

Floor Statement of Ranking Member Spencer Bachus Regarding the Economic Stimulus Package

January 29, 2008

Mr. Speaker: Today I rise in support of this bipartisan economic stimulus package.

The Financial Services Committee was responsible for the housing provisions of the stimulus package and it is those sections toward which I will direct most of my comments. Before doing so, I want to add a few words of support for the tax cuts in this legislation.

The stimulus package we are considering today recognizes the basic economic reality that getting money back in the hands of the people who earned it is the best way to help our economy.

The tax element of this package has been called a rebate but, in essence, it's a tax cut for millions of low and moderate income Americans. This will mean immediate tax relief for hard-working taxpayers, and the improvement to our economy that always results from allowing taxpayers to decide how their own hard earned money is spent. Hopefully, this will stimulate not only the economy, but also it will serve to prompt my colleagues to enact additional tax cuts in the future and make the Bush tax cuts that have worked so well, permanent.

It is widely recognized that the troubled housing market is a significant contributor to the current slowdown in our economy.

This stimulus package includes several provisions designed to address the lack of liquidity in certain segments of the mortgage market. The bill increases - but only on a temporary basis - the loan limits that apply to mortgages that can be purchased by the housing GSEs (Fannie Mae and Freddie Mac) and insured by the Federal Housing Administration (FHA).

Greater availability of higher-cost mortgages and FHA-insured loans should help get prospective homebuyers off the sidelines in those housing markets where price declines have been especially severe, while also assisting existing homeowners seeking to refinance into more affordable mortgage products. The combined effect of these changes is intended to help restore confidence in our economy.

The higher GSE and FHA loan limits - like the other provisions in this stimulus package - are both targeted and temporary. They will expire at the end of this year, thereby addressing the concerns of those who fear that expanding eligibility for GSE and FHA loan products will unduly increase Federal housing subsidies. While I would have preferred that these increases be implemented as part of comprehensive GSE and FHA reform, I am encouraged by the commitments that Chairman Frank and the Chairman of the Senate Banking Committee have made to us that achievement of those broader reforms will be among their highest priorities during this congressional session. As the GSEs purchase larger mortgages and take on more risk, it is incumbent upon this Congress to produce legislation that creates a world-class regulator for these enterprises and fully protects U.S. taxpayers. The House passed a bill last May, and it is now the Senate's turn to act.

The bottom line is that we must not only take these measures that offer real solutions, but also do what can be done to increase and encourage optimism among all Americans. There is legitimate reason for doing so -- we should do that as urgently as possible.

Mr. Speaker, let me conclude by commending President Bush, Chairman Frank and the Republican and Democratic leadership of the House for coming together so quickly around this stimulus plan.