

111TH CONGRESS  
1ST SESSION

# S. 869

To require the Secretary of the Treasury to use any amounts repaid by a financial institution that is a recipient of assistance under the Troubled Assets Relief Program for debt reduction.

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## IN THE SENATE OF THE UNITED STATES

APRIL 22, 2009

Mr. THUNE introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To require the Secretary of the Treasury to use any amounts repaid by a financial institution that is a recipient of assistance under the Troubled Assets Relief Program for debt reduction.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Debt Reduction Pri-  
5       ority Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds the following:

1           (1) On October 7, 2008, Congress established  
2           the Troubled Assets Relief Program (TARP) as part  
3           of the Emergency Economic Stabilization Act (Pub-  
4           lic Law 110–343; 122 Stat. 3765) and allocated  
5           \$700,000,000,000 for the purchase of toxic assets  
6           from banks with the goal of restoring liquidity to the  
7           financial sector and restarting the flow of credit in  
8           our markets.

9           (2) The Department of Treasury, without con-  
10          sultation with Congress, changed the purpose of  
11          TARP and began injecting capital into financial in-  
12          stitutions through a program called the Capital Pur-  
13          chase Program (CPP) rather than purchasing toxic  
14          assets.

15          (3) Lending by financial institutions was not  
16          noticeably increased with the implementation of the  
17          CPP and the expenditure of \$250,000,000,000 of  
18          TARP funds, despite the goal of the program.

19          (4) The recipients of amounts under the CPP  
20          are now faced with additional restrictions related to  
21          accepting those funds.

22          (5) A number of community banks and large fi-  
23          nancial institutions have expressed their desire to re-  
24          turn their CPP funds to the Department of Treas-

1       ury and the Department has begun the process of  
2       accepting receipt of such funds.

3               (6) The Department of the Treasury should not  
4       unilaterally determine how these returned funds are  
5       spent in the future and the Congress should play a  
6       role in any determination of future spending of  
7       funds returned through the TARP.

8       **SEC. 3. DEBT REDUCTION.**

9       (a) IN GENERAL.—Title I of the Emergency Eco-  
10      nomic Stabilization Act of 2008 (12 U.S.C. 5211 et seq.)  
11      is amended by adding at the end the following:

12      **“SEC. 137. DEBT REDUCTION.**

13              “Not later than 30 days after the date of enactment  
14      of this section, the Secretary of the Treasury shall deposit  
15      any amounts received by the Secretary for repayment of  
16      financial assistance or for payment of any interest on the  
17      receipt of such financial assistance by an entity that has  
18      received financial assistance under the TARP or any pro-  
19      gram enacted by the Secretary under the authorities  
20      granted to the Secretary under this Act, including the  
21      Capital Purchase Program, in the Public Debt Reduction  
22      Payment Account established under section 3114 of title  
23      31, United States Code.”.

1 **SEC. 4. ESTABLISHMENT OF PUBLIC DEBT REDUCTION**  
2 **PAYMENT ACCOUNT.**

3 (a) IN GENERAL.—Subchapter I of chapter 31 of title  
4 31, United States Code, is amended by adding at the end  
5 the following new section:

6 **“§ 3114. Public Debt Reduction Payment Account**

7 “(a) There is established in the Treasury of the  
8 United States an account to be known as the Public Debt  
9 Reduction Payment Account (hereinafter in this section  
10 referred to as the ‘account’).

11 “(b) The Secretary of the Treasury shall use amounts  
12 in the account to pay at maturity, or to redeem or buy  
13 before maturity, any obligation of the Government held  
14 by the public and included in the public debt. Any obliga-  
15 tion which is paid, redeemed, or bought with amounts  
16 from the account shall be canceled and retired and may  
17 not be reissued. Amounts deposited in the account are ap-  
18 propriated and may only be expended to carry out this  
19 section.

20 “(c) There shall be deposited in the account any  
21 amounts which are received by the Secretary of the Treas-  
22 ury pursuant to section 137 of the Emergency Economic  
23 Stabilization Act of 2008. The funds deposited to this ac-  
24 count shall remain available until expended.

25 “(d) The Secretary of the Treasury and the Director  
26 of the Office of Management and Budget shall each take

1 such actions as may be necessary to promptly carry out  
2 this section in accordance with sound debt management  
3 policies.

4 “(e) Reducing the debt pursuant to this section shall  
5 not interfere with the debt management policies or goals  
6 of the Secretary of the Treasury.”.

7 (b) CONFORMING AMENDMENT.—The chapter anal-  
8 ysis for chapter 31 of title 31, United States Code, is  
9 amended by inserting after the item relating to section  
10 3113 the following:

“3114. Public debt reduction payment account.”.

11 **SEC. 5. REDUCTION OF STATUTORY LIMIT ON THE PUBLIC**  
12 **DEBT.**

13 Section 3101(b) of title 31, United States Code, is  
14 amended by inserting “minus the aggregate amounts de-  
15 posited into the Public Debt Reduction Payment Account  
16 pursuant to section 3114(c)” before “, outstanding at one  
17 time”.

18 **SEC. 6. OFF-BUDGET STATUS OF PUBLIC DEBT REDUCTION**  
19 **PAYMENT ACCOUNT.**

20 Notwithstanding any other provision of law, the re-  
21 ceipts and disbursements of the Public Debt Reduction  
22 Payment Account established by section 3114 of title 31,  
23 United States Code, shall not be counted as new budget  
24 authority, outlays, receipts, or deficit or surplus for pur-  
25 poses of—

- 1           (1) the budget of the United States Govern-
- 2           ment as submitted by the President,
- 3           (2) the congressional budget, or
- 4           (3) the Balanced Budget and Emergency Def-
- 5           icit Control Act of 1985.

6   **SEC. 7. REMOVING PUBLIC DEBT REDUCTION PAYMENT AC-**  
7                               **COUNT FROM BUDGET PRONOUNCEMENTS.**

8           (a) IN GENERAL.—Any official statement issued by  
9           the Office of Management and Budget, the Congressional  
10          Budget Office, or any other agency or instrumentality of  
11          the Federal Government of surplus or deficit totals of the  
12          budget of the United States Government as submitted by  
13          the President or of the surplus or deficit totals of the con-  
14          gressional budget, and any description of, or reference to,  
15          such totals in any official publication or material issued  
16          by either of such Offices or any other such agency or in-  
17          strumentality, shall exclude the outlays and receipts of the  
18          Public Debt Reduction Payment Account established by  
19          section 3114 of title 31, United States Code.

20          (b) SEPARATE PUBLIC DEBT REDUCTION PAYMENT  
21          ACCOUNT BUDGET DOCUMENTS.—The excluded outlays  
22          and receipts of the Public Debt Reduction Payment Ac-  
23          count established by section 3114 of title 31, United

1 States Code, shall be submitted in separate budget docu-  
2 ments.

