

and Americans, individual States can't make enough progress without comprehensive health insurance reform. We need that. Workers nationwide are losing insurance for their families when they change or lose jobs. Insurance companies can and do discriminate against sick people. Notwithstanding what the hundreds of millions of dollars' worth of ads say, they can and do discriminate.

I hear heartbreaking stories daily from constituents in Vermont. They tell me of the trouble they have getting, paying for, and keeping health insurance. I hear it when I go to the grocery stores at home. I hear it when I am putting gas in my car at home. I hear it when I am walking down the street or coming out of church, such as the woman from Winooski, VT, who spends \$500 a month on prescriptions—\$500 a month on prescriptions—but she would be uninsured if not for her husband's job. She is working two jobs just to make ends meet and afford their health care costs.

Then there is the small business owner in Vermont who has three full-time employees and one part-time worker and she works 6 and 7 days a week, but she can't afford the blood test her doctor recommended. If she becomes sick, she will lose her business, she will lose her home, her employees will lose their insurance.

There is the man from central Vermont who told me about his sister-in-law who lost parts of both feet because she didn't have health insurance. She didn't have health insurance, and when she needed medical attention, she waited, hoping things would get better. Well, they didn't, and she had to be rushed to the emergency room for amputation.

Real-life stories such as these make us ask: Why are we the only industrialized Nation in the world that lacks health insurance for its citizens? Why does the wealthiest Nation on Earth lack health insurance for its citizens? Why does the most powerful Nation on Earth lack health insurance for its citizens? It is shameful. We owe it to all Americans to pass meaningful reform.

I strongly believe the best way to meet these goals is to include a public health insurance option in health insurance reform. A public option would give consumers more choices to purchase an affordable and quality health insurance plan. It would bring about competition. It will bring down costs. I applaud the majority leader for saying the Senate bill will consider this.

In order to introduce true competition in the insurance industry we must also end the exemption from antitrust scrutiny that has been carved out of our laws for the benefit of health insurers and medical malpractice insurance companies. The antitrust laws exist to protect consumers and promote competition, and we should no longer allow the insurance industry to hide behind its special, statutory exemption from

the antitrust laws. During the Senate's debate on health insurance reform, I will offer as an amendment the Health Insurance Industry Antitrust Enforcement Act, which I introduced last month, to end the health insurance industry's exemption from our antitrust laws.

We know our current health system is unsustainable. It threatens not only our health security but also our economic security. Doing nothing has been seen as an option before us. It is always easier to do nothing, but that is not an option now. We tried doing nothing for years and the situation has grown worse. So let's debate and let's pass health insurance overhaul in the coming weeks. Let's give Americans the competition they need. Most importantly, let's give Americans the choice they need.

I yield the floor.

**THE PRESIDING OFFICER.** The Senator from New York.

**MR. SCHUMER.** Mr. President, first, I wish to compliment my good friend from Vermont on his excellent remarks. I am proud to be a cosponsor on his legislation on the antitrust exception. I also wish to say to my friend that I know he was a little bit under the weather the last few days. I called him a couple times to wish him well. I think I can speak for every one of the other 99 of us, we are glad the Chairman is back and in fighting form.

#### UNEMPLOYMENT COMPENSATION EXTENSION

**MR. SCHUMER.** Mr. President, I rise to speak in favor of the unemployment relief expansion that the Senate is poised to pass, hopefully, later today, with broad bipartisan support, although there were, I am sorry to say, some unnecessary delays from the other side.

This bill is vitally important and we could have, and should have, passed it weeks ago. I am relieved to finally see the light at the end of a very long, very dark tunnel that being out of work has caused for hundreds of thousands of American workers who have lost their jobs.

Since we first began considering this vital legislation nearly a month ago, nearly a quarter of a million Americans, and 50,000 New Yorkers have seen their benefits dry up. With each passing day of inaction, tens of thousands of middle-class families have seen their safety net pulled out from under them. So I am glad to see the Senate finally take action.

I think of something that happened to me on Monday. I was rushing to my New York City office in midtown Manhattan. A well-dressed gentleman was obviously waiting at the front door of the office building in which my office is 17 floors up. He was well dressed, in a camel hair coat, and he was well groomed. I could see anxiety in his eyes. He pulled me aside and said, "Senator, I have been waiting for you.

Can I speak with you for a minute?" I said, "I am late for a meeting, so can you walk with me?" He said to me again, "I would like to ask you a question. When will you pass an unemployment benefit extension? I have a lot of friends who are asking." I sort of knew what was happening. Of course, he was a man who was obviously middle class, and maybe more, who had lost his job and could not find his benefits. He was too proud to ask me for himself, so he asked me for others.

It hit home to me that New Yorkers of all backgrounds and economic levels and all parts of our State are out of work through no fault of their own. They are desperately looking for jobs, and not enough of those jobs have come back. Our job is to help them. That is what this bill does. I am glad to see the Senate finally take action.

The bill will also extend the home buyer tax credit for 7 months, which I support, and it will provide for a 5-year carryback of net operating losses, or NOLs.

The main focus of my remarks today is on this last provision, since one of the important effects of this NOL part of the legislation will be to provide much needed and deserved tax relief and, in too many cases, the money needed to survive to thousands of Americans who were lured into Ponzi schemes such as Bernie Madoff's and have lost everything. These evil schemes hurt so many people.

When we hear about the Madoff investors, we hear a lot about celebrities who lost hundreds of millions. But for every wealthy individual, there are hundreds, if not thousands, of people not at all of wealth who had their retirement savings stolen from them. They trusted Madoff or their investment adviser who put their money with Madoff. Now these poor folks have lost everything. In many ways, these average people are worse off than the people who lost many times as much, because so many—too many—of these smaller victims lost everything.

As you know, many of them are in New York, because Bernie Madoff was located there. I want to explain to my colleagues how what we are doing today helps the little guy, the average person, who saved for their retirement and now finds, at age 60, 65, or 70, that their retirement savings are gone. Everything they have worked for their whole life has been stolen from them. In many cases, the victims are destitute and have nothing to live on. They saved their money for years. They got statements and confirmations and 1099 forms that looked real. The SEC had checked out Madoff and said everything was fine. The victims did everything right. They played by the rules, and then their future financial security evaporated before their eyes on December 11 of last year.

Here is what we are doing to try to help those thousands of smaller investors. There are basically two types of Madoff investors, leaving out the charities and pension funds that were also

decimated. There are the direct investors, who knew Madoff and invested directly with him. Then there are the indirect investors, who went through someone they knew or an investment advisor called “feeder fund” investors. In general, direct investors tend to be the bigger investors, the wealthy who had personal relationships with Madoff. The indirect investors are the folks who tend to have a lower net worth, and a lot of them are elderly people who saved all their lives, and suddenly they are destitute. Many gave their money to somebody they trusted, such as an investment advisor, and didn’t even know their money was invested with Bernie Madoff.

When the IRS issued a revenue ruling in April, which I urged them to do, the ruling simplified and clarified the rules under which a direct investor could take a theft loss deduction for their Madoff losses, by saying that theft losses could be treated as NOLs, as if the individual investors were small businesses. Direct investors were allowed to “carry back” their losses for 5 years instead of 3 and carry forward any remaining losses for up to 20 years. A longer carryback is important because it allows the investor to recoup some of those losses and put cash in their pockets.

But investors in a “small business” with more than \$15 million in assets could not qualify for this relief. As a result, the IRS guidance was of help only to direct investors because the feeder funds that had the money of thousands of smaller investors were usually worth more than \$15 million. They aggregated lots of little investors and gave one big chunk of money to Madoff. The IRS was sympathetic. They told us it was right to help these people, but they said they needed a change in the law.

I should also add that the indirect investors are also not eligible for the \$500,000 of relief from the Security Investor Protection Corporation, or SIPC, so they have been hit by a double whammy: They are the smaller people usually, and they got shut out of the expanded carryback on the theft losses because the feeder funds of which they were a small part were too big, and they get no SIPC relief either.

The bill we are considering today will allow larger businesses to carry back their NOLs for 5 years. They can offset 100 percent of the income for the first 4 years and 50 percent in the fifth. I have worked hard to ensure that this language is drafted in such a way that the Madoff indirect investors will qualify for the expanded NOL relief, because these individuals will no longer be subject to the “small business test.”

I believe very strongly that the indirect and direct investors should be treated equally. I tried to amend the bill so that those who are victims of theft losses from fraudulent investment schemes could get the full 100 percent in the fifth year. I particularly thank the chairman of the Finance

Committee, Senator BAUCUS, and his staff, for being receptive to this, and for working with my very capable staff to make it happen. I believe we could have added this to the bill if we could have gotten it scored in the compressed timetable that we had had.

I will continue to work with the Finance Committee and the Joint Committee on Tax and the victims advocates to get the necessary data so that future tax relief for Ponzi scheme victims can be considered by the full Senate, and not stalled by unrelated scoring issues.

The action we are taking today will help millions of unemployed, thousands of home buyers, and many large corporations that need the refunds to improve their cash flow and make new investments, and that is hugely important. But I also wanted to explain how what we are doing today will help provide some modest assistance to thousands of people whose life savings were stolen from them 11 months ago.

The victims haven’t been sure where to turn, but I assure them that they have allies in the Senate, including the chairman of the committee and myself. We hear them, and we are doing everything we can to help right these wrongs and at least make up for some of the evil done by Bernie Madoff.

I yield the floor.

The PRESIDING OFFICER (Mr. KAUFMAN). The Senator from Oregon is recognized.

Mr. MERKLEY. Mr. President, I rise today to address one particular aspect of the bill before us, the Home Ownership and Business Assistance Act of 2009.

Home ownership is addressed in this bill through an extension of the \$8,000 credit to first-time home buyers. There are some adjustments to that credit encapsulated in the bill, but I will not get into that. I want to address a different aspect. This is an idea that hasn’t been fully debated in the Senate. I think it is an appropriate time to put it forward.

We need a permanent \$5,000 tax credit for first-time home buyers. Folks may say: But we have a mortgage interest deduction, and that is a major home ownership program in America. Why should we have a downpayment tax credit for first-time home buyers on an ongoing basis?

In the bill before us, the tax credit is designed to stimulate the economy, stimulate the housing market. But I put this idea forward from a different direction—the direction of empowering our working families through home ownership.

Why is that so important? I will tell you and I will give you a few vignettes.

I spent years working as director for Habitat for Humanity, working with low-income families trying to become homeowners. The community made it affordable and possible by donating land and materials and participating in the construction of the home. Habitat sold the homes to the individuals on a

zero interest mortgage. Those families participated in the construction, which is often called “sweat equity.” They were out there hammering nails, putting up walls, pouring foundations, putting on roofing, putting their own labor and sweat into the construction of the house.

What I saw through that experience was the profound impact of home ownership on working families. I saw families, who were unstable and had been going from living in a van to living in a basement, become stable. I saw the positive impact on the children, who had never been able to invite a friend over before—now having pride in their home and having the ability to invite friends over, having more self-respect. I saw them doing better in school. I saw parents who didn’t believe they had a stake in the community. Now they had a stake in the community, and that affected the way they behaved. They became more involved in the affairs of the community.

I want to turn first to laying out the fact that studies that look at the details of home ownership impact find that indeed home ownership has an enormous impact on working families. Sociologist R. J. Bursik found that crime, unemployment, suicides, juvenile delinquency, teen pregnancy, and drug use are decreased by home ownership. The Journal of Urban Economics found that children in home-owning families tend to have higher levels of achievement in math and reading, to have fewer behavioral problems, stay in school longer, are more likely to graduate from high school, and are more likely to go to college.

A study by Alba, Logan, and Bellaire titled “Living with Crime” found that home ownership resulted in family members being significantly less likely to be involved in crime.

All of this is common sense. It is common sense that a family who feels part of a community is going to be less likely to be involved in crime, is going to be more involved in the community, that children who have more stable lives have more self-respect and are going to fare better in school. The stability of home ownership makes it more likely that children are going to graduate from high school. But I think it is important to document those impacts from the studies, as well as from our common sense or from vignettes.

We have a major program in America, the home mortgage interest deduction, which is designed to facilitate home ownership. It is a terrific program, but the program does not assist working families getting into their first homes.

Let me put up a chart to explain what I am talking about.

Take a working family. Maybe they are earning \$40,000 or \$50,000 or \$70,000, and they buy a \$150,000 house and put 5 percent down. Right now, mortgage rates are low, so they pay 5 percent interest. Their total interest is \$7,078. That is less than the standard deduction for a year. The standard deduction

is \$11,400. So working families are not assisted by the home mortgage interest deduction in getting into homes.

It is still a good program. It still empowers home ownership over the long term. It certainly is beneficial in an increasing way to families who earn more.

Here is a family buying a \$500,000 house. While the interest is the same, the same assumptions—5 percent down, 5 percent interest, \$23,591, far exceeding the standard deduction. So if you are a family who is better off, you can buy a bigger house. The home mortgage interest deduction helps launch you into home ownership. But if you are a working family in America, it does not help much. In fact, often the interest is less than your standard deduction. So it has no impact whatsoever. This is why we should debate fully a permanent \$5,000 downpayment tax credit for first-time home buyers.

Of course, we always struggle with the cost of programs and that is a very important thing to do. The cost of the home mortgage interest deduction in this last year was about \$97 billion. That is the cost of the home mortgage interest deduction, with most of the benefits going to affluent families. So \$97 billion is directed in ways that do not help our working families get into their first home.

What if we were to spend a fraction of that to help working families become homeowners, knowing that the externalities of home ownership—the stability for children, the lower crime rates, more likely to finish school, more likely to earn more money, you pay more in taxes, less likely to end up on public programs. All those programs are paid back to us in multiples.

What would the cost be of providing a \$5,000 downpayment tax credit, a permanent one, to first-time home buyers? It would be on the order of \$10 billion, assuming that every family, regardless of income, was eligible.

A \$97 billion program, an important program, a good program, but it does not help working families get into homes. Why not spend 10 percent of that on a program that would help launch our working families into home ownership, which makes much better lives for them and a much better community, stronger communities for everyone else, and a much better future for their children?

I will conclude in this fashion. Home ownership has enormous value to our society—home ownership done right, not with liar loans, not with prepayment penalties, not with steering payments, not with mortgages that are basically scams. But home ownership done right has enormous returns—responsible, good, solid mortgages. We should support our working families to become homeowners, for their sake and for strengthening all of America and for the future of our children.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### UNEMPLOYMENT COMPENSATION EXTENSION ACT OF 2009

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 3548, which the clerk will report.

The bill clerk read as follows:

A bill (H.R. 3548) to amend the Supplemental Appropriations Act, 2008, to provide for the temporary availability of certain additional emergency unemployment compensation, and for other purposes.

Pending:

Reid (for Baucus/Reid) amendment No. 2712, in the nature of a substitute.

Reid amendment No. 2713 (to amendment No. 2712), to change the enactment date.

Reid amendment No. 2714 (to amendment No. 2713), of a perfecting nature.

Reid amendment No. 2715 (to the language proposed to be stricken by amendment No. 2712), to change the enactment date.

Reid amendment No. 2716 (to amendment No. 2715), of a perfecting nature.

The PRESIDING OFFICER. Under the previous order, all postclosure time is expired, the substitute amendment is agreed to, and the motion to reconsider is considered made and laid upon the table.

The amendment (No. 2712) was agreed to.

The PRESIDING OFFICER. Under the previous order, the time until 12:15 p.m. will be equally divided and controlled between the two leaders or their designees.

The Senator from Georgia.

Mr. ISAKSON. Mr. President, that will be, I suppose, about 12 minutes each side; is that correct?

The PRESIDING OFFICER. The Republican side has 15 minutes.

Mr. ISAKSON. Mr. President, I rise in full support of the extension of the unemployment insurance compensation. I rise also to express my thanks to a number of people in this body.

First, as everybody knows, we adopted a substitute to the unemployment compensation bill by Senator REID. Senator REID, the majority leader, has been instrumental in seeing to it this bill not only passes but that enhancements are made to this bill to help the U.S. economy, and it is totally paid for and a net positive to the Federal Treasury. I appreciate more than I can express Senator REID's hard work to help this take place.

Secondly, I thank Max BAUCUS, chairman of the Finance Committee. Senator BAUCUS and his staff have been unbelievably cooperative in helping us find the pay-fors to match and actually exceed the cost of the home buyers tax credit which will be extended in this legislation.

Senator DODD, chairman of the Banking Committee, 3 weeks ago hosted a 3-hour hearing in the committee on the housing tax credit and the housing

market. Without his giving us that time to bring forward the issues that are so pressing in our country today, I am not sure we would be standing here at all. So I am greatly appreciative of Senator DODD.

I particularly thank Chris Cook on my staff for the work he has done in helping make this take place.

Lastly, but not least, I thank Mr. Richard Smith, a private citizen, a person in the housing industry who dedicated countless hours of his life in the past month to educate people on the positive effects of what we are about to do.

Briefly, I want to say the following: We learned about 8 months ago that a tax credit for first-time home buyers worked. It worked to bring back the entry level marketplace in housing, and it helped to begin to stabilize the housing market which led us in late 2007 into the difficulties we have experienced over the last 20 months. Extending it is important, as long as everybody still understands permanent extension would be bad. Extending it to next April, which this bill does, with a closing no later than June 30, allows the American housing market and first-time home buyers to exercise their right to take tax they pay, convert it to equity in the investment and net appreciating asset, and help stimulate what is the rock-solid base of the American economy.

We also add, in addition to the \$8,000 credit extension for first-time home buyers, a move-up buyer tax credit of \$6,500. This is the cornerstone of the substitute before us now. It offers to any previous homeowner who has lived in their home for at least the last 5 years the opportunity to sell that home, invest in a new home, and take up to a \$6,500 tax credit. That is going to help us boost what is the problem in the U.S. housing economy today, and that is what is called the move-up market. It is the gentleman who is transferred from Delaware with Hercules to Brunswick, GA, who cannot sell his house in Wilmington and cannot buy a house in Brunswick because the markets are so frozen and the move-up market is dead. Now he has an opportunity to sell that house and have an incentive for its purchase in Delaware and an incentive to come and reinvest that money in Georgia in a house in Brunswick. It will make a measurable difference over the next 7 months in our economy.

We also raised the means test on income from \$75,000 to \$150,000, which is in the current credit, to \$150,000 and \$225,000 in the new bill for both move-up buyers as well as first-time home buyers. Those income thresholds will open the incentive to more Americans and I think will show a measurable increase in the amount of business that takes place.

In response to the Internal Revenue Service concerns we expressed a few months ago on fraud, we put in every single request they made for fraud to