

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 SECU-**  
4 **RITIES BY THE TREASURY; DEFICIT REDUCTION.**—Section  
5 304(g)(2) of the Federal National Mortgage Associa-  
6 tion Charter Act (12 U.S.C. 1719(g)(2)) is amended—

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

9 (2) by inserting after subparagraph (B) the fol-  
10 lowing:

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

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

18 “(ii) ensure that such amounts so de-  
19 posited—

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

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

25 (b) **SALE OF FREDDIE MAC OBLIGATIONS AND SE-**  
26 **CURITIES 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—

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

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

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—

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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