

111TH CONGRESS  
1ST SESSION

# S. 1683

To apply recaptured taxpayer investments toward reducing the national debt.

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## IN THE SENATE OF THE UNITED STATES

SEPTEMBER 17, 2009

Mr. BENNET introduced the following bill; which was read twice and referred  
to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To apply recaptured taxpayer investments toward reducing  
the national debt.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Pay It Back Act”.

5       **SEC. 2. FINDINGS.**

6       Congress finds that—

7               (1) the Congressional Budget Office estimates  
8       that the deficit for this fiscal year will reach \$1.6  
9       trillion or 11 percent of the Gross Domestic Prod-  
10      uct;

1           (2) this deficit represents the largest relative  
2       deficit since the end of World War II;

3           (3) the Congressional Budget Office estimates  
4       that the fiscal year 2010 deficit will reach \$1.4 tril-  
5       lion; and

6           (4) given the choice between forcing our chil-  
7       dren to pay for the national debt and requiring  
8       banks and other beneficiaries of the goodwill of the  
9       taxpayer to make a down payment now, we choose  
10      to help our kids.

11 **SEC. 3. AMENDMENT TO TARP AUTHORIZATION.**

12       Section 115(a)(3) of the Emergency Economic Sta-  
13      bilization Act of 2008 (12 U.S.C. 5225(a)(3)) is amended  
14      by striking “outstanding at any one time” and inserting  
15      “, in the aggregate (or such higher amount, in the aggre-  
16      gate, as has been obligated or expended under this Act  
17      as of the date of enactment of the Pay It Back Act)”.

18 **SEC. 4. REPORT.**

19       Section 106 of the Emergency Economic Stabilization  
20      Act of 2008 (12 U.S.C. 5216) is amended by inserting  
21      at the end the following:

22       “(f) REPORT.—The Secretary of the Treasury shall  
23      report to Congress every 6 months on amounts received  
24      and transferred to the general fund under subsection  
25      (d).”.

1 **SEC. 5. AMENDMENTS TO HOUSING AND ECONOMIC RECOV-**  
 2 **ERY ACT OF 2008.**

3 (a) SALE OF FANNIE MAE OBLIGATIONS AND SECURITIES BY THE TREASURY; DEFICIT REDUCTION.—Section 304(g)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1719(g)(2)) is amended—

7 (1) by redesignating subparagraph (C) as subparagraph (D); and

9 (2) by inserting after subparagraph (B) the following:

11 “(C) DEFICIT REDUCTION.—The Secretary of the Treasury shall—

13 “(i) deposit in the General Fund of the Treasury any amounts received by the Secretary for the sale of any obligation or security acquired by the Secretary under this subsection; and

18 “(ii) ensure that such amounts so deposited—

20 “(I) are dedicated for the sole purpose of deficit reduction; and

22 “(II) are prohibited from use as an offset for other spending increases or revenue reductions.”.

25 (b) SALE OF FREDDIE MAC OBLIGATIONS AND SECURITIES BY THE TREASURY; DEFICIT REDUCTION.—

1 Section 306(l)(2) of the Federal Home Loan Mortgage  
 2 Corporation Act (12 U.S.C. 1455(l)(2)) is amended—

3 (1) by redesignating subparagraph (C) as sub-  
 4 paragraph (D); and

5 (2) by inserting after subparagraph (B) the fol-  
 6 lowing:

7 “(C) DEFICIT REDUCTION.—The Secretary  
 8 of the Treasury shall—

9 “(i) deposit in the General Fund of  
 10 the Treasury any amounts received by the  
 11 Secretary for the sale of any obligation or  
 12 security acquired by the Secretary under  
 13 this subsection; and

14 “(ii) ensure that such amounts so de-  
 15 posited—

16 “(I) are dedicated for the sole  
 17 purpose of deficit reduction; and

18 “(II) are prohibited from use as  
 19 an offset for other spending increases  
 20 or revenue reductions.”.

21 (c) SALE OF FEDERAL HOME LOAN BANKS OBLIGA-  
 22 TIONS BY THE TREASURY; DEFICIT REDUCTION.—Sec-  
 23 tion 11(l)(2) of the Federal Home Loan Bank Act (12  
 24 U.S.C. 1431(l)(2)) is amended—

1           (1) by redesignating subparagraph (C) as sub-  
2       paragraph (D); and

3           (2) by inserting after subparagraph (B) the fol-  
4       lowing:

5                       “(C) DEFICIT REDUCTION.—The Secretary  
6       of the Treasury shall—

7                       “(i) deposit in the General Fund of  
8                       the Treasury any amounts received by the  
9                       Secretary for the sale of any obligation ac-  
10                      quired by the Secretary under this sub-  
11                      section; and

12                     “(ii) ensure that such amounts so de-  
13                      posited—

14                     “(I) are dedicated for the sole  
15                      purpose of deficit reduction; and

16                     “(II) are prohibited from use as  
17                      an offset for other spending increases  
18                      or revenue reductions.”.

19       (d) REPAYMENT OF FEES.—Any periodic commit-  
20       ment fee or any other fee or assessment paid by the Fed-  
21       eral National Mortgage Association or Federal Home  
22       Loan Mortgage Corporation to the Secretary of the Treas-  
23       ury as a result of any preferred stock purchase agreement,  
24       mortgage-backed security purchase program, or any other  
25       program or activity authorized or carried out pursuant to

1 the authorities granted to the Secretary of the Treasury  
 2 under section 1117 of the Housing and Economic Recov-  
 3 ery Act of 2008 (Public Law 110–289; 122 Stat. 2683),  
 4 including any fee agreed to by contract between the Sec-  
 5 retary and the Association or Corporation, shall be depos-  
 6 ited in the General Fund of the Treasury where such  
 7 amounts shall be—

8 (1) dedicated for the sole purpose of deficit re-  
 9 duction; and

10 (2) prohibited from use as an offset for other  
 11 spending increases or revenue reductions.

12 **SEC. 6. FEDERAL HOUSING FINANCE AGENCY REPORT.**

13 The Director of the Federal Housing Finance Agency  
 14 shall submit to Congress a report on the plans of the  
 15 Agency to continue to support and maintain the Nation’s  
 16 vital housing industry, while at the same time guaran-  
 17 teeing that the American taxpayer will not suffer unneces-  
 18 sary losses.

19 **SEC. 7. REPAYMENT OF UNOBLIGATED ARRA FUNDS.**

20 (a) REJECTION OF ARRA FUNDS BY STATE.—Sec-  
 21 tion 1607 of the American Recovery and Reinvestment Act  
 22 of 2009 (Public Law 111–5; 123 Stat. 305) is amended  
 23 by adding at the end the following:

24 “(d) STATEWIDE REJECTION OF FUNDS.—If funds  
 25 provided to any State in any division of this Act are not

1 accepted for use by the Governor of the State pursuant  
 2 to subsection (a) or by the State legislature pursuant to  
 3 subsection (b), then all such funds shall be—

4 “(1) rescinded; and

5 “(2) be deposited in the General Fund of the  
 6 Treasury where such amounts shall be—

7 “(A) dedicated for the sole purpose of def-  
 8 icit reduction; and

9 “(B) prohibited from use as an offset for  
 10 other spending increases or revenue reduc-  
 11 tions.”.

12 (b) WITHDRAWAL OR RECAPTURE OF UNOBLIGATED  
 13 FUNDS.—Title XVI of the American Recovery and Rein-  
 14 vestment Act of 2009 (Public Law 111–5; 123 Stat. 302)  
 15 is amended by adding at the end the following:

16 **“SEC. 1613. WITHDRAWAL OR RECAPTURE OF UNOBLI-**  
 17 **GATED FUNDS.**

18 “Notwithstanding any other provision of this Act, if  
 19 the head of any executive agency withdraws or recaptures  
 20 for any reason funds appropriated or otherwise made  
 21 available under this division, and such funds have not been  
 22 obligated by a State to a local government or for a specific  
 23 project, such recaptured funds shall be—

24 “(1) rescinded; and

1 “(2) deposited in the General Fund of the  
2 Treasury where such amounts shall be—

3 “(A) dedicated for the sole purpose of def-  
4 icit reduction; and

5 “(B) prohibited from use as an offset for  
6 other spending increases or revenue reduc-  
7 tions.”.

8 (c) RETURN OF UNOBLIGATED FUNDS BY END OF  
9 2012.—Section 1603 of the American Recovery and Rein-  
10 vestment Act of 2009 (Public Law 111–5; 123 Stat. 302)  
11 is amended by—

12 (1) by striking “All funds” and inserting “(a)  
13 IN GENERAL.—All funds”; and

14 (2) by adding at the end the following:

15 “(b) REPAYMENT OF UNOBLIGATED FUNDS.—Any  
16 discretionary appropriations made available in this divi-  
17 sion that have not been obligated as of December 31,  
18 2012, are hereby rescinded, and such amounts shall be  
19 deposited in the General Fund of the Treasury where such  
20 amounts shall be—

21 “(1) dedicated for the sole purpose of deficit re-  
22 duction; and

23 “(2) prohibited from use as an offset for other  
24 spending increases or revenue reductions.

25 “(c) PRESIDENTIAL WAIVER AUTHORITY.—



1           “(1) IN GENERAL.—The President may waive  
 2           the requirements under subsection (b), if the Presi-  
 3           dent determines that it is not in the best interest of  
 4           the Nation to rescind a specific unobligated amount  
 5           after December 31, 2012.

6           “(2) REQUESTS.—The head of an executive  
 7           agency may also apply to the President for a waiver  
 8           from the requirements under subsection (b).”.

9   **SEC. 8. REDUCTION OF STATUTORY LIMIT ON THE PUBLIC**  
 10                   **DEBT.**

11       Section 3101 of title 31, United States Code, is  
 12   amended—

13           (1) in subsection (b), by inserting “minus the  
 14           aggregate amounts described in subsection (d)” be-  
 15           fore “, outstanding at one time”; and

16           (2) by inserting at the end the following:

17       “(d) Amounts described in this subsection are any  
 18   amounts received by the Secretary of the Treasury pursu-  
 19   ant to—

20           “(1) section 106(d) of the Emergency Economic  
 21           Stabilization Act of 2008 before, on, or after the  
 22           date of enactment of this subsection; and

23           “(2) section 304(g) of the Federal National  
 24           Mortgage Association Charter Act (12 U.S.C.  
 25           1719(g)), section 306(l) of the Federal Home Loan

1 Mortgage Corporation Act (12 U.S.C. 1455(l)), sec-  
2 tion 11(l) of the Federal Home Loan Bank Act (12  
3 U.S.C. 1431(l)), section 1607(d) of the American  
4 Recovery and Reinvestment Act of 2009 (Public  
5 Law 111–5; 123 Stat. 305), section 1613 of the  
6 American Recovery and Reinvestment Act of 2009  
7 (Public Law 111–5; 123 Stat. 302), and sections  
8 5(d) and 7(c) of the Pay It Back Act after the date  
9 of enactment of this subsection.”.

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