Pollution Control Act relating to recreational vessels.

S. 2071

At the request of Mrs. FEINSTEIN, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2071, a bill to enhance the ability to combat methamphetamine.

S. 2092

At the request of Mr. DURBIN, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 2092, a bill to amend title 11, United States Code, to improve protections for employees and retirees in business bankruptcies.

S. 2119

At the request of Mr. JOHNSON, the name of the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 2119, a bill to require the Secretary of the Treasury to mint coins in commemoration of veterans who became disabled for life while serving in the Armed Forces of the United States.

S. 2166

At the request of Mr. CASEY, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 2166, a bill to provide for greater responsibility in lending and expanded cancellation of debts owed to the United States and the international financial institutions by low-income countries, and for other purposes.

At the request of Mr. KERRY, his name was added as a cosponsor of S. 2166, supra.

S. 2194

At the request of Mr. SALAZAR, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 2194, a bill to amend the Elementary and Secondary Education Act of 1965 to establish a partnership between the Department of Education and the National Park Service to provide educational opportunities for students and teachers, and for other purposes.

S. 2324

At the request of Mrs. MCCASKILL, the name of the Senator from Oklahoma (Mr. COBURN) was withdrawn as a cosponsor of S. 2324, a bill to amend the Inspector General Act of 1978 (5 U.S.C. App.) to enhance the Offices of the Inspectors General, to create a Council of the Inspectors General on Integrity and Efficiency, and for other purposes.

S. 2332

At the request of Mr. DORGAN, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 2332, a bill to promote transparency in the adoption of new media ownership rules by the Federal Communications Commission, and to establish an independent panel to make recommendations on how to increase the representation of women and minorities in broadcast media ownership.

S. 2337

At the request of Mr. GRASSLEY, the name of the Senator from Nevada (Mr. ENSIGN) was added as a cosponsor of S. 2337, a bill to amend the Internal Revenue Code of 1986 to allow long-term care insurance to be offered under cafeteria plans and flexible spending arrangements and to provide additional consumer protections for long-term care insurance.

S. 2368

At the request of Mr. PRYOR, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 2368, a bill to provide immigration reform by securing America's borders, clarifying and enforcing existing laws, and enabling a practical employer verification program.

S. 2372

At the request of Mr. SMITH, the names of the Senator from Kansas (Mr. ROBERTS) and the Senator from Georgia (Mr. CHAMBLISS) were added as cosponsors of S. 2372, a bill to amend the Harmonized Tariff Schedule of the United States to modify the tariffs on certain footwear.

S. 2420

At the request of Mr. SCHUMER, the name of the Senator from New Jersey (Mr. MENENDEZ) was added as a cosponsor of S. 2420, a bill to encourage the donation of excess food to nonprofit organizations that provide assistance to food-insecure people in the United States in contracts entered into by executive agencies for the provision, service, or sale of food.

S. 2423

At the request of Mrs. FEINSTEIN, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 2423, a bill to facilitate price transparency in markets for the sale of emission allowances, and for other purposes.

S. 2426

At the request of Mr. WHITEHOUSE, the name of the Senator from Illinois (Mr. OBAMA) was added as a cosponsor of S. 2426, a bill to provide for congressional oversight of United States agreements with the Government of Iraq.

At the request of Mr. BAYH, his name was added as a cosponsor of S. 2426, supra.

S. 2453

At the request of Mr. ALEXANDER, the names of the Senator from North Dakota (Mr. CONRAD), the Senator from Kentucky (Mr. MCCONNELL), the Senator from Oklahoma (Mr. INHOFE) and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 2453, a bill to amend title VII of the Civil Rights Act of 1964 to clarify requirements relating to nondiscrimination on the basis of national origin.

S. 2456

At the request of Mr. BAYH, his name was added as a cosponsor of S. 2456, a bill to amend the Public Health Service Act to improve and secure an adequate supply of influenza vaccine.

S. 2485

At the request of Mr. TESTER, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 2485, a bill to amend the Public Health Service Act to provide for the participation of physical therapists in the National Health Service Corps Loan Repayment Program, and for other purposes.

S. 2486

At the request of Mr. KERRY, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 2486, a bill to remove a provision from the Immigration and Nationality Act that prohibits individuals with HIV from being admissible to the United States, and for other purposes.

S.J. RES. 26

At the request of Mrs. DOLE, the names of the Senator from Oklahoma (Mr. INHOFE), the Senator from Georgia (Mr. CHAMBLISS), the Senator from Florida (Mr. MARTINEZ) and the Senator from South Carolina (Mr. GRAHAM) were added as cosponsors of S.J. Res. 26, a joint resolution supporting a base Defense Budget that at the very minimum matches 4 percent of gross domestic product.

S.J. RES. 27

At the request of Mrs. DOLE, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S.J. Res. 27, a joint resolution proposing an amendment to the Constitution of the United States relative to the line item veto.

S. CON. RES. 63

At the request of Mr. SPECTER, his name was added as a cosponsor of S. Con. Res. 63, a concurrent resolution expressing the sense of the Congress regarding the need for additional research into the chronic neurological condition hydrocephalus, and for other purposes.

S. RES. 106

At the request of Mr. DURBIN, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. Res. 106, a resolution calling on the President to ensure that the foreign policy of the United States reflects appropriate understanding and sensitivity concerning issues related to human rights, ethnic cleansing, and genocide documented in the United States record relating to the Armenian Genocide.

AMENDMENT NO. 3857

At the request of Mrs. FEINSTEIN, the name of the Senator from Rhode Island (Mr. WHITEHOUSE) was added as a cosponsor of amendment No. 3857 intended to be proposed to S. 2248, an original bill to amend the Foreign Intelligence Surveillance Act of 1978, to modernize and streamline the provisions of that Act, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mrs. HUTCHISON:

S. 2536. A bill to amend title 38, United States Code, to prohibit the

Secretary of Veterans Affairs from collecting certain debts to the United States in the case of veterans who die as a result of a service-connected disability incurred or aggravated on active duty in a combat zone, and for other purposes; to the Committee on Veterans' Affairs.

Mrs. HUTCHISON. Mr. President, I rise to speak on a bill I filed today, the Combat Veterans Debt Elimination Act of 2008. This bill requires the Secretary of the Department of Veterans Affairs to forgive certain debts by our service members who have already paid the ultimate price in combat. This bill is about honoring our fallen heroes by treating the families they left behind with dignity, and by showing them we truly mean it when we tell them our Nation is grateful.

If a member of our Armed Forces is killed and owes the Department of Veterans Affairs any outstanding debts, the Secretary of VA is required by law to notify the deceased family of the debt. I am appalled at this. I am saddened. If a service member is killed in combat, his or her family has already paid enough. I cannot think of anything more insulting than to tell a family who has just lost a loved one that they owe a couple of hundred dollars to the Government. I for one will not stand for this.

Let me explain the scope of this problem to illustrate how simple it should be to fix. There are 22 service members who were killed in combat fighting in Iraq and Afghanistan who have debts to the VA. If you combined the debts of those 22 service members, the total amount of their debt would come to $56,366. In most cases the service member's debt came in the form of educational benefit payments so they could go to college. During their enrollment at school, they were called into service, and they were killed. Later on, the VA was forced to contact the families of the deceased and notify them of those outstanding debts. How tragic is this?

Three of the 22 cases occurred in my home State of Texas, which is more than any other State. One fallen hero, a brave young man from Raymondville, TX, joined the Army in 1997, right out of high school where he was both an academic star, and an athletic star. He had been accepted to a prestigious university, but put service to his country first. He was on his 3rd tour in Iraq when he was killed by a sniper's bullet. When he died, he owed the Government $389 in education assistance payments. The Secretary of VA was required by law to contact that family and ask for $389. I cannot imagine a more insensitive requirement. The family paid this debt in full because they believed it was the right thing to do. But did we do the right thing? I regret to say we did not. I am embarrassed that this happened and I beseech my colleagues to fix this problem today.

A second case involved an Army Sergeant from Missouri City, TX. After serving in the Marine Corps for a number of years, this young man enlisted in the Army. After high school he attended 2 different colleges utilizing VA education benefits. When he was deployed, he dropped out of school to serve his country. He served one tour in Afghanistan and was on his 2nd tour in Iraq when he was killed by a bomb explosion. Because he had dropped out of school, the deceased owed the VA $2,282. He is survived by a wife and 4 children. The family paid the VA because they also believed it was the right thing to do.

The third Texas case involved a Marine reservist. He graduated from Texas A&M University and intended to be a cardiovascular surgeon. He had received education assistance to go to the University. He was also killed in an explosion in Iraq. He was married and had 2 small children. Two days before his death the VA sent him a letter saying he owed $845.

This is not a bill that should in any way fall into politics. This bill should be passed quickly on a bipartisan basis. There are cases just like the ones I mentioned in Wisconsin, North Carolina, Illinois, Iowa, Connecticut, Nebraska, Colorado, Michigan, Washington, California, New York, Kentucky, Georgia and South Carolina. It is clear our entire Nation is affected and we have to do something now.

I know bills are usually referred to the committee of jurisdiction for review. I have served in this distinguished body for 15 years. But I am convinced this is a special case, and so I am here today asking the distinguished Majority and Minority Leaders to bring this bill to the floor before another family suffers the indignity of the current law. The VA has no choice but to follow the law, but we, here in Congress, have the power to change it. We can and should correct this requirement and honor the memories and the families of our fallen heroes.

I am calling on all of my colleagues to right this wrong immediately. We cannot let this law stand another day. Our soldiers and their families deserve better. Every day is crucial to passing this legislation and I ask my colleagues to join with me in this endeavor.

By Mr. SPECTER:

S. 2539. A bill to amend the Internal Revenue Code of 1986 to provide a special depreciation allowance for certain property placed in service during 2008 and 2009; to the Committee on Finance.

Mr. SPECTER. I have sought recognition to introduce two bills with a view to aiding an emergency economic stimulus package. I am pleased to see that the President and the Democratic leaders of the House of Representatives and the Senate have stated their intentions to work together to provide an economic stimulus package. There is no doubt, based upon what is happening in markets around the world, that there is an urgent need for such a package.

It has been well known that the American people have not looked kindly on what is happening in Washington, DC. The approval ratings of the President are low. The approval ratings of the Congress are low. It appears sometimes as if it is a race to the bottom as to who is going to be the lowest the fastest.

But now I think we have an opportunity, in the face of an emergency—what may accurately be described as a real crisis—to take some effective action. It is my hope we will move with dispatch, with all due deliberation. We have the finest economic minds at work on the issue. There have been a lot of studies, and with our background of knowledge we are in a position to move.

There is no doubt the Congress can move promptly when the Congress has the will to do so with the President. Congress and the President have the capacity to move promptly. It is only a question of the will. I think this is an opportunity for the Federal Government to redeem itself in the eyes of the American people by acting.

I am pleased to see that Federal Reserve Chairman Bernanke has acted this morning to drop interest rates by three-quarters of a percentage point to 3.5 percent. The Chairman of the Fed does not quite go so far as to say we are in a recession, but he has pretty dire news saying:

> The committee took this action in view of a weakening of the economic outlook and increasing downside risks to growth. While strains in short-term funding markets have eased somewhat, broader financial market conditions have continued to deteriorate and credit has tightened further for some businesses and households.

I think it is really an understatement. I think the credit market is a shambles, that if you look at the indicators in terms of borrowing on a variety of sources, credit is simply not there.

Many had urged the Fed to lower the rate to 3 percent. Candidly, that would have been my choice. But I think three-quarters of a percent is decisive action, and that should be the starting point for an economic package from Congress.

I appreciate the fact that the President has honored the wishes of the leaders of the Democrats in Congress to await specifics until there has been a meeting and a rejoinder of action. But I think the time has come now to be specific.

The two legislative proposals which I am suggesting today deal with depreciation schedules. Currently, there are depreciation schedules on the 3-, 5-, and 7-year mark which my legislation would expense—or, that is, depreciate—in the year when the expenditure is made. Calculating the cost of this legislation over a 10-year period, the Joint Committee on Taxation should find that it will not cost a great deal on the books.

The second bill which I am introducing would give a bonus depreciation of 50 percent on items purchased on all depreciation schedules. The bonus of 50 percent in 2008 or 50 percent in 2009, if the purchases are made in either of these 2 years, will be a considerable stimulus.

These are not original ideas of mine; these ideas have been proposed from a variety of sources, including a commentary article from The Wall Street Journal dated January 12, 2008. The ideas were forwarded last week to the Secretary of Treasury, Secretary Paulson, and the Chairman of the Council of Economic Advisers, Edward Lazear.

It is my hope we will move promptly with an economic stimulus package. It is my hope that while there may be divergent views and many different points of view, that the efforts are being focused to the maximum extent possible on progrowth ideas.

There is no doubt we have a very serious problem with credit today. What the Federal Reserve has done in lowering the rate three-quarters of a percent to 3.5 percent is a significant start, but more needs to be done on seeing to it that credit is available in our economy.

Mr. President, I have sought recognition to introduce two pieces of legislation designed to provide immediate economic stimulus for an economy hindered by a housing crisis, rising oil prices, unemployment, sagging stock markets, and battered consumer confidence. Both bills I am introducing today, S. 2539 and S. 2540, provide incentives for firms to place new equipment and other assets into use, thus creating new job opportunities. Specifically, my proposals allow firms to deduct, or expense, a greater share of new equipment in the year placed in service. The need for aggressive action is becoming more apparent with each passing day.

There is increasing sentiment that timely action is needed by Congress to stimulate growth beyond what the Federal Reserve can achieve through lower interest rates. Many experts, including former Federal Reserve chairman Alan Greenspan and former Treasury Secretary Lawrence H. Summers, have indicated that the U.S. economy is not faring well and that a recession may be in our future.

Meanwhile, Federal Reserve Chairman Ben Bernanke has been hesitant to classify the deteriorating economy as being in recession. However, in response to an international stock selloff and the likelihood of a sharp drop in America, the Federal Reserve cut its benchmark short-term interest rate by ¾ of a percentage point to 3.5 percent this morning, Tuesday January 22, 2007. In a statement, the Federal Reserve said: ''The committee took this action in view of a weakening of the economic outlook and increasing downside risks to growth. While strains in short-term funding markets have eased somewhat, broader financial market conditions have continued to deteriorate and credit has tightened further for some businesses and households.''

Our current economic difficulties were accentuated with the subprime mortgage crisis. With interest rates at all-time lows, lenders increasingly offered mortgages to those who previously either would not have qualified for a mortgage or could not have afforded the payments on a mortgage. Many borrowers with adjustable rate, interest-only or no-down-payment mortgages have been unable to keep up with their monthly mortgage payments that have reset to higher rates. The implications of the subprime mortgage crisis have now spread beyond the housing sector.

A mere 18,000 jobs were added in December, falling significantly short from the 70,000 that were projected by industry analysts. According to the Labor Department's monthly report, the unemployment rate also jumped to 5 percent, up from November's 4.7 percent. Our economy has not seen that level of unemployment in 2 years. On January 2, 2007, crude oil prices hit the $100 per barrel milestone for the first time. The high cost of energy continues to drive up the cost of doing business. This also means a higher cost of living for American consumers. The Consumer Price Index increased 0.8 percent in November, its largest advance since September 2005. A weak holiday shopping season also suggests that consumer confidence is low. According to the International Council of Shopping Centers, sales growth for retailers was the lowest in 7 years.

On Friday, January 18, 2008, the President made clear that timely action is needed during a televised address with his economic advisors. The President outlined a broad framework for an economic stimulus package, one that: is big enough to make a difference; is built on broad-based tax relief; is temporary and takes effect right away; and does not include any tax increases. Specifically, the President called for Congress to enact temporary tax relief consisting of rebate checks for individuals and investment incentives for businesses. He has tasked Treasury Secretary Henry Paulson and Ed Lazear, Chairman of the Council on Economic Advisors, to work with Congress on agreeing on details of a package.

Many in Congress are floating ideas for a package to kick-start the economy, including boosting spending for extending unemployment benefits and providing States with fiscal relief. No matter what the final product, it is my belief that any package passed into law should include tax incentives to spur immediate business investment. The two bills I introduce today are designed to help firms acquire new capital and expand their operations. Incentives for investment will lead to job creation and help dampen the threat of a recession. In the long-term, investment incentives will lead to increased growth. On January 16, 2008, I wrote to Edward Lazear, Chairman of the President's Council of Economic Advisors, urging him to consider these proposals as cornerstones of any economic stimulus package. I sent a similar letter to Treasury Secretary Hank Paulson on January 18, 2008.

My first piece of legislation provides 2 years of ''bonus depreciation'' for all sectors of the economy. Specifically, firms would be allowed to expense 50 percent of the cost of new equipment in the first year the asset is put to use. Remaining value would be deducted over the course of its useful life by using the Internal Revenue Code depreciation schedules. By allowing firms to expense a greater share of the value of an asset in the first year, this proposal frees up additional resources for firms to hire more workers and expand their operations.

In the long-run, the cost of this proposal is minimal because it simply accelerates a tax benefit that is due over time. This proposal does not create a new deduction. However, because this proposal will affect assets depreciated on schedules longer than 10 years, this bill will have a static revenue cost over a 10-year scoring period.

The second piece of legislation I offer today will allow a variety of sectors to take advantage of one-hundred percent up-front expensing for new assets that are placed into service during tax years 2008 and 2009. Specifically, this legislation would allow all equipment which is currently depreciated on the 3-, 5-, and 7-year schedules to be fully expensed in year one. Under current law, when a company buys an asset that will last longer than 1 year, the company cannot, under most circumstances, deduct the entire cost and enjoy an immediate tax benefit. Instead, the company must depreciate the cost over the useful life of the asset, taking a tax deduction for a part of the cost each year. While the company will get to deduct the full cost of the asset, delaying this benefit is a disadvantage to the company. By allowing firms to deduct the cost of a new asset in year one, expensing spurs new investments quickly, which helps to drive immediate job creation.

The assets that currently depreciate on these schedules are so varied that virtually every sector of the economy would be able to take advantage of this benefit and expand their businesses. Some of the assets and sectors on these schedules include office equipment, transportation equipment, agriculture, textiles, furniture manufacturing, steel products and high-tech manufacturing. I have included at the conclusion of this statement a full list of the asset classes impacted by this bill.

One particular advantage to this legislation is the minimal cost impact as viewed by the Joint Committee on Taxation, the Congressional unit which investigates the operation and effects of internal revenue taxes and the administration of such taxes. Because revenue legislation is scored over a 10-year window and the tax benefit inferred by this bill still occurs within that span, quicker, it is my belief that the revenue impact will be negligible. This point is of particular importance in the 110th Congress because of PAYGO scoring rules that require offsetting revenue raising provisions to be included in order to ''pay for'' tax relief.

A January 12, 2008, op-ed in the Wall Street Journal entitled ''The JFK Stimulus Plan,'' by Ernest S. Christian and Gary A. Robbins, provides an excellent argument for the approach I have identified with these two bills. According to Mr. Christian and Mr. Robbins, ''More investment means more productivity—and 80 percent of the net benefit from increased productivity goes to labor. Expensing is a no-risk tax cut. It worked four times in the 1960s and 1970s. It worked in 1981–1982 and again in 2002–2004.'' They cite a 2001 analysis conducted by the Institute for Policy Innovation: ''Each $1 of tax cut from first-year expensing produces about $9 of additional GDP growth.'' A copy of the op-ed is included for the RECORD.

To address a short-run need for economic stimulus, I urge my colleagues to support this legislation as Congress begins making important decisions on how best to address our slumping economy. These bills are supported by the U.S. Chamber of Commerce, the National Association of Manufacturers, Americans for Tax Reform, and the National Restaurant Association.

In the long run, it is my belief that Congress should consider taking steps to both enhance and make expensing tax benefits permanent. There are strong arguments for allowing all businesses to deduct these costs fully in the year paid instead of requiring them to collect a benefit over a long amount of time. In addition to the issue of providing tax incentives for businesses to invest in new growth capital, I believe it will also be important in the long-run to provide sustained relief for American taxpayers. The President has acknowledged that while passing a new growth package is our most pressing economic priority, Congress needs to turn next to making sure that tax relief that is now in place is not taken away.

I look forward to working with my colleagues to rapidly enact a bipartisan fiscal stimulus package to help our sluggish economy.

Mr. President I ask unanimous consent that the text of the bills of supporting material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 2539

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SPECIAL DEPRECIATION ALLOWANCE FOR CERTAIN PROPERTY PLACED IN SERVICE DURING 2008 AND 2009.

(a) IN GENERAL.—Subsection (k) of section 168 of the Internal Revenue Code of 1986 is amended to read as follows:

''(k) 50 PERCENT BONUS DEPRECIATION FOR CERTAIN PROPERTY.—

''(1) ADDITIONAL ALLOWANCE.—In the case of any qualified property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 50 percent of the adjusted basis of the qualified property, and

''(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified property' means property—

''(i)(I) to which this section applies which has a recovery period of 20 years or less,

''(II) which is computer software (as defined in section 167(f)(1)(B)) for which a deduction is allowable under section 167(a) without regard to this subsection,

''(III) which is water utility property,

''(IV) which is qualified leasehold improvement property,

''(V) which is qualified restaurant property (as defined in subsection (e)(7), but without regard to subparagraph (A) thereof), or

''(VI) which is qualified retail improvement property,

''(ii) the original use of which commences with the taxpayer on or after the starting date,

''(iii) which is—

''(I) acquired by the taxpayer on or after the starting date and before the ending date, but only if no written binding contract for the acquisition was in effect before the starting date, or

''(II) acquired by the taxpayer pursuant to a written binding contract which was entered into on or after the starting date and before the ending date, and

''(iv) which is placed in service by the taxpayer before the ending date, or, in the case of property described in subparagraph (B) or (C), before the date that is 1 year after the ending date.

''(B) CERTAIN PROPERTY HAVING LONGER PRODUCTION PERIODS TREATED AS QUALIFIED PROPERTY.—

''(i) IN GENERAL.—The term 'qualified property' includes any property if such property—

''(I) meets the requirements of clauses (i), (ii), and (iii) of subparagraph (A),

''(II) has a recovery period of at least 10 years or is transportation property,

''(III) is subject to section 263A, and

''(IV) meets the requirements of clause (ii) or (iii) of section 263A(f)(1)(B) (determined as if such clauses also apply to property which has a long useful life (within the meaning of section 263A(f))).

''(ii) ONLY PRE-ENDING DATE BASIS ELIGIBLE FOR ADDITIONAL ALLOWANCE.—In the case of property which is qualified property solely by reason of clause (i), paragraph (1) shall apply only to the extent of the adjusted basis thereof attributable to manufacture, construction, or production before the ending date.

''(iii) TRANSPORTATION PROPERTY.—For purposes of this subparagraph, the term 'transportation property' means tangible personal property used in the trade or business of transporting persons or property.

''(iv) APPLICATION OF SUBPARAGRAPH.—This subparagraph shall not apply to any property which is described in subparagraph (C).

''(C) CERTAIN AIRCRAFT.—The term 'qualified property' includes property—

''(i) which meets the requirements of clauses (ii) and (iii) of subparagraph (A),

''(ii) which is an aircraft which is not a transportation property (as defined in subparagraph (B)(iii)) other than for agricultural or firefighting purposes,

''(iii) which is purchased and on which such purchaser, at the time of the contract for purchase, has made a nonrefundable deposit of the lesser of—

''(I) 10 percent of the cost, or

''(II) $100,000, and

''(iv) which has—

''(I) an estimated production period exceeding 4 months, and

''(II) a cost exceeding $200,000.

''(3) EXCEPTIONS.—

''(A) ALTERNATIVE DEPRECIATION PROPERTY.—This subsection shall not apply to any property to which the alternative depreciation system under subsection (g) applies, determined—

''(i) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

''(ii) after application of section 280F(b) (relating to listed property with limited business use).

''(B) ELECTION OUT.—If a taxpayer makes an election under this subparagraph with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(4) SPECIAL RULES.—

''(A) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of paragraph (2)(A)(iii) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after the starting date and before the ending date.

''(B) SALE-LEASEBACKS.—For purposes of subparagraph (C) and paragraph (2)(A)(ii), if property is—

''(i) originally placed in service on or after the starting date by a person, and

''(ii) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(C) SYNDICATION.—For purposes of paragraph (2)(A)(ii), if—

''(i) property is originally placed in service on or after the starting date by the lessor of such property,

''(ii) such property is sold by such lessor or any subsequent purchaser within 3 months after the date such property was originally placed in service (or, in the case of multiple units of property subject to the same lease, within 3 months after the date the final unit is placed in service, so long as the period between the time the first unit is placed in service and the time the last unit is placed in service does not exceed 12 months), and

''(iii) the user of such property after the last sale during such 3-month period remains the same as when such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date of such last sale.

''(D) LIMITATIONS RELATED TO USERS AND RELATED PARTIES.—This subsection shall not apply to any property if—

''(i) the user of such property (as of the date on which such property is originally placed in service) or a person which is related (within the meaning of section 267(b) or 707(b)) to such user or to the taxpayer had a written binding contract in effect for the acquisition of such property at any time before the starting date, or ''(ii) in the case of property manufactured, constructed, or produced for such user's or person's own use, the manufacture, construction, or production of such property began at any time before the starting date.

''(5) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

''(A) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by $7,650.

''(B) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).

''(6) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, the deduction under subsection (a) for qualified property shall be determined under this section without regard to any adjustment under section 56.

''(7) STARTING DATE; ENDING DATE.—For purposes of this paragraph—

''(A) STARTING DATE.—The term 'starting date' means January 1, 2008.

''(B) ENDING DATE.—The term 'ending date' means January 1, 2010.

''(8) QUALIFIED LEASEHOLD IMPROVEMENT PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified leasehold improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such improvement is made under or pursuant to a lease (as defined in subsection (h)(7))—

''(I) by the lessee (or any sublessee) of such portion, or

''(II) by the lessor of such portion,

''(ii) such portion is to be occupied exclusively by the lessee (or any sublessee) of such portion, and

''(iii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefiting a common area, and

''(iv) the internal structural framework of the building.

''(C) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) COMMITMENT TO LEASE TREATED AS LEASE.—A commitment to enter into a lease shall be treated as a lease, and the parties to such commitment shall be treated as lessor and lessee, respectively.

''(ii) RELATED PERSONS.—A lease between related persons shall not be considered a lease. For purposes of the preceding sentence, the term 'related persons' means—

''(I) members of an affiliated group (as defined in section 1504), and

''(II) persons having a relationship described in subsection (b) of section 267; except that, for purposes of this clause, the phrase '80 percent or more' shall be substituted for the phrase 'more than 50 percent' each place it appears in such subsection.

''(9) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the trade or business of selling tangible personal property or services to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator, or

''(iii) the internal structural framework of the building.''.

(b) COORDINATION WITH CELLULOSIC BIOMASS ETHANOL PLANT PROPERTY.—Paragraph (4) of section 168(l) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

''(D) BONUS DEPRECIATION PROPERTY.—Such term shall not include any property to which subsection (k) applies.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 168(e)(6) of the Internal Revenue Code of 1986 is amended by striking ''section 168(k)(3)'' and inserting ''section 168(k)(8)''.

(2) Section 168(l) of such Code is amended—

(A) in paragraph (4), by striking ''168(k)(2)(D)(i)'' and inserting ''169(k)(3)(A)''.

(B) by striking paragraph (5) and inserting the following:

''(5) SPECIAL RULES.—For purposes of this subsection, rules similar to the rules of paragraph (4) of section 168(k) shall apply, except that in applying such paragraph—

''(A) the starting date shall be one day after the date of the enactment of subsection (l),

''(B) the ending date shall be January 1, 2013, and

''(C) 'qualified cellulosic biomass ethanol plant property' shall be substituted for 'qualified property' in clause (iv) thereof.'', and

(C) in paragraph (6), by striking ''168(k)(2)(G)'' and inserting ''168(k)(6)''.

(3) Section 1400L(b)(2) of such Code is amended—

(A) in subparagraph (A)(i)(I), by inserting ''(determined without regard to subclauses (V) and (VI) thereof)'' after ''168(k)(2)(A)(i)'',

(B) in subparagraph (C)(ii), by striking ''168(k)(2)(D)(i)'' and inserting ''168(k)(3)(A)'',

(C) in subparagraph (C)(iv), by striking ''168(k)(2)(D)(iii)'' and inserting ''168(k)(3)(B)'', and

(D) in subparagraph (E), by striking ''168(k)(2)(G)'' and inserting ''168(k)(6)''.

(4) Section 1400L(c) of such Code is amended—

(A) in paragraph (2), by striking ''168(k)(3)'' and inserting ''168(k)(8)'', and

(B) in paragraph (5), by striking ''168(k)(2)(D)(iii)'' and inserting ''168(k)(3)(B)''.

(5) Section 1400N(d) of such Code is amended—

(A) in paragraph (2)(A)(i)(I), by inserting ''(determined without regard to subclauses (V) and (VI) thereof)'' after ''168(k)(2)(A)(i)'', and

(B) in paragraph (2)(B)(i), by striking ''168(k)(2)(D)(i)'' and inserting ''168(k)(3)(A)'',

(C) by striking paragraph (3) and inserting the following:

''(5) SPECIAL RULES.—For purposes of this subsection, rules similar to the rules of paragraph (4) of section 168(k) shall apply, except that in applying such paragraph—

''(A) the starting date shall be August 28, 2005,

''(B) the ending date shall be January 1, 2008, and

''(C) 'qualified Gulf Opportunity Zone property' shall be substituted for 'qualified property' in clause (iv) thereof.'', and

(D) in paragraph (4), by striking ''168(k)(2)(G)'' and inserting ''168(k)(6)'', and

(E) in paragraph (6)(B)(ii)(II), by inserting ''(determined without regard to subclauses (V) and (VI) thereof)'' after ''168(k)(2)(A)(i)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2007.

S. 2540

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXPENSING FOR CERTAIN PROPERTY PLACED IN SERVICE DURING 2008 AND 2009.

(a) IN GENERAL.—Section 168 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(m) SPECIAL ALLOWANCE FOR CERTAIN QUALIFIED PROPERTY PLACED IN SERVICE DURING 2008 AND 2009.—

''(1) IN GENERAL.—In the case of any qualified property—

''(A) the depreciation deduction provided by section 167(a) for the taxable year in which such property is placed in service shall include an allowance equal to 100 percent of the adjusted basis of the qualified property, and

''(B) the adjusted basis of the qualified property shall be reduced by the amount of such deduction before computing the amount otherwise allowable as a depreciation deduction under this chapter for such taxable year and any subsequent taxable year.

''(2) QUALIFIED PROPERTY.—For purposes of this subsection, the term 'qualified property' means property—

''(A) which is 3-year property, 5-year property, or 7-year property,

''(B) the original use of which commences with the taxpayer on or after the starting date,

''(C) which is—

''(i) acquired by the taxpayer on or after the starting date and before the ending date, but only if no written binding contract for the acquisition was in effect before the starting date, or

''(ii) acquired by the taxpayer pursuant to a written binding contract which was entered into on or after the starting date and before the ending date, and

''(D) which is placed in service by the taxpayer before the ending date.

''(3) EXCEPTIONS.—

''(A) ALTERNATIVE DEPRECIATION PROPERTY.—This subsection shall not apply to any property to which the alternative depreciation system under subsection (g) applies, determined—

''(i) without regard to paragraph (7) of subsection (g) (relating to election to have system apply), and

''(ii) after application of section 280F(b) (relating to listed property with limited business use).

''(B) ELECTION OUT.—If a taxpayer makes an election under this subparagraph with respect to any class of property for any taxable year, this subsection shall not apply to all property in such class placed in service during such taxable year.

''(4) SPECIAL RULES.—

''(A) SELF-CONSTRUCTED PROPERTY.—In the case of a taxpayer manufacturing, constructing, or producing property for the taxpayer's own use, the requirements of paragraph (2)(C) shall be treated as met if the taxpayer begins manufacturing, constructing, or producing the property after the starting date and before the ending date.

''(B) SALE-LEASEBACKS.—For purposes of subparagraph (C) and paragraph (2)(B), if property is—

''(i) originally placed in service on or after the starting date by a person, and

''(ii) sold and leased back by such person within 3 months after the date such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date on which such property is used under the leaseback referred to in subclause (II).

''(C) SYNDICATION.—For purposes of paragraph (2)(B), if—

''(i) property is originally placed in service on or after the starting date by the lessor of such property,

''(ii) such property is sold by such lessor or any subsequent purchaser within 3 months after the date such property was originally placed in service (or, in the case of multiple units of property subject to the same lease, within 3 months after the date the final unit is placed in service, so long as the period between the time the first unit is placed in service and the time the last unit is placed in service does not exceed 12 months), and

''(iii) the user of such property after the last sale during such 3-month period remains the same as when such property was originally placed in service,

such property shall be treated as originally placed in service not earlier than the date of such last sale.

''(D) LIMITATIONS RELATED TO USERS AND RELATED PARTIES.—This subsection shall not apply to any property if—

''(i) the user of such property (as of the date on which such property is originally placed in service) or a person which is related (within the meaning of section 267(b) or 707(b)) to such user or to the taxpayer had a written binding contract in effect for the acquisition of such property at any time before the starting date, or

''(ii) in the case of property manufactured, constructed, or produced for such user's or person's own use, the manufacture, construction, or production of such property began at any time before the starting date.

''(5) COORDINATION WITH SECTION 280F.—For purposes of section 280F—

''(A) AUTOMOBILES.—In the case of a passenger automobile (as defined in section 280F(d)(5)) which is qualified property, the Secretary shall increase the limitation under section 280F(a)(1)(A)(i) by $7,650.

''(B) LISTED PROPERTY.—The deduction allowable under paragraph (1) shall be taken into account in computing any recapture amount under section 280F(b)(2).

''(6) DEDUCTION ALLOWED IN COMPUTING MINIMUM TAX.—For purposes of determining alternative minimum taxable income under section 55, the deduction under subsection (a) for qualified property shall be determined under this section without regard to any adjustment under section 56.

''(7) STARTING DATE; ENDING DATE.—For purposes of this paragraph—

''(A) STARTING DATE.—The term 'starting date' means January 1, 2008.

''(B) ENDING DATE.—The term 'ending date' means January 1, 2010.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

TABLE OF ASSET CLASSES AND DEPRECIATION SCHEDULES—*INFORMATION ACQUIRED FROM INTERNAL REVENUE SERVICE

Asset Class	Description of assets included	Class Life (in years)	General Depreciation Schedule (in years)
00.11	Office Furniture, Fixtures, and Equipment: Includes furniture and fixtures that are not a structural component of a building. Includes such assets as desks, files, safes, and communications equipment. Does not include communications equipment that is included in other classes.	10	7
00.12	Information Systems: Includes Computers and their peripheral equipment used in administering normal business transactions and the maintenance of business records, their retrieval and analysis. Information Systems are defined as: (1) Computers: A computer is a programmable electronically activated device capable of accepting information, applying prescribed processes to the information, and supplying the results of these processes with or without human intervention. It usually consists of a central processing unit containing extensive storage, logic arithmetic, and control capabilities. Excluded from this category are adding machines, electronic desk calculators, etc., and other equipment described in class 00.13. (2) Peripheral equipment consists of the auxiliary machines which are designed to be placed under control of the central processing unit. Nonlimiting examples are: Card readers, card punches, magnetic tape feeds, high speed printers, optical character readers, tape cassettes, mass storage units, paper tape equipment, keypunches, data entry devices, teleprinters, terminals, tape drives, disc drives, disc files, disc packs, visual image projector tubes, card sorters, plotters, and collators. Peripheral equipment may be used on-line or off-line. Does not include equipment that is an integral part of other capital equipment that is included in other classes of economic activity, i.e., computers used primarily for process or production control switching, channeling, and automating distributive trades and services such as point of sale (POS) computer systems. Also does not include equipment of a kind used primarily for amusement or entertainment of the user.	6	5
00.13	Data Handling Equipment; except Computers: Includes only typewriters, calculators, adding and accounting machines, copiers, and duplicating equipment.	6	5
00.21	Airplanes (airframes and engines), except those used in commercial or contract carrying of passengers or freight, and all helicopters (airframes and engines).	6	5
00.22	Automobiles, Taxis	3	5
00.23	Buses	9	5
00.241	Light General Purpose Trucks: Includes trucks for use over the road (actual weight less than 13,000 pounds)	4	5
00.242	Heavy General purpose Trucks: Includes heavy general purpose trucks, concrete ready mix-trucks, and ore trucks, for use over the road (actual unloaded weight 13,000 pounds or more).	6	5
00.25	Railroad Cars and Locomotives, except those owned by railroad transportation companies	15	7
00.26	Tractor units for Use Over-The-Road	4	3
00.27	Trailers and Trailer-Mounted Containers	6	5
01.1	Agriculture: Includes machinery and equipment, grain bins, and fences but no other land improvements, that are used in the production of crops or plants, vines, and trees; livestock; the operation of farm dairies, nurseries, greenhouses, sod farms, mushroom cellars, cranberry bogs, apiaries and fur farms; the performance of agriculture, animal husbandry, and horticultural services.	10	7
01.11	Cotton Ginning Assets	12	7
01.21	Cattle, Breeding or Dairy	7	5
01.221	Any breeding or work horse that is more than 12 years old at the time it is placed in service	10	7
01.222	Any breeding or work horse that is more than 12 years old at the time it is placed in service	10	3
01.223	Any race horse that is more than 2 years old at the time it is placed in service	10	3
01.224	Any race horse that is more than 12 years old at the time it is placed in service and that is neither a race horse nor a horse described in class 01.222 ...	10	3
01.225	Any horse not described in classes 01.221, 01.222, 01.223, or 01.224	10	7
01.23	Hogs, Breeding	3	3
01.24	Sheep and Goats, Breeding	5	5
10.0	Mining: Includes assets used in the mining and quarrying of metallic and nonmetallic minerals (including sand, gravel, stone, and clay) and the milling, beneficiation and other primary preparation of such materials.	10	7
13.0	Offshore Drilling: Includes assets used in offshore drilling for oil and gas such as floating, self-propelled and other drilling vessels, barges, platforms, and drilling equipment and support vessels such as tenders, barges, towboats and crewboats. Excludes oil and gas production assets.	.5	5
13.1	Drilling of Oil and Gas Wells: Includes assets used in the drilling of onshore oil and gas wells and the provision of geophysical and other exploration services; and the provision of such oil and gas field services as chemical treatment, plugging and abandoning of wells and cementing or perforating well casings. Does not include assets used in the performance of any of these activities and services by integrated petroleum and natural gas producers for their own account.	6	5
13.2	Exploration for and Production of Petroleum and Natural Gas Deposits: Includes assets used by petroleum and natural gas producers for drilling of wells and production of petroleum and natural gas, including gathering pipelines and related storage facilities. Also includes petroleum and natural gas offshore transportation facilities used by producers and others consisting of platforms (other than drilling platforms classified in Class 13.0), compression or pumping equipment, and gathering and transmission lines to the first onshore transshipment facility. The assets used in the first onshore transshipment facility are also included and consist of separation equipment (used for separation of natural gas, liquids, and in Class 49.23), and liquid holding or storage facilities (other than those classified in Class 49.25). Does not include support vessels.	14	7
15.0	Construction: Includes assets used in construction by general building, special trade, heavy and marine construction contractors, operative and investment builders, real estate subdividers and developers, and others except railroads.	6	5
20.4	Manufacture of Other Food and Kindred Products: Includes assets used in the production of foods and beverages not included in classes 20.1, 20.2 and 20.3.	12	7
20.5	Manufacture of Food and Beverages—Special Handling Devices: Includes assets defined as specialized materials handling devices such as returnable pallets, palletized containers, and fish processing equipment including boxes, baskets, carts, and flaking trays used in activities as defined in classes 20.1, 20.2, 20.3 and 20.4. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	4	3
21.0	Manufacture of Tobacco and Tobacco Products: Includes assets used in the production of cigarettes, cigars, smoking and chewing tobacco, snuff, and other tobacco products.	15	7
22.1	Manufacture of Knitted Goods: Includes assets used in the production of knitted and netted fabrics and lace. Assets used in yarn preparation, bleaching, dyeing, printing, and other similar finishing processes, texturing, and packaging, are elsewhere classified.	7.5	5
22.2	Manufacture of Yarn, Thread, and Woven Fabric: Includes assets used in the production of spun yarns including the preparing, blending, spinning, and twisting of fibers into yarns and threads, the preparation of yarns such as twisting, warping, and winding, the production of covered elastic yarn and thread, cordage, woven fabric, tire fabric, braided fabric, twisted jut for packaging, mattresses, pads, sheets, and industrial belts, and the processing of textile mill waste to recover fibers, flocks, and shoddies. Assets used to manufacture carpets, man-made fibers, and nonwovens, and assets used in texturing, bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	11	7
22.3	Manufacture of Carpets and Dyeing, Finishing, and Packaging of Textile Products and Manufacture of Medical and Dental Supplies: Includes assets used in the production of carpets, rugs, mats, woven carpet backing, chenille, and other tufted products, and assets used in the joining together of backing with carpet yarn or fabric. Includes assets used in washing, scouring, bleaching, dyeing, printing, drying, and similar finishing processes applied to textile fabrics, yarns, threads, and other textile goods. Includes assets used in the production and packaging of textile products, other than apparel, by creasing, forming, trimming, cutting, and sewing, such as the preparation of carpet and fabric samples, or similar joining together processes (other than the production of scrim reinforced paper products and laminated paper products) such as the sewing and folding of hosiery and panty hose, and the creasing, folding, trimming, and cutting of fabrics to produce nonwoven products, such as disposable diapers and sanitary products. Also includes assets used in the production of medical and dental supplies other than drugs and medicines. Assets used in the manufacture of nonwoven carpet backing, and hard surface floor covering such as tile, rubber, and cork, are elsewhere classified.	9	5

TABLE OF ASSET CLASSES AND DEPRECIATION SCHEDULES—*INFORMATION ACQUIRED FROM INTERNAL REVENUE SERVICE—Continued

Asset Class	Description of assets included	Class Life (in years)	General Depreciation Schedule (in years)
22.4	Manufacture of Textile Yarns: Includes assets used in the processing of yarns to impart bulk and/or stretch properties to the yarn. The principal machines involved are falsetwist, draw, beam-to-beam, and stuffer box texturing equipment and related highspeed twisters and winders. Assets, as described above, which are used to further process man-made fibers are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	8	5
22.5	Manufacture of Nonwoven Fabrics: Includes assets used in the production of nonwoven fabrics, felt goods including felt hats, padding, batting, wadding, oakum, and fillings, from new materials and from textile mill waste. Nonwoven fabrics are defined as fabrics (other than reinforced and laminated composites consisting of nonwovens and other products) manufactured by bonding natural and/or synthetic fibers and/or filaments by means of induced mechanical interlocking, fluid entanglement, chemical adhesion, thermal or solvent reaction, or by combination thereof other than natural hydration bonding as occurs with natural cellulose fibers. Such means include resin bonding, web bonding, and melt bonding. Specifically includes assets used to make flocked and needle punched products other than carpets and rugs. Assets, as described above, which are used to manufacture nonwovens are elsewhere classified when located in the same plant in an integrated operation with man-made fiber producing assets. Assets used to manufacture man-made fibers and assets used in bleaching, dyeing, printing, and other similar finishing processes, are elsewhere classified.	10	7
23.0	Manufacture of Apparel and Other Finished Products: Includes assets used in the production of clothing and fabricated textile products by the cutting and sewing of woven fabrics, other textile products, and furs; but does not include assets used in the manufacture of apparel from rubber and leather.	9	5
24.1	Cutting of Tiber: Includes logging machinery and equipment and roadbuilding equipment used by logging and sawmill operators and pulp manufacturers for their own account.	6	5
24.2	Sawing of Dimensional Stock from Logs: Includes machinery and equipment installed in permanent of well established sawmills	10	7
24.3	Sawing of Dimensional Stock from Logs: Includes machinery and equipment in sawmills characterized by temporary foundations and a lack, or minimum amount, of lumberhandling, drying, and residue disposal equipment and facilities.	6	5
24.4	Manufacture of Wood Products, and Furniture: Includes assets used in the production of plywood, hardboard, flooring, veneers, furniture, and other wood products, including the treatment of poles and timber.	10	7
26.1	Manufacture of Pulp and Paper: Includes assets for pulp materials handling and storage, pulpmill processing, bleach processing, paper and paperboard manufacturing, and on-line finishing. Includes pollution control assets and all land improvements associated with the factory site or production process such as effluent ponds and canals, provided such improvements are depreciable but does not include building and structural components as defined in section 1.4801(e)(1) of the regulations. Includes steam and chemical recovery boiler systems, with any rated capacity, used for the recovery and regeneration of chemicals used in manufacturing. Does not included assets used either in pulpwood logging, or in the manufacture of hardboard.	13	7
26.2	Manufacture of Converted Paper, Paperboard, and Pulp Products: Includes assets used for modification, or remanufacture of paper and pulp into converted products, such as paper coated off the paper machine, paper bags, paper boxes, cartons and envelopes. Does not include assets used for manufacture of nonwovens that are elsewhere classified.	10	7
27.0	Printing, Publishing, and Allied Industries: Includes assets used in printing by one or more processes, such as letter-press, lithography, gravure, or screen; the performance of services for the printing trade, such as bookbinding, typesetting, engraving, photo-engraving, and electrotyping and the publication of newspapers, books, and periodicals.	11	7
28.0	Manufacture of Chemicals and Allied Products: Includes assets used to manufacture basic organic and inorganic chemicals; chemical products to be used in further manufacture, such as synthetic fibers and plastics materials; and finished chemical products. Includes assets used to further process man-made fibers, to manufacture plastic film, and to manufacture nonwoven fabrics, when such assets are located in the same plant in an integrated operation with chemical products producing assets. Also includes assets used to manufacture photographic supplies, such as film, photographic paper, sensitized photographic paper, and developing chemicals. Includes all land improvements associated with plant site or production processes, such as effluent ponds and canals, provided such land improvements are depreciable but does not include building and structural components as defined in section 1.48–1(e) of the regulations. Does not include assets used in the manufacture of finished rubber and plastic products or in the production of natural gas products, butane, propane, and by-products of natural gas production plants.	9.5	5
30.1	Manufacture of Rubber Products: Includes assets used for the production of products from natural, synthetic, or reclaimed rubber, gutta percha, balata, or gutta siak, such as tires tubes, rubber footwear, mechanical rubber goods, heels and soles, flooring, and rubber sundries; and in the recapping, retreading, and rebuilding of tires.	14	7
30.11	Manufacture of Rubber Products—Special Tools and Devices: Includes assets defined as special tools, such as jigs, dies, mandrels, molds, lasts, patterns, specialty containers, pallets, shells; and tire molds, and accessory parts such as rings and insert plates used in activities as defined in class 30.1. Does not include tire building drums and accessory parts and general purpose small tools such as wrenches and drills, both power and hand-driven, and other general purpose equipment such as conveyors and transfer equipment.	4	3
30.2	Manufacture of Finished Plastic Products: Includes assets used in the manufacture of plastics products and the molding of primary plastics for the trade. Does not include assets used in the manufacture of basic plastics materials nor the manufacture of phonograph records.	11	7
30.21	Manufacture of Finished Products—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, used in activities as defined in class 30.2. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3.5	3
31.0	Manufacture of Leather and Leather Products: Includes assets used in the tanning, currying, and finishing of hides and skins; the processing of fur pelts; and the manufacture of finished leather products, such as footwear, belting, apparel, and luggage.	11	7
32.1	Manufacture of Glass Products: Includes assets used in the production of flat, blown, or pressed products of glass, such as float and window glass, glass containers, glassware and fiberglass. Does not include assets used in the manufacture of lenses.	14	7
32.11	Manufacture of Glass Products—Special Tools: Includes assets defined as special tools such as molds, patterns, pallets, and specialty transfer and shipping devices such as steel racks to transport automotive glass, used in activities as defined in class 32.1. Special tools are specifically designed for the production or processing of particular parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	2.5	3
32.3	Manufacture of Other Stone and Clay Products: Includes assets used in the manufacture of products from materials in the form of clay and stone, such as brick, tile, and pipe; pottery and related products, such as vitreous-china, plumbing fixtures, earthenware and ceramic insulating materials; and also includes assets used in manufacture of concrete and concrete products. Does not include assets used in any mining or extraction processes.	15	7
33.2	Manufacture of Primary Nonferrous Metals: Includes assets used in the smelting, refining, and electrolysis of nonferrous metals from ore, pig, or scrap, the rolling, drawing, and alloying of nonferrous metals; the manufacture of castings, forgings, and other basic products of nonferrous metals; and the manufacture of nails, spikes, structural shapes, tubing, wire, and cable.	14	7
33.21	Manufacture of Primary Nonferrous Metals—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges and drawings concerning such special tools used in the activities as defined in class 33.2, Manufacture of Primary Nonferrous Metals. Special tools are specifically designed for the production or processing of particular products or parts and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices. Rolls, mandrels and refractories are not included in class 33.21 but are included in class 33.2.	6.5	5
33.3	Manufacture of Foundry Products: Includes assets used in the casting of iron and steel, including related operations such as molding and coremaking. Also includes assets used in the finishing of castings and patternmaking when performed at the foundry, all special tools and related land improvements.	14	7
33.4	Manufacture of Primary Steel Mill Products: Includes assets used in the smelting, reduction, and refining of iron and steel from ore, pig, or scrap; the rolling, drawing and alloying of steel; the manufacture of nails, spikes, structural shapes, tubing, wire, and cable. Includes assets used by steel service centers, ferrous metal forges, and assets used in coke production, regardless of ownership. Also includes related land improvements and all special tools used in the above activities.	15	7
34.0	Manufacture of Fabricated Metal Products: Includes assets used in the production of metal cans, tinware, fabricated structural metal products, metal stampings, and other ferrous and nonferrous metal and wire products not elsewhere classified. Does not include assets used to manufacture non-electric heating apparatus.	12	7
34.01	Manufacture of Fabricated Metal Products—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns, fixtures, gauges, and returnable containers and drawings concerning such special tools used in the activities as defined in class 34.0. Special tools are specifically designed for the production or processing of particular machine components, products, or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3	3
35.0	Manufacture of Electrical and Non-Electrical Machinery and Other Mechanical Products: Includes assets used to manufacture or rebuild finished machinery and equipment and replacement parts thereof such as machine tools, general industrial and special industry machinery, electrical power generation, transmission, and distribution systems, space heating, cooling, and refrigeration systems, commercial and home appliances, farm and garden machinery, construction machinery, mining and oil field machinery, internal combustion engines except those elsewhere classified), turbines (except those that power airborne vehicles), batteries, lamps and lighting fixtures, carbon and graphite products, and electromechanical and mechanical products including business machines, instruments, watches and clocks, vending and amusement machines, photographic equipment, medical and dental equipment and appliances, and ophthalmic goods. Includes assets used by manufacturers or rebuilders of such finished machinery and equipment in activities elsewhere classified such as the manufacture of castings, forging, rubber and plastic products, electronic subassemblies or other manufacturing activities if the interim products are used by the same manufacturer primarily in the manufacture, assembly or rebuilding of such finished machinery and equipment. Does not include assets used in mining, assets used in the manufacture of primary ferrous and nonferrous metals, assets included in class 00.11 through 00.4 and assets elsewhere classified.	10	7

TABLE OF ASSET CLASSES AND DEPRECIATION SCHEDULES—*INFORMATION ACQUIRED FROM INTERNAL REVENUE SERVICE—Continued

Asset Class	Description of assets included	Class Life (in years)	General Depreciation Schedule (in years)
36.0	Manufacture of Electronic Components, Products, and Systems: Includes assets used in the manufacture of electronic communication computation, instrumentation and control system, including airborne applications; also includes assets used in the manufacture of electronic products such as frequency and amplitude modulated transmitters and receivers, electronic switching stations, television cameras, video recorders, record players and tape recorders, computers and computer peripheral machines, and electronic instruments, watches, and clocks; also includes assets used in the manufacture of components, provided their primary use is products and systems defined above such as electron tubes, capacitors, coils, resistors, printed circuit substrates, switches, harness cables, lasers, fiber optic devices, and magnetic media devices. Specifically excludes assets used to manufacture electronic products and components, photocopiers, typewriters, postage meters and other electromechanical and mechanical business machines and instruments that are elsewhere classified. Does not include semiconductor manufacturing equipment included in class 36.1.	6	5
36.1	Any Semiconductor Manufacturing Equipment	5	5
37.11	Manufacture of Motor Vehicles: Includes assets used in the manufacture and assembly of finished automobiles, trucks, trailers, motor homes, and buses. Does not include assets used in mining, printing and publishing, production of primary metals, electricity, or steam, or the manufacture of glass, industrial chemicals, batteries, or rubber products, which are classified other than those excluded above, where such activities are incidental to and an integral part of the manufacture and assembly of finished motor vehicles such as the manufacture of parts and subassemblies of fabricated metal products, electrical equipment, textiles, plastics, leather, and foundry and forging operations. Does not include any assets not classified in manufacturing activity classes, e.g., does not include any assets classified in assets guideline classes 00.11 through 00.4. Activities will be considered incidental to the manufacture and assembly of finished motor vehicles only in 75 percent or more of the value of the products produced under one roof are used for the manufacture and assembly of finished motor vehicles. Parts that are produced as a normal replacement stock complement in connection with the manufacture and assembly of finished motor vehicles are considered used for the manufacture assembly of finished motor vehicles. Does not include assets used in the manufacture of component parts if these assets are used by taxpayers not engaged in the assembly of finished motor vehicles.	12	7
37.12	Manufacture of Motor Vehicles—Special Tools: Includes assets defined as special tools, such as jigs, dies, fixtures, molds, patterns, gauges, and specialty transfer and shipping devices, owned by manufacturers of finished motor vehicles and used in qualified activities as defined in class 37.11. Special tools are specifically designed for the production or processing of particular motor vehicle components and have no significant utilitarian value, and cannot be adapted to further or different use, after changes or improvement are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	3	3
37.2	Manufacture of Aerospace Products: Includes assets used in the manufacture and assembly of airborne vehicles and their component parts including hydraulic, pneumatic, electrical, and mechanical systems. Does not include assets used in the production of electronic airborne detection, guidance, control, radiation, computation, test navigation, and communication equipment or the components thereof.	10	7
37.31	Ship and Boat Building Machinery and Equipment: Includes assets used in the manufacture and repair of ships, boats, caissons, marine drilling rigs, and special fabrications not included in assets classes 37.32 and 37.33. Specifically includes all manufacturing and repairing machinery and equipment, including machinery and equipment used in the operation of assets included in assets class 37.32. Excludes building and their structural components.	12	7
37.33	Ship and Boat Building—Special Tools: Includes assets defined as special tools such as dies, jigs, molds, patterns fixtures, gauges, and drawings concerning such special tools used in the activities defined in classes 37.31 and 37.32. Special tools are specifically designed for the production or processing particular machine components, products or parts, and have no significant utilitarian value and cannot be adapted to further or different use after changes or improvements are made in the model design of the particular part produced by the special tools. Does not include general purpose small tools such as wrenches and drills, both hand and power-driven, and other general purpose equipment such as conveyors, transfer equipment, and materials handling devices.	6.5	5
37.41	Manufacture of Locomotives: Includes assets used in building or rebuilding railroad locomotives (including mining and industrial locomotives). Does not include assets of railroad transportation companies or assets of companies which manufacture components of locomotives but do not manufacture finished locomotives.	11.5	7
37.42	Manufacture of Railroad Cars: Includes assets used in building or rebuilding railroad freight or passenger cars (including rail transit cars). Does not include assets of railroad transportation companies or assets of companies which manufacture components of railroad cars but do not manufacture finished railroad cars.	12	7
39.0	Manufacture of Athletic, Jewelry, and Other Goods: Includes assets used in the production of jewelry; musical instruments; toys and sporting goods; motion picture and television films and tapes; and pens, pencils, office and art supplies, brooms, brushes, caskets, etc.	12	7
	Railroad Transportation: Classes with the prefix 40 include the assets identified below that are used in the commercial and contract carrying of passengers and freight by rail. Assets of electrified railroads will be classified in a manner corresponding to that set forth below for railroads not independently operated as electric lines. Excludes the assets included in classes with the prefix beginning 00.1 and 00.2 above, and also excludes and non-depreciable assets included in Interstate Commerce Commission accounts enumerated for this class.		
40.1	Railroad Machinery and Equipment: Includes assets classified in the following Interstate Commerce Commission accounts: Roadway accounts: (16) Station and office buildings (freight handling machinery and equipment only) (25) TOFC/COFC terminals (freight handling machinery and equipment only) (26) Communication systems (27) Signals and interlockers (37) Roadway machines (44) Shop machinery Equipment accounts: (52) Locomotives (53) Freight train cars (54) Passenger train cars (57)Work equipment	14	7
40.4	Railroad Track	10	7
41.0	Motor Transport—Passengers: Includes assets used in the commercial and contract carrying of freight by road, except the transportation assets included in classes with the prefix 00.2.	8	5
45.0	Air Transport: Includes assets (except helicopters) used in commercial and contract carrying of passengers and freight by air. For purposes of section 1.167(a)–11(d)(2)(iv)(a) of the regulations, expenditures for ''repair, maintenance, rehabilitation, or improvement,'' shall consist of direct maintenance expenses (irrespective of airworthiness provisions or charges) as defined by Civil Aeronautics Board uniform accounts 5200, maintenance burden (exclusive of expenses pertaining to maintenance buildings and improvements) as defined by Civil Aeronautics Board accounts 5300, and expenditures which are not ''excluded additions'' as defined in section 1.167(a)–11(d)(2)(vi) of the regulations and which would be charged to property and equipment accounts in the Civil Aeronautics Board uniform system of accounts.	12	7
45.1	Air Transport (restricted): Includes each assets described in the description of class 45.0 which was held by the taxpayer on April 15, 1976, or is acquired by the taxpayer pursuant to a contract which was, on April 15, 1976, and at all times thereafter, binding on the taxpayer. This criterion of classification based on binding contact concept is to be applied in the same manner as under the general rules expressed in section 49(b)(1), (4), (5) and (8) of the Code (as in effect prior to its repeal by the Revenue Act of 1978, section 312(c)(1), (d), 1978–3 C.B. 1, 60).	6	5
48.121	Computer-based Telephone Central Office Switching Equipment: Includes equipment whose function are those of a computer of peripheral equipment (as defined in section 168(i)(2)(B) of the Code) used in its capacity as telephone central office equipment. Does not include private exchange (PBX) equipment.	9.5	5
48.13	Telephone Station Equipment: Includes such station apparatus and connections and teletypewriters, telephones, booths, private exchanges, and comparable equipment as defined in Federal Communication Commission Part 31 Account Nos 231, 232, and 234.	10	7
48.2	Radio and Television Broadcastings: Includes assets used in radio and television broadcasting, except transmitting towers.	6	5
	Telegraph, Ocean Cable, and Satellite Communications (TOCSC) includes communications-related assets used to provide domestic and international radio-telegraph, wire-telegraph, ocean-cable, and satellite communications services; also includes related land improvements. If property described in Classes 48.31–48.45 is comparable to telephone distribution plant described in Class 48.14 and used for 2–way exchange of voice and data communication which is the equivalent of telephone communication, such property is assigned a class life of 24 years under this revenue procedure. Comparable equipment does not include cable television equipment used primarily for 1–way communication.		
48.32	TOCSC—High Frequency Radio and Microwave Systems: Includes assets such as transmitters and receivers, antenna supporting structure, antennas, transmission lines from equipment to antenna, transmitter cooling systems, and control and amplification equipment. Does not include cable and long-line systems.	13	7
48.35	TOCSC—Computerized Switching, Channeling, and Associated Control Equipment: Includes central office switching computers, interfacing computers, other associated specialized control equipment, and site improvements.	10.5	7
48.36	TOCSC—Satellite Ground Segment Property: Includes assets such as fixed earth station equipment, antennas, satellite communications equipment, and interface equipment used in satellite communications. Does not include general purpose equipment or equipment used in satellite space segment property.	10	7
48.37	TOCSC—Satellite Space Segment Property: Includes satellites and equipment used for telemetry, tracking, control, and monitoring when used in satellite communications.	8	5
48.38	TOCSC—Equipment Installed on Customer's Premises: Includes assets installed on customer's premises, such as computers, terminal equipment, power generation and distribution systems, private switching center, teleprinters, facsimile equipment and other associated and related equipment.	10	7
48.39	TOCSC—Support and Service Equipment: Includes assets used to support but not engage in communications. Includes store, warehouse and shop tools and test and laboratory assets.	13.5	7
	Cable Television (CATV): Includes communications-related assets used to provide cable television community antenna television services. Does not include assets used to provide subscribers with two-way communications services.		
48.41	CATV—Headend: Includes assets such as towers, antennas, preamplifiers, converters, modulation equipment, and program non-duplication systems. Does not include headend building and program origination assets.	11	7
48.42	CATV—Subscriber Connection and Distribution Systems: Includes assets such as trunk and feeder cable, connecting hardware, amplifiers, power equipment, passive devices, direction taps, pedestals, pressure taps, drop cables, matching transformers, multiple set connector equipment, and converters.	10	7
48.43	CATV—Program Origination: Includes assets such as cameras, film chains, video tape recorders, lighting, and remote location equipment excluding vehicles. Does not include buildings and their structural components.	9	5
48.44	CATV—Service and Test: Includes assets such as oscilloscopes, field strength meters, spectrum analyzers, and cable testing equipment, but does not include vehicles.	8.5	5

TABLE OF ASSET CLASSES AND DEPRECIATION SCHEDULES—*INFORMATION ACQUIRED FROM INTERNAL REVENUE SERVICE—Continued

Asset Class	Description of assets included	Class Life (in years)	General Depreciation Schedule (in years)
48.45	CATV—Microwave Systems: Includes assets such as towers, antennas, transmitting and receiving equipment, and broadband microwave assets used in the provision of cable television services. Does not include assets used in the provision of common carrier services.	9.5	5
49.121	Electric Utility Nuclear Fuel Assemblies: Includes initial core and replacement core nuclear fuel assemblies (i.e., the composite of fabricated nuclear fuel and container) when used in a boiling water, pressurized water, or high temperature gas reactor used in the production of electricity. Does not include nuclear fuel assemblies used in breader reactors.	5	5
49.222	Gas Utility Substitute Natural Gas (SNG) Production Plant (naphtha or lighter hydrocarbon feedstocks): Includes assets used in the catalytic conversion of feedstocks or naphtha or lighter hydrocarbons to a gaseous fuel which is completely interchangeable with domestic natural gas.	14	7
49.23	Natural Gas Production Plant	14	7
49.5	Waste Reduction and Resource Recovery Plants: Includes assets used in the conversion of refuse or other solid waste or biomass to heat or to a solid, liquid, or gaseous fuel. Also includes all process plant equipment and structures at the site used to receive, handle, collect, and process refuse or other solid waste or biomass in a waterwall, combustion system, oil or gas pyrolysis system, or refuse derived fuel system to create hot water, gas steam and electricity. Includes material recovery and support assets used in refuse or solid refuse or solid waste receiving, collecting, handling, sorting, shredding, classifying, and separation systems. Does not include any package boilers, or electric generators and related assets such as electricity, hot water, steam and manufactured gas production plants classified in classes 00.4, 49.13, 49.221, and 49.4. Does include, however, all other utilities such as water supply and treatment facilities, ash handling and other related land improvements of a waste reduction and resource recovery plant.	10	7
57.0	Distributive Trades and Services: Includes assets used in wholesale and retail trade, and personal and professional services. Includes section 1245 assets used in marketing petroleum and petroleum products.	9	5
79.0	Recreation: Includes assets used in the provision of entertainment services on payment of a fee or admission charge, as in the operation of bowling alleys, billiard and pool establishments, theaters, concert halls, and miniature golf courses. Does not include amusement and theme parks and assets which consist primarily of specialized land improvements or structures, such as golf courses, sports stadia, racetracks, ski slopes, and buildings which house the assets used in entertainment services.	10	7
80.0	Theme and Amusement Parks: Includes assets used in the provision of rides, attractions, and amusements in activities defined as theme and amusement parks, and includes appurtenances associated with a ride, attraction, amusement or theme setting within the park such as ticket booths, facades, shop interiors, and props, special purpose structures, and buildings other than warehouses, administration buildings, hotels, and motels. Includes all land improvements for or in support of park activities (e.g., parking lots, sidewalks, waterways, bridges, fences, landscaping, etc.), and support functions (e.g., food and beverage retailing, souvenir vending and other nonlodging accommodations) if owned by the park and provided exclusively for the benefit of park patrons. Theme and amusement parks are defined as combinations of amusements, rides, and attractions which are permanently situated on park land and open to the public for the price of admission. This guideline class is a composite of all assets used in this industry except transportation equipment (general purpose trucks, cars, airplanes, etc., which are included in asset guideline classes with the prefix 00.2), assets used in the provision of administrative services (asset classes with the prefix 00.1) and warehouses, administration buildings, hotels and motels.	12.5	7

[From the Wall Street Journal Online, Jan. 12, 2008]

THE JFK STIMULUS PLAN

(By Ernest S. Christian and Gary A. Robbins)

Got an economic downturn? Need a stimulus package? Why not adopt full or partial first-year expensing (or its cousin, the investment tax credit), which has come to the rescue many times since 1962, when President John F. Kennedy first administered this type of remedy to the economy?

By allowing more of the cost of machinery and equipment to be deducted more quickly, first-year expensing causes new investment to be made sooner. More investment means more productivity—and 80% of the net benefit from increased productivity goes to labor. Expensing is a no-risk tax cut. It worked four times in the 1960s and 1970s. It worked in 1981–1982 and again in 2002–2004.

It also has bipartisan appeal. Democrat Dan Rostenkowski proposed it in 1981, when he was Chairman of the House Ways and Means Committee. More recently, Democrat Max Baucus, the current Chairman of the Senate Finance Committee, was the Senate sponsor of 30% partial expensing in 2002.

During the recession that started in 2000, the economy did not respond much to a Keynesian tax cut in 2001, consisting mostly of a new 10% bottom bracket for individuals and a child credit. In the first quarter of 2001, real investment began falling at an annual rate of 6%. The decline was stopped by the 30% partial expensing enacted in the spring of 2002. Investment started rising again at a real annual rate of 9% beginning with the enactment in 2003 of 50% partial expensing, in combination with lower rates of tax on capital gains and dividends.

Expensing is the favorite of tightfisted budgeters because ultimately it pays for most of its cost. This is true even when the Treasury uses old-fashioned static revenue estimates that do not take into account feedback revenues from the large amount of induced economic growth. Expensing is the low-cost remedy because it does not create any new deductions, but merely accelerates forward in time currently allowable depreciation write-offs.

Much of the revenue payback starts quickly. In the case of a full, first-year deduction for the cost of equipment with a five-year depreciation life, the Treasury gets 52% of its money back in the first two years. The economy gets a boost even quicker.

In terms of the real benefit from capital investment—induced economic growth and higher living standards—first-year expensing produces enormous bang for the buck. Experience in 2003–2004 shows that new orders for manufacturing equipment and other business durables begin to be placed within weeks of the enactment date. Small businesses and other producers will not order what they do not need. But when the price goes down (which is the effect of expensing), they can afford to order what they do need more quickly, and in larger volumes.

An analysis for the Institute for Policy Innovation in 2001 concluded that, over time, each $1 of tax cut from first-year expensing produces about $9 of additional GDP growth. The high ratio occurs in large part because more capital investment leads to more employment and higher wages.

Expensing is not the favorite of the financial accountants who treat it as a tax deferral rather than a tax cut—and for that reason it is probably also not the favorite of some corporate financial officers. But it ranks very high with economists, tax reformers and many members of Congress. In fact, first-year expensing is not a stimulant for emergency use only. It is the correct way to treat capital investment and is, therefore, a key component of all mainstream tax-reform proposals.

A surefire economic stimulus with an exceptional pedigree that ultimately pays for most of its cost and can get enacted ought to be at the top of the list for inclusion in President George Bush's upcoming State of the Union message. It ought also to be made a permanent part of the tax code.

Although essentially revenue neutral in the long run, full and permanent fist-year expensing is not ''free'' from a budget-accounting standpoint. The static revenue cost may on average be as much as $80 billion per year until it is paid back. But these sums do not take into account feedbacks, and are relatively small compared to all the money that simply falls through the cracks on the spending side of the budget. And then there are all the earmarks and other waste.

Surely Congress and the administration can find enough money to finance the temporary cost of a much needed tax reform that will make the American people at least $2.5 trillion better off through economic growth.

CHAMBER OF COMMERCE
OF THE UNITED STATES OF AMERICA,
Washington, DC, January 15, 2008.

Hon. ARLEN SPECTER,
U.S. Senate,
Washington, DC.

DEAR SENATOR SPECTER: The U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, appreciates the introduction of your legislative proposals that would accelerate cost recovery, The Chamber believes that provisions such as these that promote economic growth should be included in any tax legislation that moves this year.

The Chamber recognizes that the U.S. economy has weakened and believes that a tax package to combat this economic deterioration should encourage broad based activity. Your accelerated cost recovery proposals would, in the short run, act as an insurance policy by encouraging immediate investment, and, in the long run, would increase productivity and further the prospects for long-term economic growth.

Thank you for your leadership on this issue. The Chamber looks forward to working with you to ensure that it is considered in the coming debate on the economy.

Sincerely,

R. BRUCE JOSTEN,
Executive Vice President,
Government Affairs.

U.S. SENATE,
Washington, DC, January 18, 2008.

Hon. HENRY M. PAULSON, JR.,
Secretary, Department of the Treasury, Washington, DC.

DEAR SECRETARY PAULSON: I am writing to bring to your attention two pieces of legislation which I plan to introduce when the Senate returns on Tuesday, January 22, 2008, to provide immediate economic stimulus for an economy hindered by a housing crisis, rising oil prices, unemployment, sagging stock markets, and battered consumer confidence. Both are designed to spur new business investments through the use of partial- and full-expensing. By allowing firms to expense a greater share of the value of an asset in the first year, these proposals free up additional resources for firms to hire more workers and expand their operations.

The first bill provides two years of ''bonus depreciation'' for all sectors of the economy.

Specifically, firms would be allowed to expense fifty percent of the cost of new equipment in the first year the asset is put to use. Remaining value would be deducted over the course of its useful life by using the Internal Revenue Code depreciation schedules.

The second bill allows a variety of sectors to take advantage of one-hundred percent up-front expensing for new assets that are placed into service during tax years 2008 and 2009. Specifically, this legislation would allow all equipment which is currently depreciated on the three-, five-, and seven-year schedules to be fully expensed in year one. One particular advantage to this legislation is the minimal cost impact as viewed by the Joint Committee on Taxation. Because revenue legislation is scored over a ten-year window and the tax benefit inferred by this bill still occurs within that span (only quicker), the revenue impact will be negligible.

I believe that these proposals should be the cornerstone of any economic stimulus package crafted by the Administration and/or Congress. To that end, I urge you to review these proposals and include them in any potential stimulus package.

Thank you for your attention to this important matter.

Sincerely,

ARLEN SPECTER.

U.S. SENATE,
Washington, DC, January 16, 2008.

Hon. EDWARD P. LAZEAR,
Chairman, Council of Economic Advisers, Washington, DC.

DEAR CHAIRMAN LAZEAR: I am writing to bring to your attention two pieces of legislation which I plan to introduce when the Senate returns on Tuesday, January 22, 2008, to provide immediate economic stimulus for an economy hindered by a housing crisis, rising oil prices, unemployment, sagging stock markets, and battered consumer confidence. Both are designed to spur new business investments through the use of partial- and full-expensing. By allowing firms to expense a greater share of the value of an asset in the first year, these proposals free up additional resources for firms to hire more workers and expand their operations.

The first bill provides two years of ''bonus depreciation'' for all sectors of the economy. Specifically, firms would be allowed to expense fifty percent of the cost of new equipment in the first year the asset is put to use. Remaining value would be deducted over the course of its useful life by using the Internal Revenue Code depreciation schedules.

The second bill allows a variety of sectors to take advantage of 100 percent up-front expensing for new assets that are placed into service during tax years 2008 and 2009. Specifically, this legislation would allow all equipment which is currently depreciated on the three-, five-, and seven-year schedules to be fully expensed in year one. One particular advantage to this legislation is the minimal cost impact as viewed by the Joint Committee on Taxation. Because revenue legislation is scored over a ten-year window and the tax benefit ihferred by this bill still occurs within that span (only quicker), the revenue impact will be negligible.

I believe that these proposals should be the cornerstone of any economic stimulus package crafted by the Administration and/or Congress. To that end, I urge you to review these proposals and include them in any potential stimulus package drafted by the Administration.

Thank you for your attention to this important matter.

Sincerely,

ARLEN SPECTER.

NATIONAL RESTAURANT ASSOCIATION,
Washington, DC, January 18, 2008.

DEAR SENATOR SPECTER: The National Restaurant Association, founded in 1919, is the leading business association for the restaurant industry, which is comprised of 945,000 restaurant and foodservice outlets and a work force of 13.1 million employees, generating estimated sales of $558 billion in 2008.

Not only are restaurants the cornerstone of the economy, they are also the cornerstone of career opportunities and community involvement. Nearly half of all American adults have worked in a restaurant and 32 percent of adults got their first job experience in a restaurant. Eight out of 10 salaried employees in restaurants started as hourly employees and the restaurant industry employs more minority managers than any other industry. Furthermore, more than one in nine restaurants are involved in some type of charitable activity.

We commend you for introducing this legislation that would help stimulate the economy by allowing businesses, like restaurants, to use partial- and full-expensing and spur on new investments. Under current law, when a company buys an asset that will last longer than one year, the company cannot, under most circumstances, deduct the entire cost and enjoy an immediate tax benefit. Instead, the company must depreciate the cost over the useful life of the asset, taking a tax deduction for a part of the cost each year. By allowing firms to deduct the cost of a new asset in year one, expensing spurs new investments quickly and drives immediate job creation.

It is clear an economic stimulus package is needed quickly to help the U.S. economy. Restaurants are in the unique position to help by creating more demand for projects that will bring increased opportunity for new construction and improvements to our businesses. The restaurant industry will quickly respond to signals and take advantage of bonus depreciation periods, as we have done in the past, should such provisions be enacted into law.

Restaurants also have a great opportunity to create more jobs for Americans. Not only will we build new locations and improve existing ones, thereby creating more jobs within the restaurant industry, but we can also generate jobs in other sectors of the economy. According to the Bureau of Economic Analysis, every dollar spent in the construction industry generates an additional $2.39 in spending in the rest of the economy, while every $1 million spent in the construction industry creates more than 28 jobs in the overall economy.

Again, we commend you and support your efforts with these two pieces of legislation. We look forward to working with you as discussions quickly move forward to craft an economic stimulus package for the country.

Sincerely,

JOHN GAY,
Senior Vice President, Government Affairs and Public Policy.

By Mr. REID:

S. 2541. A bill to extend the provisions of the Protect America Act of 2007 for an additional 30 days; to the Committee on the Judiciary.

Mr. REID. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be placed in the RECORD, as follows:

S. 2541

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF THE PROTECT AMERICA ACT OF 2007.

Subsection (c) of section 6 of the Protect America Act of 2007 (Public Law 110–55; 121 Stat. 557; 50 U.S.C. 1803 note) is amended by striking ''180'' and inserting ''210''.

By Mrs. FEINSTEIN:

S. 2542. A bill to amend the Truth in Lending Act to provide for enhanced disclosure under an open end credit plan; to the Committee on Banking, Housing, and Urban Affairs.

Mrs. FEINSTEIN. Mr. President, I rise to introduce the Credit Card Minimum Payment Notification Act.

Many Americans now own multiple credit cards. The average American has four credit cards, and 1 in 7 Americans hold more than 10 cards.

The proliferation of credit cards can be traced, in part, to a dramatic increase in credit card solicitation. In 1990, credit card companies sent about 1.1 billion solicitations to American homes; in 2006, they sent over 9.2 billion.

As one would expect, the increase in credit card ownership has also yielded an increase in credit card debt. Individuals get 6, 7, or 8 different credit cards, pay only the minimum payment required, and many end up drowning in debt. That happens in case after case.

Over the past two decades, the credit card debt of American consumers has nearly tripled—from $238 billion in 1989 to a staggering $800 billion in 2005.

As a result, the average American household now has about $9,500 of credit card debt. That is almost twice the average level of credit card debt from just 10 years ago.

In light of these figures it should be no surprise that vast numbers of Americans have been filing for bankruptcy in recent years. In 2005—just before the implementation date of the Bankruptcy Reform Act—over 2 million nonbusiness bankruptcies were filed.

Many of these personal bankruptcies are people who utilize credit cards. The benefits and flexibility these cards offer are enormously attractive. However, these individual credit card holders receive no information on the impact of carrying a balance with compounding interest. Too often individuals make just the minimum payment. They pay it for 1 year, 2 years—they make additional purchases, they get another card, and another, and another.

After, 2 or 3 years, many find that the interest on the debt is larger than the total purchases they originally made, such that they can never repay these cards—and they do not know what to do about it.

The Credit Card Minimum Payment Notification Act would help prevent this problem. Let me tell you exactly what the bill would do. It would require credit card companies to add two items to each consumer's monthly credit card statement: a notice warning credit card holders that making only the minimum payment each month will increase the interest they pay and the amount of time it takes to repay their debt; and examples of the amount of time and money required to repay a credit card debt if only minimum payments are made.

If the consumer makes only minimum payments for, 6 consecutive months, the amount of time and money required to repay the individual's specific credit card debt, under the terms of their credit card agreement.

The bill would also require that a toll-free number be included on statements, to allow consumers to call and speak to a live person to get an estimate of the time and money required to repay their balance if only minimum payments are made.

If the consumer makes only minimum payments for 6 consecutive months, they will receive a toll-free number for an accredited credit counseling service.

The disclosure requirements in this bill would only apply if the consumer has a minimum payment that is less than 10 percent of the debt on the credit card. Otherwise, none of these disclosures would be required on their statement.

Statistics vary about the number of individuals who make only the minimum payments. One study in 2004 determined that 35 million people pay only the minimum on their credit cards. In a 2005 poll, 40 percent of respondents said that they pay the minimum or slightly more.

What is certain is that many Americans pay only the minimum, and that paying only the minimum has harsh financial consequences.

I suspect that most people would be surprised to know how much interest can pile up when paying the minimum. Take the average household, with $9,500 of credit card debt, and the average credit card interest rate, which last week was 13.74 percent. If only the 2 percent minimum payment is made, it will take them 35 years and $21,799.07 to pay off the card.

That is if the family doesn't spend another cent on their credit cards—an unlikely assumption. In other words, the family will need to pay over $12,000 in interest to repay just $9,500 of principal.

For individuals or families with more than average debt, the pitfalls are even greater. $20,000 of credit card debt at the average 13.74 percent interest rate will take 42 years and more than $46,300 to pay off if only the minimum payments are made.

Mr. President, 13.74 percent is only the average rate. Interest rates around 20 percent are not uncommon. Penalty interest rates on credit cards average 27.3 percent, and seven major credit cards charge penalty rates of more than 30 percent.

Even if we assume only a 20 percent interest rate, a family that has the average debt of $9,500 at a 20 percent interest rate and makes the minimum payments will need an incredible 82 years and $55,084 to pay off that initial $9,500 of debt. That's $45,584 in interest payments—an amount that approaches 5 times the original debt. These examples are far from extreme.

Last March, the Permanent Subcommittee on Investigations of the Committee on Homeland Security and Governmental Affairs heard testimony from Wesley Wannemacher, a consumer from Lima, OH.

Mr. Wannemacher charged $3,200 to a credit card in 2001 and 2002. He never charged anything on the card again, but he spent the next 6 years struggling to pay it off, as he experienced the kinds of events that American households routinely face—unexpected medical expenses, a growing family, and so on.

By early 2007 Mr. Wannemacher had paid $6,300 on the initial $3,200 in debt, but he still owed $4,400 on the card. Interest charges, late fees, and $1,500 in fees for going over the limit—even though the balance had only exceeded the limit three times—had resulted in total charges of $10,700 for that initial $3,200 in credit.

Fortunately for Mr. Wannemacher, his credit card company reviewed his account—after it became known that he was going to testify to Congress about his experience. The remaining balance on his account was forgiven.

Mr. President, testifying before a Senate committee is not something that Americans could—or should have to—do to escape from crushing credit card debt.

That is one of the reasons why it is so important for this Congress to pass the Credit Card Minimum Payment Notification Act.

There will always be people who cannot afford to pay more than their minimum payments. But there is also a large number of consumers who can afford to pay more but feel comfortable paying the minimum payment because they don't realize the consequences of doing so.

Now I am certainly not trying to demonize credit cards or the credit card industry. Credit cards are an important part of everyday life, and they help the economy operate more smoothly by giving consumers and merchants a reliable, convenient way to exchange funds.

However, I do think that people should understand the dangers of paying only their monthly minimums. In this way individuals will be able to act responsibly.

The bottom line is that for many consumers, the two percent minimum payment is a financial trap.

The Credit Card Minimum Payment Notification Act is designed to ensure that people are not caught in this trap through lack of information. The bill tracks the language of an amendment I cosponsored during the debate on the 2005 bankruptcy bill.

The language of this bill is based on a California law, the California Credit Card Payment Warning Act, passed in 2001. Unfortunately, in 2002, this California law was struck down in U.S. District Court as being preempted by the 1968 Truth in Lending Act.

The Truth in Lending Act was enacted in part because Congress found that, ''The informed use of credit results from an awareness of the cost thereof by consumers.''

This bill would amend the Truth in Lending Act, and would also further its core purpose.

These disclosures will allow consumers to know exactly what it means for them to carry a balance and only make minimum payments, so they can make informed decisions on credit card use and repayment.

The disclosure required by this bill is straightforward—how much it will cost to pay off the debt if only minimum payments are made, and how long it will take to do it. As for expense, my staff tells me that on the Web site Cardweb.com, there is a free interest calculator that does these calculations in under a second. Moreover, I am told that banks make these calculations internally to determine credit risk. The expense of making these disclosures would be minimal.

Percentage rates and balances are constantly changing, and each month, the credit card companies are able to assess the minimum payment, late fees, over-the-limit fees and finance charges for millions of accounts.

If the credit card companies can put in their bills what the minimum monthly payment is, they can certainly figure out how to disclose to their customers how much it might cost them if they stick to that minimum payment.

The credit card industry is the most profitable sector of banking, and in 2006 it made $36.8 billion in profits—an increase of nearly 80 percent from their profits in 2000. I don't think they will have any trouble implementing the requirements of this bill.

I believe that this legislation is extraordinarily important and that it will reduce bankruptcies. In the face of the subprime mortgage crisis, and as we appear to be heading toward a recession, this bill is needed now more than ever.

The harsh effects of the 2005 bankruptcy bill are starting to become apparent. I continue to believe that a bill requiring a limited but meaningful disclosure by credit card companies is a necessary accompaniment. I think you will see consumers acting more cautiously if these disclosures are made, and I believe that will be good for the bankruptcy courts in terms of reducing their caseloads, and also good for American consumers.

The credit card debt problem facing our Nation is significant. I believe that this bill is an important step in providing individuals with the information needed to act responsibly, and it does so with a minimal burden on the industry.

I urge my colleagues to support this legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 2542

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Credit Card Minimum Payment Notification Act of 2008''.

SEC. 2. ENHANCED DISCLOSURE UNDER AN OPEN END CREDIT PLAN.

Section 127(b) of the Truth in Lending Act (15 U.S.C. 1637(b)) is amended by adding at the end the following:

''(13) ENHANCED DISCLOSURE UNDER AN OPEN END CREDIT PLAN.—

''(A) IN GENERAL.—A credit card issuer shall, with each billing statement provided to a cardholder in a State, provide the following on the front of the first page of the billing statement, in type no smaller than that required for any other required disclosure, but in no case in less than 8-point capitalized type:

''(i) A written statement in the following form: 'Minimum Payment Warning: Making only the minimum payment will increase the interest you pay and the time it takes to repay your balance.'.

''(ii) Either of the following:

''(I) A written statement in the form of and containing the information described in item (aa) or (bb), as applicable, as follows:

''(aa) A written 3-line statement, as follows: 'A one thousand dollar ($1,000) balance will take 17 years and 3 months to pay off at a total cost of two thousand five hundred ninety dollars and thirty-five cents ($2,590.35). A two thousand five hundred dollar ($2,500) balance will take 30 years and 3 months to pay off at a total cost of seven thousand seven hundred thirty-three dollars and forty-nine cents ($7,733.49). A five thousand dollar ($5,000) balance will take 40 years and 2 months to pay off at a total cost of sixteen thousand three hundred five dollars and thirty-four cents ($16,305.34). This information is based on an annual percentage rate of 17 percent and a minimum payment of 2 percent or ten dollars ($10), whichever is greater.'. In the alternative, a credit card issuer may provide this information for the 3 specified amounts at the annual percentage rate and required minimum payment that are applicable to the cardholder's account. The statement provided shall be immediately preceded by the statement required by clause (i).

''(bb) Instead of the information required by item (aa), retail credit card issuers shall provide a written 3-line statement to read, as follows: 'A two hundred fifty dollar ($250) balance will take 2 years and 8 months to pay off at a total cost of three hundred twenty-five dollars and twenty-four cents ($325.24). A five hundred dollar ($500) balance will take 4 years and 5 months to pay off at a total cost of seven hundred nine dollars and ninety cents ($709.90). A seven hundred fifty dollar ($750) balance will take 5 years and 5 months to pay off at a total cost of one thousand ninety-four dollars and forty-nine cents ($1,094.49). This information is based on an annual percentage rate of 21 percent and a minimum payment of 5 percent or ten dollars ($10), whichever is greater.'. In the alternative, a retail credit card issuer may provide this information for the 3 specified amounts at the annual percentage rate and required minimum payment that are applicable to the cardholder's account. The statement provided shall be immediately preceded by the statement required by clause (i). A retail credit card issuer is not required to provide this statement if the cardholder has a balance of less than five hundred dollars ($500).

''(II) A written statement providing individualized information indicating an estimate of the number of years and months and the approximate total cost to pay off the entire balance due on an open-end credit card account if the cardholder were to pay only the minimum amount due on the open-ended account based upon the terms of the credit agreement. For purposes of this subclause only, if the account is subject to a variable rate, the creditor may make disclosures based on the rate for the entire balance as of the date of the disclosure and indicate that the rate may vary. In addition, the cardholder shall be provided with referrals or, in the alternative, with the '800' telephone number of the National Foundation for Credit Counseling through which the cardholder can be referred, to credit counseling services in, or closest to, the cardholder's county of residence. The credit counseling service shall be in good standing with the National Foundation for Credit Counseling or accredited by the Council on Accreditation for Children and Family Services. The creditor is required to provide, or continue to provide, the information required by this clause only if the cardholder has not paid more than the minimum payment for 6 consecutive months, beginning after July 1, 2002.

''(iii)(I) A written statement in the following form: 'For an estimate of the time it would take to repay your balance, making only minimum payments, and the total amount of those payments, call this toll-free telephone number: (Insert toll-free telephone number).'. This statement shall be provided immediately following the statement required by clause (ii)(I). A credit card issuer is not required to provide this statement if the disclosure required by clause (ii)(II) has been provided.

''(II) The toll-free telephone number shall be available between the hours of 8 a.m. and 9 p.m., 7 days a week, and shall provide consumers with the opportunity to speak with a person, rather than a recording, from whom the information described in subclause (I) may be obtained.

''(III) The Federal Trade Commission shall establish not later than 1 month after the date of enactment of this paragraph a detailed table illustrating the approximate number of months that it would take and the approximate total cost to repay an outstanding balance if the consumer pays only the required minimum monthly payments and if no other additional charges or fees are incurred on the account, such as additional extension of credit, voluntary credit insurance, late fees, or dishonored check fees by assuming all of the following:

''(aa) A significant number of different annual percentage rates.

''(bb) A significant number of different account balances, with the difference between sequential examples of balances being no greater than $100.

''(cc) A significant number of different minimum payment amounts.

''(dd) That only minimum monthly payments are made and no additional charges or fees are incurred on the account, such as additional extensions of credit, voluntary credit insurance, late fees, or dishonored check fees.

''(IV) A creditor that receives a request for information described in subclause (I) from a cardholder through the toll-free telephone number disclosed under subclause (I), or who is required to provide the information required by clause (ii)(II), may satisfy the creditor's obligation to disclose an estimate of the time it would take and the approximate total cost to repay the cardholder's balance by disclosing only the information set forth in the table described in subclause (III). Including the full chart along with a billing statement does not satisfy the obligation under this paragraph.

''(B) DEFINITIONS.—In this paragraph:

''(i) OPEN-END CREDIT CARD ACCOUNT.—The term 'open-end credit card account' means an account in which consumer credit is granted by a creditor under a plan in which the creditor reasonably contemplates repeated transactions, the creditor may impose a finance charge from time to time on an unpaid balance, and the amount of credit that may be extended to the consumer during the term of the plan is generally made available to the extent that any outstanding balance is repaid and up to any limit set by the creditor.

''(ii) RETAIL CREDIT CARD.—The term 'retail credit card' means a credit card that is issued by or on behalf of a retailer, or a private label credit card, that is limited to customers of a specific retailer.

''(C) EXEMPTIONS.—

''(i) MINIMUM PAYMENT OF NOT LESS THAN TEN PERCENT.—This paragraph shall not apply in any billing cycle in which the account agreement requires a minimum payment of not less than 10 percent of the outstanding balance.

''(ii) NO FINANCE CHARGES.—This paragraph shall not apply in any billing cycle in which finance charges are not imposed.''.

By Mr. ENSIGN (for himself, Mr. ALEXANDER, Mr. BROWNBACK, Mr. BUNNING, Mr. COBURN, Mr. COLEMAN, Mr. CORNYN, Mrs. DOLE, Mr. GRAHAM, Mr. GRASSLEY, Mr. HAGEL, Mrs. HUTCHISON, Mr. INHOFE, Mr. KYL, Mr. MCCAIN, Mr. MCCONNELL, Mr. ROBERTS, Mr. SESSIONS, Mr. SHELBY, Mr. THUNE, Mr. VOINOVICH, Mr. HATCH, and Mr. NELSON of Nebraska):

S. 2543. A bill to amend title 18, United States Code, to prohibit taking minors across State lines in circumvention of laws requiring the involvement of parents in abortion decisions; to the Committee on the Judiciary.

● Mr. MCCAIN. Mr. President, today in Washington, DC, thousands of people of all ages are taking part in the annual March for Life and staking a claim for the rights of the unborn. I commend them and am in awe of their great dedication to the cause of protecting life. I share their strong pro-life beliefs, and I am proud to be an original cosponsor of the Child Custody Protection Act that is being introduced today.

This is one of the most important pieces of legislation to be introduced during this Congress, and for good reason. While more than 20 States require a minor to receive parental consent prior to obtaining an abortion, these laws are being violated. Today, minors, with the assistance of adults—who are not their parents—are being transported across State lines to receive abortions without obtaining parental consent. We need to end this circumvention of State laws and, far more importantly, the consequences such actions have on life.

This legislation would make it a Federal offense to knowingly transport a minor across a State line for the purpose of an abortion, in circumvention of a State's parental consent or notification laws, unless it is needed to save the life of the minor. We have attempted to enact similar legislation in previous Congresses without success, and it is critical that we do not allow opponents to further stall its enactment.

I am and always have been pro-life, and my record during my tenure in Congress reflects my strong belief that life is sacred. We must stand up for the rights of the unborn and do all that we can to enact this important legislation.●

By Mr. KENNEDY (for himself, Mr. DODD, Mr. BINGAMAN, Mr. HARKIN, Mr. REED, Mrs. CLINTON, Mr. OBAMA, and Mr. BROWN):

S. 2544. A bill to provide for a program of temporary extended unemployment compensation; to the Committee on Finance.

Mr. KENNEDY. Mr. President, it is clear that our economy is going from bad to worse. Every day the headlines bring more bad news. Fuel prices are going through the roof. Millions of families are at risk of losing their homes. Bankruptcies have risen by 40 percent in the last year alone.

Most alarming, we are seeing a drastic rise in the number of Americans out of work. In December, half a million more Americans were unemployed than the month before. Today nearly 8 million Americans are looking for a job and can't find one. The national unemployment rate has shot up to 5 percent—the biggest increase since the last recession. Experts say this number will rise well above 6 percent in 2009. Vulnerable parts of our population have been hit even harder—last month, 9 percent of African-American workers were unemployed, up sharply from 8.4 percent in November. Latino workers now have an unemployment rate of 6 percent.

What's more, we are seeing a large number of out-of-work Americans who still can't find a new job months later. Nearly one out of five Americans who is looking for work has been out of a job for over 6 months—compared with roughly one out of ten in 2001, before the last recession. With only 4 million job openings and nearly 8 million unemployed Americans, there are two workers for every job. As unemployment rises, there will be even more workers competing for each job. As highlighted in yesterday's front-page article in the Washington Post, this problem is affecting workers across our economy—even those with college educations and years of experience can't find work.

These aren't just statistics. These numbers are coworkers, our relatives, our neighbors. For each and every one of those families, a pink slip can spell economic disaster.

Losing a job isn't just losing a paycheck—it can mean losing the results of years of hard work and sacrifice.

For too many families, losing a job means losing health insurance. Without insurance, an unexpected hospital stay—from a broken leg or a cancer diagnosis—means certain financial disaster. Mr. President, 77 percent of middle class Americans do not have enough assets to pay essential expenses for 3 months. Without a paycheck, the rising price of daily necessities—housing, gasoline, and even groceries—becomes impossible to afford.

Our unemployment insurance program is intended to help workers weather a job loss. Workers pay into the program throughout their careers. If they lose their jobs, they can collect a benefit while they look for work. The amounts are modest—typically less than half of a worker's regular wages—but they help families to pay their rent, keep the house warm, and put food on the table.

In good economic times, such benefits are enough to tide workers and their families over for the few weeks it takes to find a job. But these are not good times. It is taking longer and longer for unemployed Americans to find new work. Over 1.3 million Americans have been looking for a job for 6 months or more. As a result, an increasing number of workers have not found a new job by the time their unemployment benefits run out. Over the past year, over 2.6 million Americans—or 35 percent of all unemployed workers—have exhausted their unemployment benefits. Unless we respond soon, these and other families will be left in the cold.

So we must act, and we must act now, to help these workers before financial disaster strikes. That is why I am introducing legislation today to give workers the help they need and have earned. The Emergency Unemployment Compensation Extension Act will ensure that Americans who keep looking for work but can't find a job after 6 months will be eligible for up to 20 weeks of additional benefits. In very high-unemployment States, workers could also receive up to 13 more weeks of benefits. Because out-of-work families are facing skyrocketing costs of gas, home heating, food, and housing, long-term unemployed workers will temporarily receive $50 extra each week to help pay their bills.

Providing this extension is a matter of fairness. We owe it to all workers who have lost their jobs in this struggling economy to provide help while they look for new jobs. Out-of-work Americans have worked hard all their lives. They have paid into the unemployment insurance system with the promise they would receive its protection when our economy is in crisis. Part of the American Dream is the opportunity to work hard, provide for your family, put your children through school, and save for retirement. When the economy isn't working the way it should and the jobs simply aren't there, we must stick together. We must take care of those who can't find a job.

But there's another major reason to act. Economists agree that extending unemployment benefits is a powerful, cost-effective way to deliver a boost to the economy. The extension of benefits puts money into the hands of those who need assistance the most and are most likely to spend it immediately on basic essentials. This means money is flowing immediately to local businesses, which will in turn provide a further economic boost.

Indeed, according to a report by Mark Zandi of Moody's, each dollar invested in benefits to out-of-work Americans leads to a $1.73 increase in growth—the most of any measure tested. That compares with only pennies on the dollar for cuts in income tax rates or cuts in taxes on investments.

The Congressional Budget Office agrees. Its report last week on short-term economic stimulus found that extending unemployment benefits is among the most cost-effective, potent, temporary steps that Congress can take to jump-start our economy.

This is a tried and true approach to helping working families in economic downturns. In each recession since the late 1950s, Congress has extended unemployment benefits to those who have exhausted their benefits and can't find work. It has often done so by overwhelming, bipartisan votes. Layoffs don't discriminate by party.

Extending unemployment benefits is the right thing to do for the economy and the fair thing to do for workers. I urge my colleagues to join me in helping out-of-work Americans and putting our economy back on track.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 419—HONORING THE LIFE AND EXTRAORDINARY CONTRIBUTIONS OF DIANE WOLF

Mr. STEVENS (for himself, Mr. BYRD, and Mr. COLEMAN) submitted the following resolution; which was considered and agreed to:

S. RES. 419

Whereas the Senate has heard with profound sorrow and deep regret of the untimely death of Diane Wolf, a member of the Senate Preservation Board of Trustees and a former distinguished member of the United States Commission of Fine Arts; and

Whereas for over 2 decades Diane Wolf devoted extraordinary personal efforts to and displayed great passion for the preservation and restoration of the United States Capitol Building, and was singularly instrumental in supporting and guiding the early efforts of the United States Capitol Preservation Commission and developing the plans for striking the coins commemorating the Bicentennial of the United States Capitol: Now, therefore, be it

Resolved, That the Senate—

(1) honors the life and extraordinary contributions of Diane Wolf;

(2) conveys its sorrow and deepest condolences to the family of Diane Wolf on her untimely death; and