

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:39 p.m., recessed until 2:15 p.m. and reassembled when called to order by the acting president pro tempore.

FLOOD INSURANCE REFORM AND MODERNIZATION ACT OF 2007—Continued

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. MARTINEZ. Mr. President, I rise to speak in support of the Wicker amendment, the multiple peril insurance provision. I want to share some thoughts with the Senate on this provision.

As a Senator from the State of Florida, little is of more importance to the average homeowner than their home insurance and the cost of that insurance.

The multiple peril insurance provision will create a new option in the National Flood Insurance Program to offer coverage of both wind and flood risk in one policy.

The program requires premiums for the new coverage to be risk-based and actuarially sound.

CBO estimates the multiple peril program "would increase premium receipts and additional claims payments by about the same amount—resulting in no significant net budgetary impact."

By covering wind and flood risk in one policy, the multiple peril option will allow coastal homeowners to buy insurance and know that hurricane damage would be covered.

The reason we have to consider this is because in Florida, the gulf coast and throughout the region we have experienced constricting effects in the market.

Insurance companies are pulling out. They are dropping coverage. State Farm, for instance, stopped writing residential, rental, and commercial policies just 2 months ago.

People in my State are finding it increasingly difficult to secure insurance, especially policies that cover both wind and flood damage. People who have paid every premium and never filed a claim are simply locked out of the market.

But insurance is only part of the solution. We also have to encourage mitigation.

The multiple peril program would strengthen coastal mitigation efforts by making the new coverage available only where local governments have adopted building codes consistent with International Code Council standards.

Most of the State-sponsored plans are not able to spread risk efficiently and not able to build up sufficient reserves to cover a major hurricane.

They are forced to charge higher and higher premiums to buy more over-

priced reinsurance to keep up with their increasing liability.

The Federal multiple peril program will spread coastal risk geographically, in a much more efficient manner than the state pools.

I strongly support the Wicker amendment, and I encourage my colleagues to do the same.

I remind my colleagues that CBO expects that the new coverage offered under H.R. 3121, the Wicker amendment, would increase premium receipts and additional claim payments by about the same amount, and the CBO claims that the result would be no significant net budgetary impact.

For those reasons, I strongly support the Wicker amendment and urge my colleagues to vote in favor of it.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. VITTER. I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. VITTER. Mr. President, I rise in very strong support, with so many of my colleagues, of the Wicker amendment. As Senator MARTINEZ has talked about Florida, Senator WICKER has talked so eloquently about Mississippi, so, too, in Louisiana it is an absolute imperative that we address the wind liability coverage issue in this larger debate.

The single greatest obstacle to recovery in both of our States hit by Katrina and Rita is insurance. For so many of my constituents, insurance on the wind liability side is unavailable or, if it is available, completely, absolutely unaffordable. This Wicker amendment will give folks a new option. It won't mandate it, it won't push them into that program, but it will give them an option. Most importantly, it will give them an option without increasing any burden or risk to the taxpayer.

I want to repeat something that has been said, but it is vitally important for everyone to understand before we vote; that is, the CBO has made perfectly clear this amendment does not make the bill more expensive. It does not make the program more expensive. It does not cost the taxpayer for a very simple reason: There is a mandate in the language that premiums be set in an actuarially sound way to cover the risk.

I strongly support the Wicker amendment.

AMENDMENT NO. 4722 TO AMENDMENT NO. 4707

Having said that, I ask unanimous consent to set aside the pending amendment and call up Vitter amendment No. 4722.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Louisiana [Mr. VITTER] proposes an amendment numbered 4722 to amendment No. 4707.

The amendment is as follows:

(Purpose: To increase maximum coverage limits)

At the appropriate place, insert the following:

SEC. 33. MAXIMUM COVERAGE LIMITS.

Subsection (b) of section 1306 of the National Flood Insurance Act of 1968 (42 U.S.C. 4013(b)) is amended—

(1) in paragraph (2), by striking "\$250,000" and inserting "\$335,000";

(2) in paragraph (3), by striking "\$100,000" and inserting "\$135,000"; and

(3) in paragraph (4)—

(A) by striking "\$500,000" each place such term appears and inserting "\$670,000"; and

(B) by inserting before "; and" the following: "; except that, in the case of any nonresidential property that is a structure containing more than one dwelling unit that is made available for occupancy by rental (notwithstanding the provisions applicable to the determination of the risk premium rate for such property), additional flood insurance in excess of such limits shall be made available to every insured upon renewal and every applicant for insurance so as to enable any such insured or applicant to receive coverage up to a total amount that is equal to the product of the total number of such rental dwelling units in such property and the maximum coverage limit per dwelling unit specified in paragraph (2); except that in the case of any such multi-unit, nonresidential rental property that is a pre-FIRM structure (as such term is defined in section 578(b) of the National Flood Insurance Reform Act of 1994 (42 U.S.C. 4014 note)), the risk premium rate for the first \$500,000 of coverage shall be determined in accordance with section 1307(a)(2) and the risk premium rate for any coverage in excess of such amount shall be determined in accordance with section 1307(a)(1)".

Mr. VITTER. Mr. President, this amendment is basic and straightforward. This amendment would increase the coverage limits for flood policies under the National Flood Insurance Program. Why do we need to do that? For a very basic reason. Those dollar limits have not been changed in 14 years. They haven't been changed at all, adjusted for inflation or anything else, since 1994. So it is way past overdue to update these coverage limits in a reasonable way. This Vitter amendment 4722 would do just that. But, in fact, it wouldn't even fully take into account inflation since 1994. It would fall a little short of that. We chose the increases because my increases in amendment 4722 are exactly what the House of Representatives has already passed, merely updating those limits to take into account most but not even all of inflation since they were last set in 1994.

I share with the chairman and ranking member the goal of making this program more fiscally sound, more actuarially sound. But we will completely frustrate that goal if we have a program with extremely low coverage limits and people can't buy the coverage they need. What will happen if we allow that? More and more storms

will hit, and people who have flood insurance coverage will not have nearly enough coverage, so there will be pressure—every event, every storm—to come to Congress for emergency measures above and beyond the flood insurance program. That isn't a path to fiscal soundness. A path to fiscal soundness must include some reasonable updating of coverage limits. This amendment would do that.

Finally, this was included in the House version of the bill. It did pass the House overwhelmingly. In the context of the House bill, the Congressional Budget Office said it did not add to the cost of the bill in any way because increased premiums go along, of course, with increased coverage limits. The CBO said, in light of those increased premium payments, which go along with increasing coverage limits, there isn't an addition to the cost of the bill. It is a net wash in terms of the cost to the taxpayer and to the bill.

I encourage all of my colleagues on both sides of the aisle to look hard at this amendment. It is a sound, modest amendment to update the program. It is perfectly consistent with fiscal soundness. I would hope we can get a strong resounding vote in favor of the amendment.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alabama.

Mr. SHELBY. Mr. President, I rise to oppose the Vitter amendment and oppose it very strongly. The goal of flood insurance legislation is to move the program to more actuarially sound prices. This amendment would undermine that goal. The Vitter amendment would add significant new liabilities to the program without ensuring the necessary premium increases to cover such liabilities.

I want to remind my colleagues that we are forgiving in this bill nearly \$20 billion of debt incurred as a result of failures of the flood insurance program to date. The changes we are making are an attempt to ensure that taxpayers never have to pay off such a debt ever again. This amendment runs contrary to that goal, making it much more likely that we will be back bailing out the program in the near future.

Furthermore, there are currently numerous private insurance carriers providing flood coverage for losses that exceed the maximum amounts provided by the Federal program. In other words, unlike basic coverage, where no private insurance exists, there is a private insurance market available for additional coverage. While I recognize this insurance is expensive, that is because it is actuarially priced. The premium is commensurate with the risk.

This program was designed to address the fact that the market stopped providing primary flood insurance coverage. It was not intended to socialize risks that were otherwise being handled by private markets. The only reason to increase the coverage limits of the program is to crowd out risk-priced

private insurance to provide socialized subsidized insurance. I believe it is largely due to the existing subsidies that this program has such problems. We do not need to add more subsidies at this time.

For all these reasons, I oppose the Vitter amendment and urge my colleagues to do the same.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana.

Mr. VITTER. Mr. President, in response, I respect very much the views of the ranking member. But, No. 1, at least with regard to the House bill on which I have seen the CBO analysis, the CBO said it did not add to the cost of the bill because higher premiums obviously come with a higher coverage limit, if folks choose to buy that.

Secondly, if we have coverage limits which are way too low and a big event hits, that is going to shove us in a direction away from fiscal soundness because it will make extraordinary emergency measures necessary in response to that event by this Congress, rather than having an insurance system capable of covering the loss.

AMENDMENT NO. 4723 TO AMENDMENT NO. 4707

I ask unanimous consent to set aside the pending amendment so I may call up amendment No. 4723.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Louisiana [Mr. VITTER] proposes an amendment No. 4723 to amendment No. 4707.

The amendment is as follows:

(Purpose: To allow for a reasonable 5-year phase-in period for adjusted premiums)

On page 11, line 6, strike "Any increase" and all that follows through the second period on page 11, line 11, and insert the following: "Any increase in the risk premium rate charged for flood insurance on any property that is covered by a flood insurance policy on the date of completion of the updating or remapping described in paragraph (1) that is a result of such updating or remapping shall be phased in over a 5-year period at the rate of 20 percent per year."

Mr. VITTER. Mr. President, in the interest of moving this bill along and moving through as many issues as possible efficiently, I will explain the amendment briefly.

This amendment deals with those properties which have an increased risk because of the issuance of new flood maps. Every time there is an event, of course, whether it is a small event or a huge one, such as Katrina and Rita, there are new flood maps developed over time by FEMA. If a property is a greater risk under those new flood maps, under this underlying bill premiums would go up. I have no objection to that. They should go up. But I do think we need to temper that with a reasonable time period over which to spread out that increase. This underlying bill says that increase would happen all in 2 years. My amendment

would change that to mirror the provision in the House bill and would spread that increase over 5 years instead of 2.

This is a reasonable, modest measure to make this movement toward fiscal responsibility and actuarial soundness reasonable and manageable by the premium payer. Some of these changes, particularly after an event such as Katrina or Rita, can be quite dramatic. To say that all of that change, all of that premium increase happens over 2 years is going to be a huge, whopping bill that is going to stop a lot of folks from being able to be insured over time.

I think this change to have that phased in over 5 years is reasonable. It does not lose sight of the goal of fiscal soundness and actuarial soundness, but it is a reasonable accommodation to folks who are in a very different circumstance because of a brandnew flood map.

With that, Mr. President, I encourage my colleagues on both sides of the aisle to support the measure, and I yield back the floor.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut.

Mr. DODD. Mr. President, first of all, let me thank my colleague from Louisiana for offering these amendments and handling them as efficiently as he said he would. I appreciate that very much. We are trying to move legislation here, so I am grateful to him.

As to this idea, this last point that was made—like the first amendment he offered—there is value and merit in what he is suggesting. But, as Senator SHELBY has pointed out, we are trying to strike balances. We have an obligation, one, to get this program up and running again. There is \$17 billion on which we owe a debt, which is going to raise the cost of premiums if we do not forgive that debt, which is the major thrust of this legislation, as well as trying to deal with some other related issues—but to try to keep this within prudent fiscal conditions.

What we do in this bill—and the point the Senator from Louisiana raises is a valid one. Certainly, we do not want this to occur in 1 year. So what Senator SHELBY and I did with our committee members is to do a 2-year phase-in of this program. It is not 5 but it is 2 years, to try to exactly accommodate the legitimate concerns raised by the Senator from Louisiana. Obviously, it all occurring at once would probably be more than some people could tolerate. If the property is newly mapped in a flood plain, the rates are phased in over a 2-year period to ensure that a home or business can plan for flood insurance costs, obviously. It is not as long as 5 but we think 2 helps.

The bill and this provision are part of our overall effort to balance the need to reform and strengthen the flood program with the need to ensure people can afford to purchase needed flood insurance. Striking that balance is what we are trying to achieve. It is hard not

to make a case—we could make it 6 years, 7 years. That would be easier. But the problem is, at the same time we would not be getting the revenue coming in to accommodate covering the additional properties we want to cover with the new mapping. So how do we do that? We thought 2 years would be an adequate amount of time to give people a chance to phase that in and simultaneously meet our obligation of seeing to it that this program would be there to cover the 5.5 million homes we are talking about. I think we struck that right balance.

As to the other members of the Banking Committee, again, we unanimously adopted these provisions, and not without debate and consideration of the very point being raised by the Senator from Louisiana.

I wish to remind my colleagues, again, this bill results in significant savings in the flood program. The bill forgives \$17 billion in debt. We are paying interest payments on that \$17 billion. That is part of that premium cost. That is a huge cost. Without this debt forgiveness, which is a part of this legislation, policyholders would see rates increase many times over. In fact, rates would have to almost double just to pay the interest on the debt FEMA owes. So that is a major thrust of what we are trying to achieve. So we are saving all policyholders and all homeowners at risk from being priced out of this program with the debt-relief provision.

In exchange, however, the bill contains provisions to move the program to actuarially sound rates to ensure the long-term viability of the flood program, which is also our responsibility with this legislation—to make sure that actuarially this program will have the revenues coming in to support and sustain the risks it tries to cover against.

These reforms stabilize the flood program to make sure that when the next flood hits, homeowners will have flood insurance to be able to rebuild their homes and their lives.

I am concerned that further subsidies in the program undermine our efforts to put this program on sound financial footing. Those are the reasons I would oppose the second Vitter amendment as well. I say that with respect. Again, these are a lot of ideas that neither Senator SHELBY nor I would say lack merit. It is a question of what we can afford to do, where the balance is, where the actuarial soundness is. That is more the thrust of our argument than whether we agree or disagree with the goals stated by the proponents of these amendments.

I make the same point I made earlier as to the amendment offered by Senator WICKER from Mississippi. I would be hard pressed to make a case that we should not try to do something about wind damage. It is a legitimate issue. I will point out in this morning's papers, if you read about that incredible devastation created in Myanmar: 25,000 peo-

ple lost, 120-mile-an-hour winds ripping through that country, clearly flood damage, clearly water damage, clearly wind damage.

The problem Senator SHELBY and I have is, I could not answer the question. My friend from New Mexico asked me: How much is that going to cost, Senator? I cannot answer you. You have a right to know the answer to that question, so we are trying to find that out. We have asked for a study to look at the wind issue. The Acting President pro tempore comes from a coastal State as well. He knows what can happen with these issues. I think wind is a legitimate issue for us to sort out. But I cannot honestly answer the question actuarially. We are told it is five times the cost. If you take in the four hurricanes in 2005, the \$17 billion in flood damage, wind damage would have been five times that cost. Of course, we have a flood insurance program here that puts \$2.5 billion into that account on an annual basis.

So we are talking about something we are really not capable of managing under the present circumstances—a legitimate issue. The Senator from Mississippi is absolutely correct in raising it. I pointed out earlier that Senator SCHUMER of New York talked about this passionately. Senator MARTINEZ from Florida talked about this as well. Anybody from a coastal State will tell you what this can mean. But I have to be able to answer—as Senator SHELBY and I do—the question of whether you can actuarially account for this, whether we can have a program that is sustainable, and we cannot answer those questions. In the absence of doing that, we reluctantly oppose these amendments, and because of the importance of getting this program accomplished, in place.

In 3 weeks, or less than 3 weeks, the hurricane season starts. Any of us who live in these eastern coastal areas, the Gulf State areas, Florida, coming up that coast all the way up to New England, know that at any given point over that period of time, we could be hit. We need to have this program in place to begin to take care of these costs. That is why we are here today to try to get this done.

I am going to respectfully say and urge colleagues to come over with their amendments so we can get this work done—to listen to what they have to offer and say, to consider where we can, but we need to complete this bill, and we are going to be most reluctant to be supportive of ideas that violate the actuarial soundness of what Senator SHELBY and I and the other 18 members of our committee endorsed last year when we adopted this bill.

Mr. President, I see my colleague from Alabama on the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alabama.

AMENDMENT NO. 4719

Mr. SHELBY. Mr. President, I would like to take a few moments. I rise in opposition to the Wicker amendment

that the Senator from Mississippi offered earlier and has spoken to. I recognize that property casualty insurance availability and affordability is a serious concern in some parts of this country, perhaps all parts. The addition of wind coverage, however, to the financially insolvent flood insurance program is not the solution to this problem.

I think we should put this amendment into context. According to the Insurance Information Institute, this amendment would add an additional \$10 trillion to \$12 trillion in exposure to the bankrupt Federal flood program, as well as annual Federal program deficits that could reach \$100 billion or more. Just think about it.

On this, in the Banking Committee, we have had no hearings. We have established no record. We have no understanding in any way, shape, or form as to what the true consequences of the Wicker amendment could be—nothing at all.

Perhaps we should consider this amendment in the context of flood insurance. The National Flood Insurance Program does not charge actuarial rates for anyone within the program. There are direct subsidies to many homeowners and indirect subsidies to all others because the underwriting criteria do not accurately depict the risk. The program is currently bankrupt and has no ability to pay back its \$17 billion debt obligation at this point. With a model such as this, I am not convinced that another Government-managed insurance program will well serve the American taxpayer.

There are other considerable flaws to the approach contemplated by the Wicker amendment. Private insurers minimize exposure to catastrophic risk through diversification. The Wicker amendment would concentrate the risk. It provides no ability for reinsurance, retrocessional insurance, or any other means to diversify and lay off risk.

In addition, the Federal wind coverage would face operational challenges that have not been addressed through the Wicker amendment. The flood program currently takes advantage of efficiencies created by the use of public and private resources. No private insurance company would ever sell or solicit a policy that would directly compete with itself. Therefore, the wind portion of this insurance will be marketed, underwritten, and serviced directly by the Federal Government, if you will. This will add significant administrative costs and bureaucracy to the process of claims handling.

The capital markets have begun to show strong willingness to underwrite the risks associated with natural disasters. New innovations, such as catastrophe bonds and sidecar agreements, have been created recently. By allowing more Federal Government involvement, many of the innovative techniques for transferring risk will be crowded out in the marketplace.

While there are some parts of the country where insurance coverage problems have occurred, most of the property casualty insurance market is functioning well in this country. In order to fully understand the problems associated with coverage lapses, I believe we must work to understand the root causes of the problem so we can debate solutions and address the problem without hindering the rest of the market itself.

Our legislation creates a commission intended to provide us much of the necessary information we need to understand the problem of catastrophic risk. For instance, the commission would study "the current condition of, as well as the outlook for, the availability and affordability of insurance in all regions of the country." It would also consider "catastrophic insurance and reinsurance markets and the relevant practices in providing insurance protection to different sectors of the American population," as well as many other issues directly relating to the cost and availability of insurance for wind damage.

Given the potential exposure to the taxpayer, I believe we owe them a better process. At a minimum, Mr. President, I think we need to further study this problem prior to committing the resources of the American taxpayer.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico.

Mr. DOMENICI. Parliamentary inquiry, Mr. President: What is the business before the Senate?

The ACTING PRESIDENT pro tempore. The Vitter amendment is the pending business.

Mr. DOMENICI. Mr. President, that is because we had unanimous consent to set aside the Domenici amendment, or the Allard amendment?

The ACTING PRESIDENT pro tempore. There was a unanimous consent to set aside the pending amendment.

Mr. DOMENICI. Mr. President, I am going to speak on the underlying Domenici amendment for about 15 minutes, and then time will be arranged for that between the leaders for later in the day, so we will not have to have any further interruptions, as I understand it. I do not seek to interrupt your bill. I say to Senator DODD, there will not be any further interruptions until some agreement is reached, perhaps between the leadership.

Mr. DODD. Mr. President, I say to my colleague, I am trying to arrange—we now have three amendments. There may be some people who want to be heard on them, the Wicker amendment and the two Vitter amendments. My hope was to have a vote at around 3:15 on those three amendments.

I am trying to move a bill—Senator SHELBY and I. We are running out of time here. There are about maybe as many as 17 amendments we are going to have to consider. We could be in here late tonight. If that is the case, I would like to do that in order to get this done. I am going to let staff know

here—and I am not going to make the motion at this time—just to let them know I would like to make a unanimous consent request that, say, at 3:15 we vote on the Wicker and the two Vitter amendments and to notify the leadership of that so they can consider whether they want to agree to that. But that way, we could move along, if Members want to be heard on these amendments.

The concern, I say to my good friend from New Mexico—and he is one of my best friends here—I am trying to get this done.

Mr. DOMENICI. Sure.

Mr. DODD. If you have 15 or 20 minutes, it will blow me back from 3:15.

Mr. DOMENICI. Mr. President, 3:30 would be early enough. You would be making good time at 3:30 and let me have a little time. This is a big amendment and we have to have some understanding of it before you get your bill finished. You are going to have a vote on it—I won't use more than 15 minutes at this point—on a very big proposition on behalf of almost all of the Republicans. I don't know about your bill in detail, but I think you are doing a terrific job.

Mr. DODD. Here is my problem. If I don't have a vote at 3:15, it will be a lot later than that, and I will be notified by staff and the leader. That is my problem. I know my colleague wants to be heard on the bill and he has every right to be heard. I would like to vote at 3:15, stacking three votes at 3:15.

Mr. DOMENICI. If you get that agreed to, can I have consent to be recognized after those votes for 15 minutes?

Mr. DODD. I am happy to do that.

Mr. DOMENICI. Mr. President, I ask unanimous consent that if votes are called for on the three amendments alluded to by Senator DODD, the Senator from New Mexico would be recognized after those votes for 15 minutes to speak on the energy amendment which is attached to this bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DODD. We have a request to see whether we can have the three stacked votes at 3:15.

Ms. LANDRIEU. Mr. President, reserving the right to object, what are the three votes?

Mr. DODD. Senator WICKER and two amendments offered by Senator VITTER. I don't have the numbers in front of me.

The ACTING PRESIDENT pro tempore. The unanimous consent does not deal with stacking those three votes at this point. The unanimous consent only dealt with the Senator from New Mexico having floor time if there were three votes.

Ms. LANDRIEU. OK. That is the only unanimous consent agreement. That is fine.

Mr. DODD. Pending the agreement on that, at the conclusion of those three votes, the Senator from New

Mexico be recognized for 15 minutes to talk about his amendment—assuming we can get an agreement to have a vote at 3:15.

Mr. DOMENICI. If we don't get agreement on that, then I ask that I be recognized at 3:30 for my 15 minutes.

Mr. DODD. Let me try to get an agreement here. One step at a time.

The Senator from Louisiana wants to be heard.

The ACTING PRESIDENT pro tempore. The Senator from Louisiana is recognized.

Ms. LANDRIEU. Mr. President, I wish to speak for a moment, if I could, about the wind amendment that is pending that Senator WICKER, myself, Senator VITTER, and Senator COCHRAN have cosponsored. Several of us have been working on this for months now, and our colleagues in the House, particularly from Mississippi and Louisiana, have been very engaged, but there are other delegations that are engaged in this issue as well. The reason is because flood insurance, while it has been helpful—very helpful to some degree—throughout the southern part and coastal areas of the country, is not sufficient. We have to provide some opportunity for our homeowners and businesses to have access to affordable wind insurance, and the operative word here is "affordable."

That is why we have offered this amendment to modify and expand the insurance bill regarding flooding. That is why we have held this bill up—one of the reasons this bill has been held up by several of us for several months now—until we could try to get an opportunity to fix this bill which is still, in my view, greatly flawed in a number of areas, and this is one. This bill is not providing what people need—not just in Louisiana and in Mississippi but in Texas, in Alabama, in South Carolina, in North Carolina, in Florida—in many places around this country that may be subject to storms, particularly along the lines of Katrina and Rita and other storms that have hit recently and are projected, obviously, to continue.

We are making some significant changes. People are building stronger. There are new building codes being adopted county by county, parish by parish, and State by State. There are new ideas about designs and building more safely. Even some communities are moving to higher ground. Neighborhoods are making tough decisions about where we should build and where we shouldn't. All of that is going on throughout many parts of the country.

I wish to read a couple of letters—because I think my colleagues have explained this issue very well—that we are receiving from constituents who have been struggling to get themselves back in their homes and to pay not just their mortgage but their insurance costs as well as the rising cost of fuel and the rising cost of groceries. This is exacerbating a very tough economic situation that we are experiencing in the gulf.

This is an e-mail I received from Chet in Metairie:

Hello. I live in Old Metairie. My home did receive wind damage from Katrina, with a total insurance claim of just under \$30,000. I share my mortgage costs with my mother who is a 79-year-old retired Jefferson Parish school teacher. This year, our homeowners insurance tripled. Thanks to this, the total amount we pay to our mortgage company has almost doubled in 2008. Our monthly payment of loan, property tax, and insurance has gone from about \$1,200 before Katrina to \$2,093 post-Katrina. My income has not increased. My mother's pension has not increased at all. My brother in Mandeville has experienced similar increases. We know that insurance companies reported record profits in the year following Katrina.

It is very interesting to me that so many people on this floor are screaming and yelling about record oil profits. I didn't hear anyone come to the floor to talk about the strange and unusual situation of after one of the greatest catastrophes in the history of this country, or at least recent catastrophes, the insurance profits hit a record high, but no one from the committee came down to talk about taxing or curbing insurance profits. Yet we can't even get any kind of expansion or affordable rates for wind coverage.

I am not blaming all insurance companies, but there is something to be said for in the same year that there is the largest catastrophe in the country, the companies that are covering the catastrophe had record profits. I don't understand it and most of my constituents don't understand that. So there is a plea from constituents everywhere to try to do something about affordable insurance coverage.

Here is another e-mail from Kim in New Orleans:

Dear Mary, I'm not really sure what category this falls under. I have owned a home in New Orleans for the past three years. My insurance has gone from \$995 a year to \$5,133. I am a single mother with one child. I cannot afford an insurance premium of \$995 to \$5,135. What are we going to do?

Another from Mandeville:

My homeowners insurance has just increased \$1,000. Since my insurance company decided not to cover hail and wind anymore, I will have to buy insurance from the "Fair" plan—

Which is our State's pool—at a higher premium.

In addition to keeping the premium low enough to afford my mortgage, I cannot cover everything inside of my home.

Now, again—I know the Presiding Officer has been down to Louisiana—I am not talking about second homes on beaches. I am not talking about homeowners who live on the water. I am talking about people who live in the city, a port city, similar to Baltimore. We have New Orleans, a great port city, that services not just the millions of people who live in and around the metropolitan area and all up and down the lower Mississippi River, but a port city that benefits the whole entire Nation. So basically, with the bill that the committee has brought to the floor, which I have objected to, their

basic philosophy is everybody who lives in and around a port that generates profit can pay high rates, so everybody else can pay extra low rates, and the people in the port cities can basically absorb the difference.

I understand about risk. If you are living in Florida on a beach in a condo as a second home or maybe even your first home or you are living on a beach in Alabama or in Mississippi, maybe you should pay a little bit extra. But the people whom I am representing—we only have two beaches. There are only two, 3 miles long, and you can't even get to them basically without a boat. I have people in Mandeville, in St. Tammany Parish, in Tangipahoa Parish and in the city of New Orleans 5 minutes from the Superdome who are seeing their rates quadruple. These people are not living in a vacation area.

This committee is having a hard time understanding this issue. That is why the Members, both Republicans and Democrats, have brought this bill, to try to say what are we going to do to give affordable wind coverage to people who live in and around these port communities.

This is from Robert in Slidell:

This will be an increase from \$500 to \$3,887 or an increase of 775 percent. My dwelling coverage increased by more than 21 percent in June of 2007 and another 21 percent in June of 2008. This is in addition to my deductible increasing 775 percent.

He says:

I am confused.

Well, let me tell Robert that I am confused too, because this is supposed to be a reform bill coming through to give people better insurance and better coverage and it leaves wind out of it completely. That is why we put on a wind amendment. I ask my colleagues to please support the amendment that will allow us to include wind.

This is a final e-mail from Theresa in LaPlace, LA, again, 75 miles from a beach:

I just received notice from my mortgage company that due to the skyrocketing insurance premiums for my landlord policy, the house note is increasing from \$312 per month to \$725 per month. The monthly insurance premium is more than the monthly house note. If something is not done, I am going to be forced to sell my house.

Now, I have been to this floor many times before. I am very sensitive to the foreclosure problems going on around this country. I know the counties that are experiencing very high foreclosure rates. Some of them are because lenders speculated. Some of it is because a few home builders got greedy—not all, because most home builders are doing the right thing, but they maybe speculated in a market.

Mr. President, I ask unanimous consent for 3 more minutes.

Mr. DODD. Can I interrupt you for a minute?

Ms. LANDRIEU. Yes.

The ACTING PRESIDENT pro tempore. Does the Senator from Louisiana yield at this time?

Ms. LANDRIEU: Yes, for 1 minute.

The ACTING PRESIDENT pro tempore. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I ask unanimous consent that at 3:15 p.m., the Senate proceed to a vote in relation to the following amendments: Wicker amendment No. 4719, the Vitter amendment No. 4722, and the Vitter amendment No. 4723.

Further, I ask that there be 2 minutes of debate equally divided between the two votes and that there be no second-degree amendments in order prior to the vote. Finally, I ask unanimous consent that the first vote be a 15-minute rollcall vote and the remaining votes be 10-minute votes.

Ms. LANDRIEU. I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

The Senator from Louisiana is recognized.

Ms. LANDRIEU. Thank you, Mr. President.

As I was saying, the letter goes on to say:

I have paid enough in insurance premiums to rebuild my house out-of-pocket had it been completely destroyed.

But again, when we try to get decent, affordable coverage for people, both for flood and wind, we are having a difficult time on this floor and in this Congress.

So I hope as we continue to discuss through the afternoon the importance of this that people will understand and recognize that this amendment—there are several but this amendment regarding wind is very important so we can continue our recovery in the gulf coast.

As I was saying before I was asked to pause for a minute, I recognize the foreclosure difficulties throughout the country, and I have said I am sensitive to the concerns of those communities. But I want to please remind everyone again: The people of the gulf coast do not have a foreclosure problem brought on by themselves. In fact, our foreclosure rate is lower, much lower than any—much lower than the national averages. But our people are getting their homes foreclosed and taken away from them because Federal levees that should have held failed and an insurance system we should have regulated has gone in large measure unregulated, and programs such as this that are supposed to be helping people afford insurance are not doing so. It is not right.

Our people have nowhere else to go other than to Congress to help them get a better system in place. That is why I and many of my colleagues have held this bill up for 2 years in committee. We may or may not get to vote on it this afternoon, depending upon how many e-mails I decide to read into the RECORD.

I wish to talk about an amendment I am going to offer and send up, amendment No. 4706, as modified.

The ACTING PRESIDENT pro tempore. Is the Senator requesting to set aside the pending amendment?

Ms. LANDRIEU. Yes, and I will offer another one.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. DODD. Objection.

The ACTING PRESIDENT pro tempore. Objection is heard.

Ms. LANDRIEU. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. NELSON of Florida. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Ms. LANDRIEU. I object.

The ACTING PRESIDENT pro tempore. Objection is heard. The clerk will continue with the call of the roll.

The bill clerk continued the call of the roll.

Mr. NELSON of Florida. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. MCCASKILL). Is there objection? Without objection, it is so ordered.

AMENDMENT NO. 4719

Mr. NELSON of Florida. Madam President, I want to speak to the Wicker amendment. This amendment, which will add wind coverage to the flood insurance policies, is a major policy change with regard to the Federal Government. Wind coverage has always been handled by the private insurance sector and/or the quasi-government sector, covering wind through a catastrophic insurance fund as we have in Florida, or a quasi-insurance company such as we have in Florida.

This is a major policy shift. The bottom line is, I support this amendment because it is an important symbolic amendment. Our people are hurting and they need some help with regard to the potential catastrophic wiping out of not only their lives but their property as well.

What has happened in this day and age of the huge natural catastrophe first came to the fore in the example in 1992 by the monster hurricane, Hurricane Andrew. Andrew—now they think it was a category 5, which is winds upwards of 150, 155 miles an hour—had insurance losses in 1992 of \$16 billion. That was by far the largest insurance loss through a natural catastrophe in the history of the United States. In today's dollars that would be somewhere around a \$22 or \$23 billion insurance loss.

What really shook up the insurance marketplace at that time was, had Andrew turned 1 degree to the north and drawn a bead on the city of Miami or Fort Lauderdale instead of the city of Homestead—which is way to the south in a relatively undeveloped part of Miami, Dade County—had it turned 1 degree to the north and hit that other area, it would have been a \$50-billion-loss storm, and that would have taken down every major insurance company in the country that was doing business in the path of that storm. That is what shook up the markets.

Then we had a few others—not anything upwards of category 4 or 5—in the latter part of the decade in the 1990s. Then along comes 2004 and we get four hurricanes in Florida within a 6-week period. There was virtually no county in the State of Florida that did not have hurricane damage. The only good news coming out of that year was none of them were above category 3—in the range of 120 to 125 miles per hour. Of course, the damage goes up exponentially as winds increase in miles per hour above 110, 115. When you get on up into the range 130, 140, 150, the damage goes up exponentially.

The insurance marketplace was just roiled, and insurance companies could not find what is known as catastrophic coverage, or in this case insuring against catastrophe to insure the insurance company against that catastrophic loss.

Of course, right on the heels of 2004, then we had the awful mess with Hurricane Katrina. That is an interesting storm because it was a typical category 3 storm that can cause the amount of damage that you would expect a storm to do hitting the Mississippi coast with category 3 winds. What people did not expect was, on the back side of that hurricane—remember the hurricane is counterclockwise in the northern hemisphere—the back side of those winds coming across Lake Pontchartrain, as the eye of the hurricane moved over the coast to the east in Mississippi, those winds brought the rain, and that started filling up the canals in New Orleans. The pumps did not work or were inadequate to pump out the canals. The water rose, the water pressure rose, it breached the dikes, and it filled up the bowl of New Orleans so you get so much more water damage, flood damage, with a lot of the people in New Orleans not having flood insurance when, in fact, they were below sea level in the location of their homes.

What the amendment of Senator WICKER, and a companion side-by-side of Senator SCHUMER, is doing is adding wind to the flood insurance policies. Symbolically it is important because our people are hurting. They cannot find available hurricane wind insurance, and they can't find it affordable. That is why I am going to support it.

Now, let me tell you what is wrong with it. Should this legislation pass, it would have to be fixed down the line. It has two major flaws. The first is that it sets up a standard that says the rates for this wind insurance have to be actuarially sound.

That sounds real good. Rates ought to be actuarially sound. But the problem is, there is no check and balance on the person or persons who are going to be doing that as there is in the regulation of insurance by the insurance commissioners of the 50 States. Therefore, what I fear with legislation like this is that some secretive group or Star Chamber outside the normal government in the sunshine, making

mathematical calculations that are actuarially sound, would suddenly enact rates that would go through the roof, and the very purpose of what we are trying to do—to have available and affordable insurance for people in the face of hurricanes—would be for naught. It would have exactly the opposite result with no accountability and no insurance regulator that would crack the whip on them.

The other flaw in the requirement of actuarially sound rates is, if a loss occurs and you are covering both wind and flood, the wind losses may well absorb all of the available reserves in the Federal flood insurance program and there is no money left in order to pay the flood insurance claims.

What it does is it translates into higher premiums and a potential loss of flood subsidies. The requirement in the bill that the multiperil rate be actuarial could cause the current flood policyholders, who are eligible to receive subsidized rates through the standard National Flood Insurance Program, through their flood policy, to lose the subsidy that is already there in the National Flood Insurance Program. If this policy in this amendment were to be enacted, it could certainly lead some States with existing wind coverage options—such as my State of Florida—to discontinue that coverage, which would further provoke policyholders to have to purchase the expensive but actuarially sound National Flood Insurance Program multiperil coverage.

This would essentially shift the liability from the State to the Federal Government while at the same time actually limiting consumers' access to affordable wind coverage—exactly the opposite of what is intended by the offeror of the amendment. Nevertheless, it is a logical conclusion unless you clean up this language.

Now, the next concern I have with it is both the Wicker and the Schumer amendments could destroy the financial integrity of the National Flood Insurance Fund. In both these amendments being offered, the multiperil policy would be offered as an optional coverage under the National Flood Insurance Program.

Because the proposals do not expressly separate the premium from the standard flood program, there is a potential for the entire flood fund to be drained without paying the claims for the wind damage. This would put the flood insurance program right back in the situation it finds itself now: relying on borrowing from the U.S. Treasury to pay the claims to flood policyholders.

So this is a complex problem. But as we try to solve it, we must ensure that we do not inadvertently undermine the viability of the National Flood Insurance Program and fail to fulfill the promise we made to 5.5 million current policyholders, and, oh, by the way, 40 percent of all those flood insurance policyholders are in my State of Florida—40 percent of them.

All of us along the gulf have struggled with availability and affordability of homeowners insurance. But, Members of the Senate, this is not only a Florida problem and it is not only a gulf coast problem; insurers are cancelling coverages from Texas to Massachusetts, and those who say the Federal Government does not belong in the catastrophe insurance market are mistaken.

Because when the big one comes, and mark my word, the big one is coming, the big one is a category 5 storm that hits at a high-density urban concentration population on the coast, be that anyplace on the gulf or Atlantic seacoast, when that big one comes, the availability of private markets to handle that natural disaster is not going to be able to be there. And the Federal Government keeps denying the fact that we ought to face this problem.

The Senators in the Midwest say: Well, Hurricanes are Florida's problem or earthquakes are California's problem. What they do not recognize is, no, it is everyone's problem. Because what typically happens when a natural disaster of this magnitude hits, it is the very same Federal Government that picks up the tab.

I remember my first year as a young Congressman back in 1979. I had to vote for what were Federal disaster funds and the cleanup of a natural catastrophe that was the blowing of Mount St. Helens, which spewed ash all over several cities.

I thought to myself at the time, when others were trying to kill that disaster assistance saying: Well, that is not our problem; that is the problem of the State of Washington. No, it is all of our problem. The Federal Government does have the disaster funds to come to that aid.

If you take a State such as Louisiana in the aftermath of Hurricane Katrina, that full hurricane now is something like a \$200 billion economic loss. The Federal Government has picked up at least half of that, \$100 billion. And we say we do not think there is a Federal responsibility to try to plan ahead for that catastrophe by providing some kind of catastrophe insurance if the States cannot provide it?

This whole instability has repeatedly forced the Federal Government to absorb billions of dollars of uninsured losses, including the most recent ones of Hurricanes Katrina, Rita, and Wilma, just those hurricanes alone.

So as we go on down the line, we have a must-pass bill. We have to reauthorize this Federal Flood Insurance Program. I wish to thank the chairman and the ranking member in that what they have done, if we do not pass anything else—and I have a couple amendments on trying to arrange for a loan program from the Federal Government. It has already passed the House—a loan program at fair market rates; in case the State catastrophe fund, which is a reinsurance fund against catastrophes, in case that goes belly up, that there

will be a loan program from the Federal Government at market interest rates.

But if we fail on all these, at least in the bill, thanks to the chairman and to the ranking member, is the setting up of a commission that would have to report back, a commission composed—and the ranking member is coming on the floor. I have been singing his praises, along with the chairman's, of putting in the bill a commission made up of experts, broadly representative of the communities that are affected, to recognize we have a problem on covering catastrophes in the insurance business.

That commission would have a certain day on which to report. What that will signal, if that is the only thing we can get in here, I hope we can get this loan program that I talked about for a State insurance catastrophe fund. If it goes drain dry, that Federal Government would lend money to it at market rates so that at the State level, they can try to take care of that catastrophe.

But if we cannot get that, there is a question of germaneness; therefore, I would have to get a 60-vote threshold to have the amendment considered. But if we cannot do that, at least we have in the bill, in a must-pass bill, the Federal flood insurance bill, for the first time, the Federal Government will have on the table the recognition that we have to understand and do something about the response from the Federal Government when the big one comes. And it is coming.

Madam President, I made a commitment to the Senator from Louisiana that when I yield the floor I will ask for the quorum call. So I would merely take my instructions from the Senator from Louisiana if she wanted me to entertain a question from any Senators standing, without losing my rights to the floor.

The Senator from Louisiana has so indicated. So I would certainly yield for the purpose of a question without losing my right to the floor to the distinguished chairman.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Madam President, I do not have a question for my colleague. I wish to thank him. For those who want to understand this, I think he is rather eloquent and knowledgeable. As a former insurance commissioner of the State of Florida, he has more than a passing familiarity with these issues. He has described it, made the case more eloquently than I did about the difficulty we have with the wind amendment; not on the substance of whether we ought to do something about it but whether we can and what the effects of this amendment could be.

I commend him as someone who understands that, for laying it out and the problems inherent with it. As he and my colleagues know, the ability to then alter that kind of amendment then becomes almost impossible in this process.

As I said earlier in the presence of my friend from Mississippi, we, Senator SHELBY and I, are deeply involved in the foreclosure issues, as we have been over the last number of months. As our colleagues are aware, this subject matter of catastrophic insurance would have been the major subject matter of the Banking Committee. I regret we were caught up in the foreclosure situation, for obvious reasons.

But that does not minimize at all the situation my colleague from Florida faces—or that other States do. It is not only a Florida issue, this is an issue that affects all of us in this country, and we need to have a far better plan in place on how we deal with it.

I mentioned earlier: Pick up this morning's newspaper. You read the headline in the local newspaper and every newspaper, I presume, across not only this country but around the world on what happened in Myanmar; 120 mile-an-hour winds, devastation, loss of life. These problems are occurring around the globe. We would be naive at best to think it cannot happen here. In fact, it has happened and could happen even worse in this country. So we need to get to those points. I thank him very much for his eloquence and his understanding of these issues.

Mr. NELSON of Florida. Madam President, I would yield for the purposes of a question, without losing my rights to the floor, to the Senator from Mississippi.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. WICKER. I thank my friend, the Senator from Florida, for yielding.

I, too, wish to commend him for his statement about the complexity of this issue. I appreciate the reservations he has expressed, while at the same time expressing support for the Wicker amendment today. I would hope the Senator would agree that support for this amendment today, though it might not be a perfect amendment, would send the signal he suggested—that there needs to be a Federal response to this issue.

We know this bill will go to conference. There will be additional work on it. But I would like to send a signal to the executive branch, to the insurance industry, to the homebuilders, to the realtors, we need to get busy on this issue.

Because, as the Senator said, the insurance for wind coverage is not there anymore in the private market at an affordable rate. And the wind pools are not affordable, because the pool is so small that we cannot spread the risk, whether it is Massachusetts, Connecticut, New York, Maryland, North Carolina, Virginia, South Carolina, Florida, Texas, Louisiana, Alabama, or my home State of Mississippi.

This is a problem for people when the next big one comes, as my friend has said. We do not know where or when it will come, but what we do know for a certainty is it will indeed come.

So I appreciate the thoughtfulness of the Senator's remarks. I appreciate his

bottom indication that he supports the amendment as a vehicle to move this issue forward.

I yield the floor.

Mr. NELSON of Florida. Madam President, I indicated in my opening remarks that not only do I support the Wicker amendment but the similar Schumer amendment. It is important, symbolically, to get something done.

Now, the Senator from Mississippi has suggested another idea, that at the end of the day, when it is very difficult to enact a national catastrophic fund, what the Federal Government can do is encourage, by giving incentives to the States, enactment of a regional catastrophic fund.

Florida, of course, had to take the lead because we were the ones who got devastated in 1992 by Hurricane Andrew. Florida set up this fund called the Florida Hurricane Catastrophe Fund. It is a reinsurance fund to insure against catastrophes.

But that cost is spread over 18 million Floridians. Does it not make a lot more sense to spread that hurricane catastrophic risk over 50 million Americans, by getting all the Gulf States and the Atlantic coast States to combine in a regional catastrophic fund, since at the end of the day, it is going to be very hard to get a national catastrophic fund?

So as we get on down the line, with the commission, if that is the only thing that survives this legislative process, then certainly that should be an item on the table that the commission would consider when they would report back to the Congress.

I am hopeful for the first time now, we have something on the floor that is going to address this, and I am grateful I can speak out on behalf of 18 million Floridians who are hurting because what they want is available and affordable homeowners insurance.

Right now many times it is not available, and they have to go to a government insurance company such as Citizens or it is unaffordable. Remember, if you can't have homeowners insurance, you can't build homes, make loans on homes, or sell homes. The necessary component for all three of those industries—real estate, construction, and banking—is an available and affordable homeowners insurance policy. We have reached the point that it is either not available or it is not affordable. Finally, we are beginning to address it, right here. I am grateful for that.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. GREGG. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GREGG. I ask unanimous consent to speak as in morning business for 7 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CAP AND TRADE REVENUE

Mr. GREGG. Madam President, I rise on a separate subject that is coming at us that is of even greater significance in many ways because it is going to impact the entire structure of the economy and the lives of everyone in the United States, and that is how we get a handle on the issue of global warming and the issue specifically of the emission of toxic materials from plants which generate energy. The term "cap and trade" is applied to a bill that is going to be brought forward supposedly in early June. Cap and trade is a concept of basically creating areas where energy companies are required to start reducing their emissions but the manner in which they do so is tied to the trading of rights of basically emissions and what sort of chemicals can be emitted through a trading process between different regions and within different communities of emitters.

This cap-and-trade proposal, which is known as the Warner-Lieberman bill, is a huge readjustment of our economy. It represents a massive cost to our economy as well as, hopefully, a massive improvement, if it would work right, in the amount of toxic emissions which we incur and which occur as a result of our production of electricity specifically. The cost of the cap-and-trade program, through the purchasing and selling of allocations of what can be emitted, is estimated to be about \$1.2 trillion over the first 10 years of the proposal. This cost, obviously, is going to have a major impact on our economy. It is going to have a major impact on the people who consume the electricity, because the cost is going to be passed on to the people who use electricity in their homes, primarily, and businesses. There are a lot of issues raised by this bill on the substance of whether cap and trade can work—for example, issues of foreign competition, whether the technology necessary to meet the conditions for reduction will be available in time, issues as to whether certain segments of our industrial society are going to be unnecessarily handicapped and create a rush to move jobs offshore. These are big policy issues. I didn't want to address those. I don't want to address the substance of how the actual cap and trade will work. What I want to address instead is the ancillary, sidecar issue of the generation of this huge cost of \$1.2 trillion, and it will go on 40 years. So we are talking about literally trillions of dollars passed on to consumers through higher energy costs. It is estimated those energy costs will increase anywhere from \$30 to \$500 a month.

In any event, the costs are dramatic, and that has two effects. One, the Federal Government is going to make a massive amount of income as a result of these costs. Two, the consumers, the homeowners are going to see their electrical rates go up which is essentially a tax as a result of these costs. So the way I conceive of this is that the Fed-

eral Government is going to get a lot of new revenue, and what do we do with that revenue is the first question. Secondly, what about the consumers who are going to have to pay this new consumption cost through the increase in the price of electricity which is essentially a consumption tax.

The bill itself that is being discussed in committee and is supposedly going to be reported on the floor will take the \$1.2 trillion over that 10-year period and essentially spend it all, spend it all in a variety of ways. But a large amount of that spending would involve the expansion of Government. It would be a huge infusion of funds into the Federal Treasury at the expense of the consumer who pays those funds.

BARACK OBAMA, who is running for President, who appears to be close to successful in winning his quest for the nomination, has suggested he would pay for an additional \$300 billion in new spending annually. He has proposed over \$300 billion in new spending annually. He would pay for a large amount of that through generating \$30 to \$50 billion annually in taxes as a result of cap and trade. It is estimated by some that that revenue to the Federal Treasury might exceed that number and be actually up to \$100 billion a year annually of income to the Federal Treasury. But BARACK OBAMA has already suggested that we spend it on the expansion of the Federal Government.

The bill itself proposes that it be spent on the expansion of Government as well as on various other initiatives which the bill suggests we should pursue.

I suggest a different approach. I suggest that if we go down the path of cap and trade and if we end up raising well over \$1 trillion over a 10-year period from consumers, we should return those dollars to consumers in some way. I believe since we are basically creating a consumption tax and we are essentially shifting the burden of the Government significantly onto the user of electricity, especially the homeowner, they should receive a commensurate reduction in taxes that they pay in other places. It makes sense to me that if you are going to shift what amounts to a \$1.2 trillion increase in consumption taxes, you ought to take those revenues and use them to reduce income taxes to working Americans by pretty much an equal amount. I believe if we did that, if we took the revenue from the consumption tax and moved it over and reduced the income taxes so working Americans could benefit from that reduction in their income taxes, you could end up dramatically reducing income tax rates on working Americans.

That should be our goal with these dollars. We should not use these dollars to significantly expand the size of the Federal Government. If we are going to create this brandnew consumption tax in order to try to energize the effort of the marketplace to control emissions which may be causing global warming,