

Handing President Obama an initial victory on his first major legislative effort, the House passed an \$819 billion economic stimulus bill Wednesday, setting the stage for Senate action -- and a flurry of lobbying -- on an even costlier measure next week.

While House passage of the wide-ranging spending and tax break package (HR 1) was a substantive success for the new president, it was a bust in terms of his goal of garnering broad bipartisan support. Despite Obama's personal appeals to GOP lawmakers throughout the past week, not a single Republican supported the bill, which passed, 244-188. Eleven Democrats voted "no."

The House rejected three GOP amendments, including a \$478.7 billion substitute amendment focused on cutting individual and business taxes, while voting to raise the cost of the underlying bill by \$3 billion during the floor debate.

GOP support may also be hard to come by in the Senate when Democratic leaders bring their version of the stimulus package to the floor early next week.

The Senate stimulus package (S 1), approved in separate pieces by the Senate Finance and Appropriations committees this week, totals about \$888 billion, owing largely to the inclusion of a one-year "patch" to prevent the alternative minimum tax (AMT) from hitting millions of taxpayers in 2009.

Business lobbyists have shifted their attention to the Senate floor, where they hope to persuade senators to make additional changes, such as a tax break for companies that reduce their debt burden by buying back their own debt at a discount. The U.S. Chamber of Commerce criticized the House bill Wednesday for not including more tax relief for business and said it prefers the Senate tax cut package.

"The good news is we expect a number of changes in the Senate version," top Chamber lobbyist R. Bruce Josten said in a statement.

Senate Finance Chairman Max Baucus, D-Mont., has pledged to work with senators on a variety of additional tax provisions, and some Senate appropriators want to add more spending to their bill. Some Democrats are signaling that they also want broader policy changes on the floor.

"Unfortunately, I believe that the economic recovery package as it is now structured does not adequately address the underlying housing and financial market crises that sparked the downturn in the first place," Senate Budget Chairman Kent Conrad, D-N.D., said Wednesday.

Following Senate passage, House and Senate Democratic leaders intend to convene a quick conference that will allow them to get a final deal to Obama's desk before the Presidents Day recess.

House Action

House Speaker Nancy Pelosi, D-Calif., portrayed her chamber's vote as swift and bold action that "honors the promises our new president made from the steps of the Capitol" during his Jan. 20 inauguration.

As passed, the House bill includes \$526.5 billion in spending and \$275 billion in tax cuts, plus other provisions that round out the total.

By voice vote, the House adopted an amendment from Jerrold Nadler, D-N.Y., that would boost transit spending in the bill from \$9 billion to \$12 billion, increasing the total cost of the package from \$816 billion to \$819 billion. Half the additional money would be spread across all states, and the other half would go to new mass transit projects.

The House adopted, by voice vote, an amendment from James L. Oberstar, D-Minn., that would set up a "use it or lose it" provision in the bill. It would require that 50 percent of the money for highway, aviation, transit and rail projects be obligated within 90 days.

"We need to get this money out as soon as possible so people who want to work have a choice of work, have that opportunity," said John L. Mica of Florida, the ranking Republican on the Transportation and Infrastructure Committee.

But Tom Latham, R-Iowa, ranking member of the Appropriations subcommittee that handles transportation, opposed the change. "We're asking our states to make hurried judgments," he said.

One Republican-sponsored amendment made it into the bill when the House adopted, by voice vote, an amendment from Bill Shuster, R-Pa., clarifying that highway maintenance money in the bill cannot supplant existing state funds, as a way to make sure that the bill pumps additional money into the economy.

"We want to make certain that there are no games played at the state level with the budgets," Shuster said.

An amendment from Larry Kissell, D-N.C., that would require the Homeland Security Department to buy American-made uniforms for the Transportation Security Administration was adopted by voice vote.

The House adopted, also by voice vote, a bipartisan amendment from Todd R. Platts, R-Pa., and Chris Van Hollen, D-Md., that would strengthen whistleblower protections for federal employees. The sponsors said they are working to address concerns about the provision raised by Intelligence Committee members.

Republicans Want More Input

Republicans complained throughout the day that they had been shut out of the bill-drafting process. After meeting with Obama on Jan. 27, Republicans said the president indicated they will have another opportunity to shape the measure more to their liking during House-Senate negotiations on a final version.

"We are going to need the president's help intervening with Democrats on the bill," House Minority Leader John A. Boehner, R-Ohio, said Wednesday, though he credited House leaders for removing funds to renovate the National Mall and funds for contraception in the Medicaid program.

After the vote, Obama praised the House action and said, "I hope that we can continue to strengthen this plan before it gets to my desk."

"But what we can't do is drag our feet or allow the same partisan differences to get in our way," he said. "We must move swiftly and boldly to put Americans back to work, and that is exactly what this plan begins to do."

House Democratic leaders dismissed the GOP complaints, noting that Republicans had the chance to offer amendments during committee markups and a substitute proposal on the floor.

"I think when you lose the argument on substance, on policy . . . you talk about process and you talk about personality," Pelosi said.

Democratic leaders were not inclined to adopt Republican proposals simply to make the final tally look more bipartisan.

"The opposition to this bill can speak out against this recovery plan all they want," said Majority Leader Steny H. Hoyer, D-Md. "But their policies have not worked. . . . Americans voted for change. They voted for a new direction. That's what we're going to get."

House Republicans are increasingly critical of the spending, because of both its size and where it would go.

"Most of the new spending will simply increase the size of the federal government, creating a new baseline which is not sustainable," said Lee Terry, R-Neb.

Republican Mike Pence of Indiana called the bill "merely a wish list of longstanding liberal Democrat priorities."

Defeated Amendments

The House defeated, 134-302, an amendment from Randy Neugebauer, R-Texas, that would have eliminated all of the funding approved by the Appropriations Committee. It also defeated, 116-320, a proposal from Jeff Flake, R-Ariz., that would have taken \$800 million for Amtrak out of the bill.

The Republican substitute amendment, rejected 170-266, proposed reducing federal income tax rates in the bottom two brackets -- from 15 percent to 10 percent, and from 10 percent to 5 percent, respectively. Republicans praised the substitute, saying that based on methodology used by Obama advisers, it would create more jobs at a lower cost.

Ways and Means Chairman Charles B. Rangel, D-N.Y., chastised Republicans for not including provisions that he said would help low-income workers, regions with severe economic problems and schools that need construction funding.

"How could you do it? What were you thinking?" he asked. "And just how are you going to explain it when you get back home?"

The House also rejected, on a 159-270 vote, a GOP motion from Mica to recommit the bill that would have added \$36 billion for highways and \$24 billion for the Army Corps of Engineers, while cutting spending for a host of other programs.

The House bill also includes help for unemployed workers trying to preserve their health insurance and aid to states to pay for Medicaid. State and local

governments would also get assistance to help them finance projects and cope with changes in the credit markets.

Republicans wanted a much larger portion of the bill devoted to tax cuts, and they pushed that idea in meetings with Obama.

The tax title does contain several items Republicans like, such as a \$15 billion provision that would allow businesses, except those receiving federal bailout money, to use their losses in 2008 and 2009 to offset profits from five previous years instead of the two allowed under current law.

