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## Senate to Vote on Bailout Bill

The U.S. Senate is scheduled to vote on the "Wall Street Bailout" legislation tonight. A Locke Lord Strategies member speaking with Capitol Hill staffers stated that the Senate expects to get at least 60 votes, and possibly as much as 75, in favor of the legislation.

The bailout provisions in the Senate bill are substantially the same as those voted on by the House on Monday, with the notable exceptions that the bill:

- increases the maximum limit on deposit insurance from \$100,000 to \$250,000. The increase is temporary and will expire on December 31, 2009; and
- gives the FDIC unlimited borrowing power from the Treasury through the end of 2009.

In addition to the bailout provisions, the Senate bill contains some very controversial tax provisions which increase and extend current laws applicable to the alternative minimum tax (AMT). The bill increases the minimum income that results in the payment of the AMT thereby eliminating some taxpayers that would be required to pay the AMT under current law, and which would consequently reduce revenues generated by the AMT. One estimate is that the change in the AMT income amount would reduce revenues by \$64 billion while the extension would reduce it another \$11.5 billion. The size of the bill has now increased to 451 pages and contains various revenue provisions relating to such exotic items as carbon capture and bio-mass as well as breaks for excise taxes on wooden arrow shafts (causing one wag to quip that it looks like the taxpayer is getting the shaft).

It is believed that the increase in deposit insurance and extension of the AMT will bring more support from the Republicans (an estimated 10 to 15 more votes) when the bill is sent to the House for a vote. However, House Democrats have been cool to both of these provisions. House Majority Leader Steny Hoyer (D-MD), appearing with House

Minority Whip Roy Blunt (D-MO) on NBC's "Today Show" this morning, said he was "not particularly pleased" with the Senate's decision to couple the bailout and AMT tax-extender provisions. The Blue Dog Coalition, a group of fiscally conservative Democrats, are opposed to the AMT provisions without some type of offsets. Therefore, they will be placed in a difficult position if asked to support the Senate's bill. Twenty-eight Blue Dogs voted for the bill on Monday and it is believed that they will not be able to change their vote when they are asked to vote on the Senate version. The influential Republican Study Committee, made up of 100 conservative members, also does not appear to be pleased with the Senate bill. Those members voted 74-26 against the House bill. Presidential candidates Barack Obama (D-IL) and John McCain (R-AZ) and Vice Presidential nominee Joe Biden (D-DE) are expected to vote for the legislation.

The House is expected to take up the bill voted out of the Senate on Friday.

### ABOUT THE AUTHORS

Douglas P. Faucette is a banking attorney in LLB&L's corporate department. Mr. Faucette has more than 30 years of experience representing publicly and privately held companies in a variety of corporate and securities transactions.

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Roy Coffee is a partner with Locke Lord Strategies. Mr. Coffee focuses on Public Law and Governmental Affairs Public Law.

Shane Doucet is a political strategist for Locke Lord Strategies in Washington, D.C. He previously worked for Congressman Chris John (D-Louisiana) who is a former Chairman of the Blue Dog Democrats.