Wednesday, January 28, 2009

House Meets At…	**Votes Predicted At…**
10:00 a.m. For Legislative Business Five "One-Minutes" Per Side	Last Vote: 6:00 – 7:00 p.m.

Any anticipated Member absences for votes this week should be reported to the Office of the Majority Whip at 226-3210.

Floor Schedule and Procedure

- **H. Res. 92 – Rule providing for further consideration of H.R. 1 – American Recovery and Reinvestment Act of 2009 (*Rep. Slaughter– Rules*):** The structured rule provides for further consideration. The rule provides for one additional hour of general debate equally divided and controlled by the Chairman and Ranking Member of the Committee on Appropriations. The rule provides that the amendment printed in Part A of the report of the Committee on Rules accompanying the resolution shall be considered as adopted in the House and in the Committee of the Whole. The rule makes in order only those amendments printed in Part B of the report of the Committee on Rules accompanying the resolution. Each amendment shall be debatable for the time specified in the Committee report equally divided and prepared by a proponent and an opponent. The rule provides for one motion to recommit the bill with or without instructions. Debate on the rule will be managed by Rep. McGovern, and consideration will proceed as follows:
    - One hour of debate on the rule.
    - Possible vote on a Democratic Motion ordering the previous question. **Democrats are urged to vote yes.**
    - Vote on adoption of the rule. **Democrats are urged to vote yes.**

- **Postponed Suspension Vote:**

    1. **S. 328 –** To delay the Digital Television Transition until June 13, 2009, as amended (Sen. Rockefeller – Energy and Commerce)

- **H.R. 1 – American Recovery and Reinvestment Act of 2009 (*Reps. Obey/Rangel/Waxman/Miller/Oberstar/Gordon/Frank/Velázquez/ Towns/Spratt – Appropriations*):** Pursuant to the rule, general debate on the bill will be managed by Appropriations Committee Chair Rep. Dave Obey, or his designee. Debate on the eleven amendments made in order under the rule will be equally divided and controlled by a proponent and an opponent. Debate on the bill and amendments will proceed as follows:

  - One hour of general debate on the bill.
  - 10 minutes of debate on each of the first ten amendments.
  - One hour of debate on the one amendment in the nature of a substitute.
  - Votes on amendments to the bill.
  - Possible debate and vote on Republican motion to recommit the bill.
  - Vote on final passage of the bill. **Democrats are urged to vote YES.**

Bill Summary & Key Issues

H.R. 1 – American Recovery and Reinvestment Act of 2009

COMMITTEE ON APPROPRIATIONS EXECUTIVE SUMMARY

This package is the first crucial step in a concerted effort to create and save 3 to 4 million jobs, jumpstart our economy, and begin the process of transforming it for the 21st century with $275 billion in economic recovery tax cuts and $550 billion in thoughtful and carefully targeted priority investments with unprecedented accountability measures built in.

Unprecedented Accountability: A historic level of transparency, oversight and accountability will help guarantee taxpayer dollars are spent wisely and Americans can see results for their investment.

In many instances funds are distributed through existing formulas to programs with proven track records and accountability measures already in place.

How funds are spent, all announcements of contract and grant competitions and awards, and formula grant allocations must be posted on a special website created by the President. Program managers will also be listed so the public knows who to hold accountable.

Public notification of funding must include a description of the investment funded, the purpose, the total cost and why the activity should be funded with recovery dollars. Governors, mayors or others making funding decisions must personally certify that the investment has been fully vetted and is an appropriate use of taxpayer dollars. This will also be placed on the recovery website.

A Recovery Act Accountability and Transparency Board will be created to review management of recovery dollars and provide early warning of problems. The seven member board includes Inspectors General and Deputy Cabinet secretaries.

The Government Accountability Office and the Inspectors General are provided additional funding and access for special review of recovery funding.

State and local whistleblowers who report fraud and abuse are protected.

There are no earmarks in this package.

This plan targets investments to key areas that will create and preserve good jobs at the same time as it is strengthening the ability of this economy to become more efficient and produce more opportunities for employment.

Clean, Efficient, American Energy: To put people back to work today and reduce our dependence on foreign oil tomorrow, we will strengthen efforts directed at doubling renewable energy production and renovate public buildings to make them more energy efficient.

$32 billion to transform the nation’s energy transmission, distribution, and production systems by allowing for a smarter and better grid and focusing investment in renewable technology.

$16 billion to repair public housing and make key energy efficiency retrofits.

$6 billion to weatherize modest-income homes.

Transform our Economy with Science and Technology: We need to put scientists to work looking for the next great discovery, creating jobs in cutting-edge-technologies, and making smart investments that will help businesses in every community succeed in a global economy. For every dollar invested in broadband the economy sees a ten-fold return on that investment.

$10 billion for science facilities, research, and instrumentation.

$6 billion to expand broadband internet access so businesses in rural and other underserved areas can link up to the global economy.

Modernize Roads, Bridges, Transit and Waterways: To build a 21st century economy, we must engage contractors across the nation to create jobs rebuilding our crumbling roads, and bridges, modernize public buildings, and put people to work cleaning our air, water and land.

$30 billion for highway construction;

$31 billion to modernize federal and other public infrastructure with investments that lead to long term energy cost savings;

$19 billion for clean water, flood control, and environmental restoration investments;

$10 billion for transit and rail to reduce traffic congestion and gas consumption.

Education for the 21st Century: To enable more children to learn in 21st century classrooms, labs, and libraries to help our kids compete with any worker in the world, this package provides:

$41 billion to local school districts through Title I ($13 billion), IDEA ($13 billion), a new School Modernization and Repair Program ($14 billion), and the Education Technology program ($1 billion).

$79 billion in state fiscal relief to prevent cutbacks to key services, including $39 billion to local school districts and public colleges and universities distributed through existing state and federal formulas, $15 billion to states as bonus grants as a reward for meeting key performance measures, and $25 billion to states for other high priority needs such as public safety and other critical services, which may include education.

$15.6 billion to increase the Pell grant by $500.

$6 billion for higher education modernization.

- **Lower Healthcare Costs:** To save not only jobs, but money and lives, we will update and computerize our healthcare system to cut red tape, prevent medical mistakes, and help reduce healthcare costs by billions of dollars each year.

- $20 billion for health information technology to prevent medical mistakes, provide better care to patients and introduce cost-saving efficiencies.

$4.1 billion to provide for preventative care and to evaluate the most effective healthcare treatments.

- **Help Workers Hurt by the Economy:** High unemployment and rising costs have outpaced Americans' paychecks. We will help workers train and find jobs, and help struggling families make ends meet.

$43 billion for increased unemployment benefits and job training.

$39 billion to support those who lose their jobs by helping them to pay the cost of keeping their employer provided healthcare under COBRA and providing short-term options to be covered by Medicaid.

$20 billion to increase the food stamp benefit by over 13% in order to help defray rising food costs.

- **Save Public Sector Jobs and Protect Vital Services:** We will provide relief to states, so they can continue to employ teachers, firefighters and police officers and provide vital services without having to unnecessarily raise middle class taxes.

$87 billion for a temporary increase in the Medicaid matching rate.
$4 billion for state and local law enforcement funding

WAYS AND MEANS SUMMARY OF Tax Provisions

Summary: The tax provisions included in "The American Recovery and Reinvestment Plan" will provide approximately $275 billion in tax relief for individuals, businesses, and State and local governments.

Recovery for Individuals

"Making Work Pay" tax credit. The bill would cut taxes for more than 95% of working families in the United States. For 2009 and 2010, the bill would provide a refundable tax credit of up to $500 for working individuals and $1,000 for working families. This tax credit would be calculated at a rate of 6.2% of earned income, and would phase out for taxpayers with adjusted gross income in excess of $75,000 ($150,000 for married couples filing jointly). Taxpayers can receive this benefit through a reduction in the amount of income tax that is withheld from their paychecks, or through claiming the credit on their tax returns. *This proposal is estimated to cost $145.309 billion over 10 years.*

Increase in earned income tax credit. The bill would temporarily increase the earned income tax credit for working families with three or more children. Under current law, working families with two or more children currently qualify for an earned income tax credit equal to forty percent (40%) of the family's first $12,570 of earned income. This credit is subject to a phase-out for working families with adjusted gross income in excess of $16,420 ($19,540 for married couples filing jointly). The bill would increase the earned income tax credit to forty-five percent (45%) of the family's first $12,570 of earned income for families with three or more children and would increase the beginning point of the phase-out range for all married couples filing a joint return (regardless of the number of children) by $1,880. *This proposal is estimated to cost $4.663 billion over 10 years.*

Increase eligibility for the refundable portion of child credit. The bill would increase the eligibility for the refundable child tax credit in 2009 and 2010. For 2008, the child tax credit is refundable to the extent of 15 percent of the taxpayer's earned income in excess of $8,500. The bill would eliminate this floor for 2009 and 2010. *This proposal is estimated to cost $18.272 billion over 10 years.*

"American Opportunity" education tax credit. The bill would provide financial assistance for individuals seeking a college education. For 2009 and 2010, the bill would provide taxpayers with a new "American Opportunity" tax credit of up to $2,500 of the cost of tuition and related expenses paid during the taxable year. Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent (100%) of the first $2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent (25%) of the next $2,000 of tuition and related expenses paid during the taxable year. Forty percent (40%) of the credit would be refundable. This tax credit will be subject to a phase-out for taxpayers with adjusted gross income in excess of $80,000 ($160,000 for married couples filing jointly). *This proposal is estimated to cost $13.707 billion over 10 years.*

Refundable first-time home buyer credit. Last year, Congress provided taxpayers with a refundable tax credit that was equivalent to an interest-free loan equal to 10 percent of the purchase of a home (up to $7,500) by first-time home buyers. The provision applies to homes purchased on or after April 9, 2008 and before July 1, 2009. Taxpayers receiving this tax credit are currently required to repay any amount received under this provision back to the government over 15 years in equal installments, or, if earlier, when the home is sold. The credit phases out for taxpayers with adjusted gross income in excess of $75,000 ($150,000 in the case of a joint return). The bill would eliminate the repayment obligation for taxpayers that purchase homes after January 1, 2009. The provision would retain the credit recapture if the house is sold within three years of purchase. *This proposal is estimated to cost $2.562 billion over 10 years.*

Recovery for Businesses

Extension of bonus depreciation. Businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule. Last year, Congress temporarily allowed businesses to recover the costs of capital expenditures made in 2008 faster than the ordinary depreciation schedule would allow by permitting these businesses to immediately write-off fifty percent of the cost of depreciable property (e.g., equipment, tractors, wind turbines, solar panels, and computers) acquired in 2008 for use in the United States. The bill would extend this temporary benefit for capital expenditures incurred in 2009. *This proposal is estimated to cost $5.074 billion over 10 years.*

Extension of enhanced small business expensing. In order to help small businesses quickly recover the cost of certain capital expenses, small business taxpayers may elect to write-off the cost of these expenses in the year of acquisition in lieu of recovering these costs over time through depreciation. Until the end of 2010, small business taxpayers are allowed to write-off up to $125,000 (indexed for inflation) of capital expenditures subject to a phase-out once capital expenditures exceed $500,000 (indexed for inflation). Last year, Congress temporarily increased the amount that small businesses could write-off for capital expenditures incurred in 2008 to $250,000 and increased the phase-out threshold for 2008 to $800,000. The bill would extend these temporary increases for capital expenditures incurred in 2009. *This proposal is estimated to cost $41 million over 10 years.*

5-year carryback of net operating losses. Under current law, net operating losses may be carried back to the two years before the year that the loss arises (the “carryback period”) and carried forward to each of the succeeding twenty years after the year that the loss arises (the “carryforward period”). Losses that are carried back may generally only be used to offset ninety percent (90%) of a taxpayer’s alternative minimum tax liability. For 2008 losses and 2009 losses, the bill would extend the maximum carryback period for net operating losses from two years to five years and would allow net operating loss carry backs to be used to offset one hundred percent (100%) of the taxpayer’s alternative minimum tax liability. The 2008 losses and 2009 losses eligible for this carry back provision will be, at the election of the taxpayer, for either (1) losses incurred in taxable years ending in 2008 and 2009 or (2) losses incurred in taxable years beginning in 2008 and 2009. The net operating losses of companies electing this carry back provision will be reduced by ten percent (10%). This benefit would be denied to companies that received money from the Temporary Asset Relief Program, Fannie Mae, and Freddie Mac. *This proposal is estimated to cost $15.041 billion over 10 years.*

Incentives to hire unemployed veterans and disconnected youth. Under current law, businesses are allowed to claim a work opportunity tax credit equal to 40 percent of the first $6,000 of wages paid to employees of one of nine targeted groups. The bill would create two new targeted groups of prospective employees: (1) unemployed veterans; and (2) disconnected youth. An individual would qualify as an unemployed veteran if they were discharged or released from active duty from the Armed Forces during 2008, 2009 or 2010 and received unemployment compensation for more than four weeks during the year before being hired. An individual qualifies as a disconnected youth if they are between the ages of 16 and 25 and have not been regularly employed or attended school in the past 6 months. *This proposal is estimated to cost $208 million over 10 years.*

Repeal of Treasury Section 382 Notice. Last year, the Treasury Department issued Notice 2008-83, which liberalized rules in the tax code that are intended to prevent taxpayers that acquire companies from claiming losses that were incurred by the acquired company prior to the taxpayer's ownership of the company. The bill would repeal this Notice prospectively. *This proposal is estimated to raise $6.977 billion over 10 years.*

Recovery for State and Local Governments

De minimis safe harbor exception for tax-exempt interest expense for financial institutions. Under current law, financial institutions are not allowed to take a deduction for the portion of their interest expense that is allocable to such institution's investments in tax-exempt municipal bonds. In determining the portion of interest expense that is allocable to investments in tax-exempt municipal bonds, the bill would exclude investments in tax-exempt municipal bonds issued during 2009 and 2010 to the extent that these investments constitute less than two percent (2%) of the average adjusted bases of all the assets of the financial institution. *The cost of this proposal is included in the estimated cost of the next provision.*

Modification of small issuer exception to tax-exempt interest expense allocation rules for financial institutions. As described above, financial institutions are not allowed to take a deduction for the portion of their interest expense that is allocable to such institution's investments in tax-exempt municipal bonds. For purposes of this interest disallowance rule, bonds that are issued by a "qualified small issuers" are not taken into account as investments in tax-exempt municipal bonds. Under current law, a "qualified small issuer" is defined as any issuer that reasonably anticipates that the amount of its tax-exempt obligations (other than certain private activity bonds) will not exceed $10,000,000. The bill would increase this dollar threshold to $30,000,000 when determining whether a tax-exempt obligation issued in 2009 and 2010 qualifies for this small issuer exception. The small issuer exception would also apply to an issue if all of the ultimate borrowers in such issue would separately qualify for the exception. For these purposes, the issuer of a qualified 501(c)(3) bond shall be deemed to be the ultimate borrower on whose behalf a bond was issued. *These proposals are estimated to cost $3.234 billion over 10 years.*

Eliminate costs imposed on State and local governments by the alternative minimum tax. The alternative minimum tax (AMT) can increase the costs of issuing tax-exempt private activity bonds imposed on State and local governments. Under current law, interest on tax-exempt private activity bonds is generally subject to the AMT. This limits the marketability of these bonds and, therefore, forces State and local governments to issue these bonds at higher interest rates. Last year, Congress excluded one category of private activity bonds (i.e., tax-exempt housing bonds) from the AMT. The bill would exclude the remaining categories of private activity bonds from the AMT if the bond is issued in 2009 or 2010. *This proposal is estimated to cost $481 million over 10 years.*

Qualified school construction bonds. The bill creates a new category of tax credit bonds for the construction, rehabilitation, or repair of public school facilities or for the acquisition of land on which a public school facility will be constructed. There is a national limitation on the amount of qualified school construction bonds that may be issued by State and local governments of $22 billion ($11 billion allocated initially in 2009 and the remainder allocated in 2010). There is a national limitation on the amount of qualified school construction bonds that may be issued by Indian tribal governments of $400 million ($200 million allocated initially in 2009 and the remainder allocated in 2010). *This proposal is estimated to cost $9.877 billion over 10 years.*

Extension and increase in authorization for qualified zone academy bonds (QZAB). The bill would allow an additional $1.4 billion of QZAB issuing authority to State and local governments in 2009 and 2010, which can be used to finance renovations, equipment purchases, developing course material, and training teachers and personnel at a qualified zone academy. In general, a qualified zone academy is any public school (or academic program within a public school) below college level that is located in an empowerment zone or enterprise community and is designed to cooperate with businesses to enhance the academic curriculum and increase graduation and employment rates. QZABs are a form of tax credit bonds which offer the holder a Federal tax credit instead of interest. *This proposal is estimated to cost $1.045 billion over 10 years.*

Tax credit bond option for State and local governments. The Federal government provides significant financial support to State and local governments through the federal tax exemption for interest on municipal bonds. Both tax credit bonds and tax-exempt bonds provide a subsidy to municipalities by reducing the cash interest payments that a State or local government must make on its debt. Tax credit bonds differ from tax-exempt bonds in two principal ways: (1) interest paid on tax credit bonds is taxable; and (2) a portion of the interest paid on tax credit bonds takes the form of a Federal tax credit. The Federal tax credit offsets a portion of the cash interest payment that the State or local government would otherwise need to make on the borrowing. The bill would provide State and local governments with the option of issuing a tax credit bond instead of a tax-exempt governmental obligation bond. Because the market for tax credits is currently small given current economic conditions, the bill would allow the State or local government to elect to receive a direct payment from the Federal government equal to the subsidy that would have otherwise been delivered through the Federal tax credit for bonds issued in 2009 and 2010. *This proposal is estimated to cost $18.270 billion over 10 years.*

Repeal three percent (3%) withholding on government contractors. For payments made after December 31, 2010, current law requires withholding at a three percent rate on certain payments to persons providing property or services made by Federal, State, and local governments. The withholding is required regardless of whether the government entity making the payment is the recipient of the property or services (those with less than $100 million in annual expenditures for property or services are exempt). Numerous government entities and taxpayers have raised concerns about the application of this provision. The bill would repeal this provision. *This proposal is estimated to cost $10.946 billion over 10 years.*

Recovery Zones

Recovery Zone Bonds. The bill would create a new category of tax credit bonds for investment in economic recovery zones. The bill would authorize $10 billion in recovery zone economic development bonds and $15 billion in recovery zone facility bonds. These bonds could be issued during 2009 and 2010. Each state would receive a share of the national allocation based on that state=s job losses in 2008 as a percentage of national job losses in 2008. That allocation would be sub-allocated to local municipalities. Municipalities receiving an allocation of these bonds would be permitted to use these bonds to invest in infrastructure, job training, education, and economic development in areas within the boundaries of the State, city or county (as the case may be) that has significant poverty, unemployment or home foreclosures. *This proposal is estimated to cost $5.989 billion over 10 years.*

Tribal Economic Development Bonds. Under current law, tribal governments are limited in their ability to issue tax-exempt bonds. Projects funded by bonds issued by tribal governments must satisfy an "essential governmental function" requirement. This requirement is not imposed on projects funded by bonds issued by State and local governments, and can limit the ability of tribal governments to use tax-exempt bonds for economic development. The bill would temporarily allow tribal governments to issue $2 billion in tax-exempt bonds for projects without this restriction in order to spur economic development on tribal lands, and would require the Secretary of the Treasury to study whether this restriction should be repealed on a permanent basis. *This proposal is estimated to cost $315 million over 10 years.*

Reinvestment in Renewable Energy

Long-term extension and modification of renewable energy production tax credit. The bill would extend the placed-in-service date for wind facilities for three years (through December 31, 2012). The bill would also extend the placed-in-service date for three years (through December 31, 2013) for certain other qualifying facilities: closed-loop biomass; open-loop biomass; geothermal; small irrigation; hydropower; landfill gas; waste-to-energy; and marine renewable facilities. *This proposal is estimated to cost $13.143 billion over 10 years.*

Temporary election to claim the investment tax credit in lieu of the production tax credit. Under current law, facilities that produce electricity from solar facilities are eligible to take a thirty percent (30%) investment tax credit in the year that the facility is placed in service. Facilities that produce electricity from wind, closed-loop biomass, open-loop biomass, geothermal, small irrigation, hydropower, landfill gas, waste-to-energy, and marine renewable facilities are eligible for a production tax credit. The production tax credit is payable over a ten-year period. Because of current market conditions, it is difficult for many renewable projects to find financing due to the uncertain future tax positions of potential investors in these projects. The bill would allow facilities that are placed-in-service in 2009 and 2010 to elect to claim the investment tax credit in lieu of the production tax credit. *This proposal is estimated to cost $218 million over 10 years.*

Repeal subsidized energy financing limitation on the investment tax credit. Under current law, the investment tax credit must be reduced if the property qualifying for the investment tax credit is also financed with industrial development bonds or through any other Federal, State, or local subsidized financing program. The bill would repeal this subsidized energy financing limitation on the investment tax credit in order to allow businesses and individuals to qualify for the full amount of the investment tax credit even if such property is financed with industrial development bonds or through any other subsidized energy financing. *The cost of this proposal is included in the estimated cost of the next provision.*

Removal of dollar limitations on certain energy credits. Under current law, businesses are allowed to claim a thirty percent (30%) tax credit for qualified small wind energy property (capped at $4,000). Individuals are allowed to claim a thirty percent (30%) tax credit for qualified solar water heating property (capped at $2,000), qualified small wind energy property (capped at $500 per kilowatt of capacity, up to $4,000), and qualified geothermal heat pumps (capped at $2,000). The bill would repeal the individual dollar caps. As a result, each of these properties would be eligible for an uncapped thirty percent (30%) credit. *This proposal is estimated to cost $872 million over 10 years.*

Clean Renewable Energy Bonds ("CREBs"). The bill authorizes an additional $1.6 billion of new clean renewable energy bonds to finance facilities that generate electricity from the following resources: wind; closed-loop biomass; open-loop biomass; geothermal; small irrigation; hydropower; landfill gas; marine renewable; and trash combustion facilities. This $1.6 billion authorization will be subdivided into thirds: 1/3 will be available for qualifying projects of State/local/tribal governments; 1/3 for qualifying projects of public power providers; and 1/3 for qualifying projects of electric cooperatives. *This proposal is estimated to cost $578 million over 10 years.*

Qualified Energy Conservation Bonds. The bill authorizes an addition $2.4 billion of qualified energy conservation bonds to finance State, municipal and tribal government programs and initiatives designed to reduce greenhouse gas emissions. The bill would also clarify that qualified energy conservation bonds may be issued to make loans and grants for capital expenditures to implement green community programs. *This proposal is estimated to cost $803 million over 10 years.*

Tax credits for energy-efficient improvements to existing homes. The bill would extend the tax credits for improvements to energy-efficient existing homes through 2010. Under current law, individuals are allowed a tax credit equal to ten percent (10%) of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements installed during the taxable year. This tax credit is capped at $50 for any advanced main air circulating fan, $150 for any qualified natural gas, propane, oil furnace or hot water boiler, and $300 for any item of energy-efficient building property. For 2009 and 2010, the bill would increase the amount of the tax credit to thirty percent (30%) of the amount paid or incurred by the taxpayer for qualified energy efficiency improvements during the taxable year. The bill would also eliminate the property-by-property dollar caps on this tax credit and provide an aggregate $1,500 cap on all property qualifying for the credit. *This proposal is estimated to cost $4.275 billion over 10 years.*

Tax credits for alternative fuel pumps. The alternative refueling property credit provides a tax credit to businesses (e.g., gas stations) that install alternative fuel pumps, such as fuel pumps that dispense E85 fuel, hydrogen, and natural gas. For 2009 and 2010, the bill would increase the 30% alternative refueling property credit for businesses (capped at $30,000) to 50% (capped at $50,000). Hydrogen refueling pumps would remain at a 30% credit percentage; however, the cap for hydrogen refueling pumps will be increased to $200,000. In addition, the bill would increase the 30% alternative refueling property credit for individuals (capped at $1,000) to 50% (capped at $2,000). *This proposal is estimated to cost $54 million over 10 years.*

Enhanced R&D credit. The bill would provide for an enhanced twenty percent (20%) R&D credit in taxable years beginning in 2009 and 2010 for research expenditures incurred in the fields of fuel cells, battery technology, renewable energy, energy conservation technology, efficient transmission and distribution of electricity, and carbon capture and sequestration. *This proposal is estimated to cost $18 million over 10 years.*

Government Accountability Office study on economic and employment effects of legislation. The bill would require the Comptroller General of the United States to conduct a study of the economic, employment, and other related effects of this bill, and provide periodic updates of the results of this study to the Committee on Ways and Means. *The cost of this proposal has not been estimated*.

Energy & Commerce SUMMARY OF Provisions on Broadband, Energy, and Health Care

Provisions on Broadband

Broadband Infrastructure. The broadband package authorizes the National Telecommunications Information Administration (NTIA), a part of the Commerce Department, to distribute $2.825 billion for wireless and wireline broadband through a grant program.

- The proposal aims to be technologically neutral, allowing participation by terrestrial wireless, satellite and wireline providers. The provisions allow any “eligible entity,” to apply for a grant, including service providers, infrastructure companies or a state or unit of local government.

- Approximately $1 billion would go to the deployment of wireless service — 25% to wireless voice service in unserved areas and 75% to “advanced wireless broadband” in underserved areas.

- Approximately $1.825 billion would go to the deployment of broadband via fiber or other wires — 25% to “basic broadband” in unserved areas and 75% to “advanced broadband” in underserved areas.

States Will Play a Role in the Program. Each state planning to participate is required to submit to NTIA a report indicating its geographic regions that are priority areas for broadband deployment.

Specific Criteria. In order to receive a grant, applicants must meet criteria enforced by the NTIA, which include minimum speeds and buildout requirements. NTIA must also consider other policy-related objectives, including the impact of the proposed service on public safety, health care delivery systems, education, and computer literacy. In addition, grant recipients will be required to adhere to open access principles that will maximize the public benefits flowing from the public’s investment in broadband infrastructure.

Provisions on Energy

Reliable, Efficient Electric Grid: The legislation will jumpstart smart grid demonstration projects in geographically diverse cities, suburbs, and rural areas. Federal matching grants for smart grid technology will increase from 20% to 50%. Grantees will be required to utilize open internet-based protocols and standards when available and lessons learned during demonstration projects will be available to help others to deploy smart grid infrastructure.

Renewable Energy Loan Guarantees: The legislation creates a temporary loan guarantee authority to provide loan guarantees for commercial renewable energy systems and electric power transmission systems that begin construction by September 30, 2011. The Appropriations bill is making available $8 billion for use by this program. Up to $500 million can be used for the development of leading edge biofuels that have been demonstrated and have commercial promise.

Home Weatherization: Increases the threshold for household eligibility for the Weatherization Assistance Program from 150% to 200% of the federal poverty income levels, and increases the per-home maximum assistance from $2,500 to $5,000. Allows the Secretary to encourage states to pursue separate elements of weatherizing eligible homes, such as attic insulation. The Appropriations bill is providing a landmark $6.2 billion for this program.

Study of Electric Transmission Congestion: Requires the Secretary to include an analysis of the transmission issues facing renewable energy in the pending study of electric transmission congestion due to be issued August 2009.

Encourages Governors to Promote Energy Efficiency: Conditions the award of State Energy Program funding from the Economic Recovery Act upon a notification to the Secretary of Energy by the governor that the governor will seek to adopt certain utility regulatory policies to encourage utility-sponsored gains in energy efficiency and updated energy-efficient building codes.

Energy Sustainability and Efficiency Grants and Loans for Institutions: In order to allow our colleges and hospitals to become more energy efficient, the legislation waives certain caps on grants and loans so that larger energy efficiency projects will be adequately supported. The legislation ensures that these institutions continue to have an investment in the project by requiring that no more than 80% of a project's cost be provided as a grant.

COBRA/Medicaid Options for the Uninsured Unemployed

COBRA Premium Assistance. To be eligible for COBRA a worker must have worked for an employer with 20 or more employees, have been enrolled in the employer's health plan, and have lost his/her health coverage due to termination of employment for reasons other than gross misconduct. Under COBRA, workers must pay 100% of the premium plus 2% in administrative costs. The bill would provide a 65% subsidy for COBRA continuation premiums for up to 12 months for workers who have been involuntarily terminated (and their families). To qualify for COBRA premium assistance, a worker must be involuntarily terminated between September 1, 2008, and December 31, 2009. The subsidy would terminate upon offer of any new employer-sponsored coverage.

- In addition to this short-term subsidy, the bill would also provide that those COBRA-eligible workers who are 55 and older, or who have worked for an employer for 10 or more years, would be able to retain COBRA coverage, at their own expense, until they become Medicare eligible at age 65 or secure coverage through a subsequent employer.

Medicaid Option. The bill would give State Medicaid programs a temporary option of covering one or more of the following groups of unemployed individuals without health insurance (and their uninsured spouses and dependents): (1) individuals receiving unemployment benefits and individuals who have exhausted unemployment benefits; (2) individuals who are receiving food stamps and are not otherwise eligible for Medicaid; and (3) individuals in families with gross incomes below 200% of the poverty level. To qualify, individuals would have to be receiving or have exhausted unemployment benefits during the period September 1, 2008, through December 31, 2010, or be involuntarily separated from employment during this period. The federal government would assume 100% of the costs of benefits and administration for individuals enrolled under this option through December 31, 2010.

State Medicaid Fiscal Relief

Temporary Medicaid FMAP Increase. The bill would provide, on a temporary basis, additional federal matching funds to help states maintain their Medicaid programs in the face of recession-driven revenue declines and caseload increases. Three types of temporary assistance would apply during the period October 1, 2008, through December 31, 2010. First, states that would otherwise experience a drop in their federal medical assistance percentages (FMAPs) under the normal FMAP formula would be held harmless against any decline. Second, all states would receive an increase in their FMAP by 4.9 percentage points. Finally, states with large increases in unemployment would receive an additional increase in their FMAP directly related to the increase in their unemployment rates. This high unemployment percentage point adjustment would automatically adjust upward to reflect increases in state unemployment rates if the recession worsens. The territories would have the option of a 20% increase in their cap or a 4.9 percentage point increase in their FMAP plus a 10% increase in their cap. Title IV-E foster care and adoption assistance would also receive the 4.9 percentage point increase. The additional federal assistance would apply to the costs of Medicaid benefits but not to the costs of Medicaid disproportionate share payments, administration, or CHIP. In addition, DSH allotments were increased by 2.5 percent in FY 2009 and 2.5 percent in FY 2010.

Moratorium on Medicaid Regulations. Current law imposes a moratorium on six Medicaid regulations relating to cost limits on public providers, graduate medical education (GME) payments, provider taxes, rehabilitative services, targeted case management services, and school administration and transportation services. The bill would extend the current law moratorium on these six regulations, which expires on March 31, 2009, through June 30, 2009. The bill would also expand this moratorium to include a seventh Medicaid regulation relating to outpatient hospital services.

Temporary Extension of Work Transition Coverage. Under current law, individuals who leave welfare to go to work receive up to one year of Medicaid coverage so long as they continue working. This current transitional medical assistance (TMA) expires on June 30, 2009. The bill would extend the current law provision through December 31, 2010. In addition, the bill would give states the option of simplifying TMA eligibility determinations to reduce administrative burden and turnover.

State Option to Cover Family Planning Services. Under current law, the Secretary has the authority under section 1115 of the Social Security Act to grant waivers to states to allow them to cover family planning services and supplies to low-income women who are not otherwise eligible for Medicaid. The bill would give states the option to provide such coverage without obtaining a waiver. States could continue to use the existing waiver authority if they preferred.

Medicaid Protections for American Indians. The bill includes three provisions designed to improve Medicaid and CHIP coverage for Indians. The bill would prohibit state Medicaid programs from imposing cost-sharing requirements on Medicaid-eligible American Indians when the beneficiary is receiving services from an Indian health care provider or from a Contract Health Services (CHS) provider. The bill would also ensure that certain tribal, religious, spiritual, or cultural property would not be counted as a resource (asset) of an individual Indian for purposes determining Medicaid eligibility or estate recovery. Finally, the bill would require states to consult on an ongoing basis with Indian Health Programs and Urban Indian Organizations on matters relating to Medicaid and CHIP.

HITECH Act

Health information technology helps save lives and lower costs. This bill accomplishes four major goals that advance the use of health information technology (Health IT), such as electronic health records by:

- Requiring the government to take a leadership role to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information to improve quality and coordination of care.

- Investing $20 billion in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors and hospitals to use HIT to electronically exchange patients' health information.

- Saving the government $10 billion and generating additional savings throughout the health sector, through improvements in quality of care and care coordination and reductions in medical errors and duplicative care.

- Strengthening Federal privacy and security law to protect identifiable health information from misuse as the health care sector increases use of Health IT.

As a result of this legislation, the Congressional Budget Office estimates that approximately 90% of doctors and 70% of hospitals will be using comprehensive electronic health records within the next decade

Anticipated Amendments to H.R. 1 – American Recovery and Reinvestment Act of 2009

1. **Oberstar (MN):** Would amend the aviation, highway, rail, and transit priority consideration and "use-it-or-lose-it" provisions to require that 50 percent of the funds be obligated within 90 days. (10 minutes)

2. **Markey (MA):** Would require that the Secretary require, as a condition of receiving funding under Title XIII of the Energy Independence and Security Act of 2007, that the demonstration projects utilize Internet-based or other open protocols and standards if available and appropriate, and would require that grants recipients utilize Internet-based or other open protocols and standards. (10 minutes)

3. **Shuster (PA):** Would clarify that federal funds received by States under the bill for highway maintenance shall not be used to replace existing funds in place for transportation projects. (10 minutes)

4. **Nadler (NY)/DeFazio (OR)/Ellison (MN)/McMahon (NY)/Lipinski (IL):** Would increase transit capital funding by $3 billion. (10 minutes)

5. **Neugebauer (TX):** Would strike the appropriations provisions from the bill.(10 minutes)

6. **Waters (CA):** Would provide that job training funds may be used for broadband deployment and related activities provided in the bill. (10 minutes)

7. **Flake (AZ):** Would strike funding for Amtrak. (10 minutes)

8. **Kissell (NC):** Would expand the Berry Amendment Extension Act to include DHS to require the government to purchase uniforms for more

than one hundred thousand uniformed employees from U.S. textile and apparel manufacturers. (10 minutes)

9. **Platts (PA)/Van Hollen (MD):** Would insert the text of the Whistleblower Protection Enhancement Act (H.R. 985 in the 110th Congress) regarding protections for federal employees who report waste, fraud, and abuse. (10 minutes)

10. **Teague (NM):** Would require that the Recovery.gov website contain links and other information on how to access job information created at or by entities receiving funding under the bill; including links to local employment agencies, state, local, and other public agencies receiving recovery funds, and private firms contracted to perform work funded by the bill. (10 minutes)

11. **Camp (MI)/Cantor (VA): Amendment in the Nature of a Substitute.** Would strike everything after enacting clause and adds income tax rate deductions for bottom two income tax brackets, alternative minimum tax relief, small business deduction, bonus depreciation, small business expensing, expanded carryback of net operating losses, improved home buyer credit, unemployment benefit tax exemption, health insurance premium deduction, repeal of 3 percent withholding requirement for government contractors, extension of unemployment benefits, and a Sense of Congress against tax increases to offset outlays. (60 minutes)

Quote of the Day

"Awards become corroded; friends gather no dust."

- Jesse Owens

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