 deficit.

Chairman of the Senate Banking Committee, Senator Chris Dodd (D-CT) this week floated the creation of a potentially \$20 billion federal agency to help purchase troubled mortgages (at market value) and refinance them to a 30-year fixed mortgage to allow homeowners to stay in their homes. Similar to the Depression-era Home Owners' Loan Corporation, Senator Dodd said he would prefer his idea be considered in the context of a larger package to settle the subprime mortgage turbulence.

### **Health Care**

On Wednesday, the House failed for a second time to gather two-thirds majority to override the President's veto of the State Children's Health Insurance Program reauthorization (260-152). The legislation would have increased funding for the program by \$35 billion over the next five years. The expansion of the program intended to enroll 4 million more children in the program.

Reported this week, the Food and Drug Administration (FDA) is now requiring drug companies to study the psychiatric side-effects of their pharmaceuticals by completing comprehensive suicide assessments during clinical trials.

### **Transportation**

On Tuesday the House approved a measure, introduced by Congressman Michael Capuano (D-MA) on January 11, 2007, and co-sponsored by 9 members of the New England House delegation, that will, "establish national tunnel inspection standards for the proper safety inspection and evaluation of all highway tunnels." The bill (H.R. 409), approved by a voice vote, is a response to the fatal July 10, 2006 I-90 tunnel collapse. It mandates the U.S. Department of Transportation work with states and private stakeholders to create federal standards for the inspection of tunnels – something that currently does not exist.

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