Rep. Eshoo Votes to Stabilize Economy, Protect Taxpayers and Main Street

Monday, September 29, 2008Washington, D.C. – Rep.Anna G. Eshoo (D – Palo Alto) today voted for economic recovery legislation that reinvests in the financial markets to stabilize the economy and ensure that taxpayers are the first in line to recover their assets once the recovery plan begins to work.“This is as tough a vote as any I’ve ever taken during my time in Congress,” said Eshoo. “Today, I will vote ‘yes’ because I believe we’ve shaped a good bill which is fair to taxpayers and it is a plan to address the many critical issues plaguing the U.S. financial system. Having said this, I know that no legislation is perfect; it is a product of human beings. But doing nothing I believe is a higher risk to our country and would hurt millions of Americans across the nation. I didn’t come to Congress to hurt people.“This financial crisis is proof-positive of the failed economic policies of the Bush Administration which has engaged in ‘cowboy capitalism’ for too long. Wall Street has been allowed to run free withlittle oversight or regulation to protect the American taxpayer. My ‘yes’ vote is to allow the country to move forward, to protect taxpayers, to help Main Street, protect pensions, to protect 401Ks, and to restore our credit markets with no rewards for those whose greed and foolishness have so jeopardized our economy.The Emergency Economic Stabilization Act will allow the federal government, with strict oversight from Congress, to purchase mortgage-backed assets and institute fiscally responsible reforms to ensure that the investments will be paid back to the taxpayers. Specificallythe bill contains the following provisions: Ensures That Taxpayers Have an Equity Share in Any Profits Gives taxpayers an ownership stake and profit sharing of participating companies. Puts taxpayers first in line to recover assets if a participating company fails. Allows the government to purchase troubled assets from pension plans, local government, and small banks that serve low and middle-income families. Strong Independent Oversight and Transparency Establishes four separate independent oversight entities or processes to protect the taxpayer including: Establishment of an independent bipartisan board to provide oversight, review and accountability of taxpayer funds. A Government Accountability Office presence at Treasury to oversee the program and conduct audits to ensure strong internal controls, and to prevent waste, fraud, and abuse. An independent Inspector General to monitor the Treasury Secretary’s decisions. Have all transactions posted online for the public. Staging of Funds Rather giving the Treasury all the funds at once, the legislation releases $250 billion immediately, and another $100 billion upon a Presidential certification of need. The final $350 billion could be made available if the President transmits a written report to Congress requesting the funds. Congress could pass a resolution disapproving the $350 billion. If no disapproval resolution is enacted, the next installment of $350 billion would be released 15 days after the President's request. Limits on Golden Parachutes The bill provides that an institution that sells more than $300 million in assets to the Treasury be subject to additional taxes, including a 20% excise tax on golden parachute payments for compensation limits above $500,000. Home Foreclosures Allows the government to change the terms of mortgages to help reduce the 2 millio projected foreclosures in the next year. Protection of School District and City/County Investments Assist school districts, cities and counties who had investments in failed institutions. “If we don’t act now, obtaining a home mortgage, a car loan, a student loan, a small business loans or even a credit card will become difficult or impossible for consumers. More financial institutions will fail and millions could lose their savings, thousands of jobs could be lost, and large parts of our economy could cease to function. The repercussions of this would be far greater than the potential cost of any financial rescue program,” said Eshoo.The legislation failed to pass the House by a vote of 205-228.