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Stimulus Package Positioned for House Floor Vote, But Resistance Grows

President Obama met with Democratic and Republican congressional leaders Friday, January 23 to soften growing resistance to his stimulus plan. Key House committees did move portions of the \$825 billion package, including an energy tax credit plan, to the floor last week. Floor votes are expected this week. Committee approval, though, came over protests from some Republican members who said that many of the programs funded in the legislation will take too long to stimulate the economy.

The Republicans point to an analysis by the Congressional Budget Office stating most of the money in the Obama plan will not be spent until 2010. Some economists predict that the nation will begin climbing out of the recession by then.

House Democrats said that increased funding for Medicaid and other programs will boost the economy immediately. On Friday, Senate Finance Committee Chairman Max Baucus unveiled a Senate version of the tax cutting portion of the bill. The legislation has a more bipartisan look in the Senate, where it takes 60 votes out of 100 to overcome procedural blocks. Congressional leaders are still pushing to get the entire \$825 billion package to President Obama by mid-February.

Lawmakers are clearly far from agreement on the final plan. Intense negotiations will almost certainly lead to a conference committee to iron out differences in the House and Senate versions before it goes to the president, according to Duane Morris Government Affairs.

On Thursday, the House Ways and Means Committee approved the energy tax credit legislation. Other committee approved portions of the stimulus plan include \$275 billion in tax cuts by House Ways and Means. And the House Appropriations Committee approved a \$358 billion spending measure. Under this measure, funding will go to traditional public works programs such as road and bridge construction and water and sewer projects, and towards an upgrading of the nation's electricity grid.

The energy tax breaks would benefit the wind and solar energy industries, encourage energy-efficiency improvements to existing homes and help service stations recoup their costs for installing alternative energy pumps. In addition, the plan would extend by three years, to the end of 2012, the date that wind facilities would have to be in place to be eligible for the federal renewable energy production tax credit.

The long-term extension of the renewable energy production tax credits accounts for more than half of the stimulus package's \$20 billion in energy tax breaks and financial incentives being considered.

One thing House and Senate leaders have agreed to is that most of the funding will flow through existing federal, state, and local agencies. In many cases it will be left to those agencies to decide on projects and levels of funding.

Some of the larger outlays include the following:

- \$90 billion in additional Medicaid funding;
- \$20 billion for health information technology to prevent medical mistakes, provide better care to patients, and introduce cost-saving efficiencies;
- \$32 billion energy transmission, distribution and production;
- \$79 billion for states to fund schools and other education programs;
- \$5 billion for public housing construction and improvements; and

- \$16 billion in extra college financial aid for needy and other students as well as higher student loan limits.

Duane Morris Government Affairs will continue to work with the incoming administration, federal and state lawmakers, and local officials to ensure that our client's projects receive top consideration in the new stimulus plan. We will continue to provide general and specific updates to those interested as this process moves forward. For additional information, please contact:

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