HOME OWNERSHIP EXPANSION AND OPPORTUNITIES

HON. RUBÉN HINOJOSA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 19, 2001

Mr. HINOJOSA. Mr. Speaker, I rise today to express concerns over the introduction of H.R. 3206, the Home Ownership Expansion and Opportunities Act of 2001. The legislation would allow Ginnie Mae to alter its current role from guaranteeing federally backed mortgage securities to guaranteeing federal and conventional mortgage securities. In short, this legislation transforms this entity into a full functioning Government Sponsored Enterprise.

While I am not necessarily opposed to the creation of an additional Government Sponsored Enterprise, I am opposed to the creation of an entity that draws from Federal capital and is not subject to government guidelines and goals geared toward increasing home ownership and improving the American economy.

This legislation would allow Ginnie Mae to operate with equal flexibility and larger security than current Government Sponsored Enterprises in the housing mortgage market, including Fannie Mae and Freddie Mac. However, it would not require that Ginnie Mae meet the housing goals established by the U.S. Department of Housing and Urban Development. These goals are designed to ensure that every American can and one day will be able to achieve the dream of home ownership.

Therefore, it is unclear how this legislation would help consumers or expand homeownership opportunities for minorities, low- to moderate-income families, and other traditionally underserved markets. The legislation that expands the role and scope of Ginnie Mae does not make them subject to mandatory affordable housing goals, borrower income caps, or limit their business to first time buyers. These ideals have made organizations like Fannie Mae and Freddie Mac an attractive and worthy government sponsored enterprise and prompted them to create new ways to expand the number of first-time borrowers or break down barriers to homeownership.

What this legislation does is make this government entity function like a private corporation, allowing Ginnie Mae to guarantee loans not just to people who need the extra help, but also to those who can and should be using the private market. Under these rules, I see no need to provide federal support for an organization that will perform a function in the housing market that can be executed by a private banking organization.

Mr. Speaker, our nation's housing finance system is the model of the world. We should be concentrating our resources, time and effort in closing the gap of homeownership rates between minority families and the larger homeownership rate. We have the tools necessary to improve ownership numbers; let's use what we have to successfully meet our laudable goals.

RESIST A BILL WITH TAX CUTS THAT WOULD DRAIN THE SURPLUS

HON. JOHN M. SPRATT, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 19, 2001

Mr. SPRATT. Mr. Speaker, a year ago, economists surveyed the future and saw nothing but surpluses: $5.6 trillion over the next ten years. Today, the ten-year surplus is at $2.6 trillion and falling, and virtually all that's left comes from Social Security. When the President submits next year's budget, an updated economic forecast will come with it, and the surplus will officially shrink again.

the Director of the Office of Management and Budget, Mitchell Daniels, blames the economy, extra spending, the fight against terrorism—everything but tax cuts. All of these have an impact, but over ten years, the Bush tax cuts take a toll of $1.7 trillion on the budget, and account for 55% of the depletion in the surplus—and this is just the toll of tax cuts already passed. Marking time is a little-noticed agenda of highly probable, politically compelling tax cuts that could wipe out much of the remaining surplus.

At the top of this agenda, awaiting a fix, is the alternative minimum tax (AMT). Last year only 1.5 million individual taxpayers had to deal with the AMT, but due to inflation, rising incomes, and an unindexed exemption, the AMT will become a household acronym to millions of middle-income Americans.

Before enactment of the Bush tax cuts, the number of individual taxpayers affected by the AMT was expected to mushroom to 17.5 million by 2010. The Bush tax act created new tax benefits without corresponding adjustments to the AMT, at least not after 2004. As a result, the number of taxpayers affected by the AMT will double by 2010, grow to 35.5 million—or to one in every three individual taxpayers. When these folks find that tax benefits are extended in one part of the code only to be retracted in another, they will protest bitterly, and in time Congress is certain to fix the AMT so that it does not come down on middle-income taxpayers. The cost of confining the AMT to its ambit before the Bush tax cuts would be about $268 billion over 2003–12. But this would leave more than 17 million taxpayers facing the AMT. If taxable income exempt from the AMT were indexed at last year's level, those affected in 2010 could be limited to about 8 million, but at a heavy cost, a further revenue loss of $241 billion.

Just as probable as some fix to the AMT is the renewal of tax benefits set to expire. The tax code is full of short-lived benefits. CBO and OMB do not try to divine what Congress will do when these deductions and credits reach the end of their legislated lives. They simply assume that expiring provisions will not be renewed. But these are popular tax benefits, and they are almost always renewed. The revenues forgone by renewing the most prominent tax benefits from 2003 through 2012 would be about $174 billion.

This, however, omits the largest expiring provision. In an effort to shoehorn as many tax cuts as possible into a package limited to $1.35 trillion, congressional Republicans put a ''sunset'' in their tax bill, terminating all of the cuts by the end of 2010. They obviously do not intend for the sun to set on their tax cuts. They stuck in a ''repealer'' to diminish the apparent size of the tax bill, knowing that Congress will be hard-pressed to repeal tax cuts already in place. In time, the ''repealer'' itself will probably be repealed. If so, the revenue loss will be $373 billion over 2003–2012.

When each of these actions is taken into account, an additional $1 trillion in revenue losses has to be deducted from the budget between 2003 and 2012, along with an additional $143 billion in debt service. The impact on the budget, all told, comes to $1.2 trillion.

This dashes any hope that the nation can repay its publicly held debt before the baby boomers retire. It also puts the ''stimulus package'' in context. Disdaining the vanishing surplus and the agenda of tax cuts to come, Republicans on the Ways and Means Committee brought forth a stimulus package full of tax cuts with doubtful effects on the economy, but with a clear impact on the surplus, reducing it by $250 billion over the next ten years. If this bill became law, it would push the overall price of the pending tax-cut agenda to almost $3.5 trillion and wipe out what remains of the surplus.

The projection of ten-year surpluses soaring toward $6 trillion left in its wake a sense of euphoria, a feeling that we could have it all. It's clear now that we can't, but in the meantime, out-sized tax cuts have overridden other priorities, like prescription drug coverage under Medicare. If we want to put the economy and the budget back on path, there is an axiom worth recalling from the days of intractable deficits: When you find yourself in a hole, the first rule is to quit digging. That's why we should resist a bill with tax cuts that would drain the surplus without stimulating the economy.

PERSONAL EXPLANATION

HON. MIKE McINTYRE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 19, 2001

Mr. MCINTYRE. Mr. Speaker, on rollcall Nos. 499 and 500, I was absent since I was unavoidably detained because of a security breach at the Charlotte Douglas Airport, which caused me to be unexpectedly re-routed through another airport on a later flight.

This occurred on Tuesday, December 18, 2001. Had I been present, I would have voted ''yea.''

COMMENDING THE CANTON JUNIOR/SENIOR HIGH SCHOOL'S SEPTEMBER 11 REMEMBRANCE PROGRAM

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 19, 2001

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise today to honor the students and faculty at Canton Junior/Senior High School in Connecticut's Sixth Congressional District for their beautifully touching remembrance program held in honor of the victims of the September 11th terrorist attacks.