

111TH CONGRESS
1ST SESSION

S. 869

To require the Secretary of the Treasury to use any amounts repaid by a financial institution that is a recipient of assistance under the Troubled Assets Relief Program for debt reduction.

IN THE SENATE OF THE UNITED STATES

APRIL 22, 2009

Mr. THUNE introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To require the Secretary of the Treasury to use any amounts repaid by a financial institution that is a recipient of assistance under the Troubled Assets Relief Program for debt reduction.

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 “Debt Reduction Pri-
5 ority Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) On October 7, 2008, Congress established
2 the Troubled Assets Relief Program (TARP) as part
3 of the Emergency Economic Stabilization Act (Pub-
4 lic Law 110–343; 122 Stat. 3765) and allocated
5 \$700,000,000,000 for the purchase of toxic assets
6 from banks with the goal of restoring liquidity to the
7 financial sector and restarting the flow of credit in
8 our markets.

9 (2) The Department of Treasury, without con-
10 sultation with Congress, changed the purpose of
11 TARP and began injecting capital into financial in-
12 stitutions through a program called the Capital Pur-
13 chase Program (CPP) rather than purchasing toxic
14 assets.

15 (3) Lending by financial institutions was not
16 noticeably increased with the implementation of the
17 CPP and the expenditure of \$250,000,000,000 of
18 TARP funds, despite the goal of the program.

19 (4) The recipients of amounts under the CPP
20 are now faced with additional restrictions related to
21 accepting those funds.

22 (5) A number of community banks and large fi-
23 nancial institutions have expressed their desire to re-
24 turn their CPP funds to the Department of Treas-

1 ury and the Department has begun the process of
2 accepting receipt of such funds.

3 (6) The Department of the Treasury should not
4 unilaterally determine how these returned funds are
5 spent in the future and the Congress should play a
6 role in any determination of future spending of
7 funds returned through the TARP.

8 **SEC. 3. DEBT REDUCTION.**

9 (a) IN GENERAL.—Title I of the Emergency Eco-
10 nomic Stabilization Act of 2008 (12 U.S.C. 5211 et seq.)
11 is amended by adding at the end the following:

12 **“SEC. 137. DEBT REDUCTION.**

13 “Not later than 30 days after the date of enactment
14 of this section, the Secretary of the Treasury shall deposit
15 any amounts received by the Secretary for repayment of
16 financial assistance or for payment of any interest on the
17 receipt of such financial assistance by an entity that has
18 received financial assistance under the TARP or any pro-
19 gram enacted by the Secretary under the authorities
20 granted to the Secretary under this Act, including the
21 Capital Purchase Program, in the Public Debt Reduction
22 Payment Account established under section 3114 of title
23 31, United States Code.”.

1 **SEC. 4. ESTABLISHMENT OF PUBLIC DEBT REDUCTION**
2 **PAYMENT ACCOUNT.**

3 (a) IN GENERAL.—Subchapter I of chapter 31 of title
4 31, United States Code, is amended by adding at the end
5 the following new section:

6 **“§ 3114. Public Debt Reduction Payment Account**

7 “(a) There is established in the Treasury of the
8 United States an account to be known as the Public Debt
9 Reduction Payment Account (hereinafter in this section
10 referred to as the ‘account’).

11 “(b) The Secretary of the Treasury shall use amounts
12 in the account to pay at maturity, or to redeem or buy
13 before maturity, any obligation of the Government held
14 by the public and included in the public debt. Any obliga-
15 tion which is paid, redeemed, or bought with amounts
16 from the account shall be canceled and retired and may
17 not be reissued. Amounts deposited in the account are ap-
18 propriated and may only be expended to carry out this
19 section.

20 “(c) There shall be deposited in the account any
21 amounts which are received by the Secretary of the Treas-
22 ury pursuant to section 137 of the Emergency Economic
23 Stabilization Act of 2008. The funds deposited to this ac-
24 count shall remain available until expended.

25 “(d) The Secretary of the Treasury and the Director
26 of the Office of Management and Budget shall each take

1 such actions as may be necessary to promptly carry out
 2 this section in accordance with sound debt management
 3 policies.

4 “(e) Reducing the debt pursuant to this section shall
 5 not interfere with the debt management policies or goals
 6 of the Secretary of the Treasury.”.

7 (b) CONFORMING AMENDMENT.—The chapter anal-
 8 ysis for chapter 31 of title 31, United States Code, is
 9 amended by inserting after the item relating to section
 10 3113 the following:

“3114. Public debt reduction payment account.”.

11 **SEC. 5. REDUCTION OF STATUTORY LIMIT ON THE PUBLIC**
 12 **DEBT.**

13 Section 3101(b) of title 31, United States Code, is
 14 amended by inserting “minus the aggregate amounts de-
 15 posited into the Public Debt Reduction Payment Account
 16 pursuant to section 3114(c)” before “, outstanding at one
 17 time”.

18 **SEC. 6. OFF-BUDGET STATUS OF PUBLIC DEBT REDUCTION**
 19 **PAYMENT ACCOUNT.**

20 Notwithstanding any other provision of law, the re-
 21 ceipts and disbursements of the Public Debt Reduction
 22 Payment Account established by section 3114 of title 31,
 23 United States Code, shall not be counted as new budget
 24 authority, outlays, receipts, or deficit or surplus for pur-
 25 poses of—

- 1 (1) the budget of the United States Govern-
2 ment as submitted by the President,
3 (2) the congressional budget, or
4 (3) the Balanced Budget and Emergency Def-
5 icit Control Act of 1985.

6 **SEC. 7. REMOVING PUBLIC DEBT REDUCTION PAYMENT AC-**
7 **COUNT FROM BUDGET PRONOUNCEMENTS.**

8 (a) IN GENERAL.—Any official statement issued by
9 the Office of Management and Budget, the Congressional
10 Budget Office, or any other agency or instrumentality of
11 the Federal Government of surplus or deficit totals of the
12 budget of the United States Government as submitted by
13 the President or of the surplus or deficit totals of the con-
14 gressional budget, and any description of, or reference to,
15 such totals in any official publication or material issued
16 by either of such Offices or any other such agency or in-
17 strumentality, shall exclude the outlays and receipts of the
18 Public Debt Reduction Payment Account established by
19 section 3114 of title 31, United States Code.

20 (b) SEPARATE PUBLIC DEBT REDUCTION PAYMENT
21 ACCOUNT BUDGET DOCUMENTS.—The excluded outlays
22 and receipts of the Public Debt Reduction Payment Ac-
23 count established by section 3114 of title 31, United

- 1 States Code, shall be submitted in separate budget docu-
- 2 ments.

