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Explainer: How the Senate Rescue Bill Is Different

By Ben Pershing

Two days after the House [failed to pass](#) a financial rescue bill, sending the stock market into free fall, the Senate [will take its own shot](#) tonight by voting on a measure with extra sweeteners designed to attract additional votes.

The Senate bill encompasses the [entire House bill](#), plus an attached "[tax extender](#)" [measure](#) as well as [a proposal](#) to increase the limits on bank deposits that are insured by the [Federal Deposit Insurance Corporation](#) from the current \$100,000 to \$250,000. Both Sens. John McCain (R-Ariz.) and Barack Obama (D-Ill.) have asked for the FDIC change, which is also popular with House Republicans.

As for the tax package, the Senate rescue bill will be coupled with the "Renewable Energy and Job Creation Act of 2008." The measure [passed the House](#) back in May and then [passed the Senate](#) in amended form last Tuesday. That Senate version will hitch a ride on the rescue bill tonight, and it includes extensions of expiring business tax credits, tax incentives for clean energy production and a provision to prevent more taxpayers from being subject to the Alternative Minimum Tax.

A detailed summary of the bill can be found [on the Finance Committee Web site](#), but here are the highlights:

- \$18 billion in incentives for clean energy, including credits for production of wind, solar, biofuels and fuel-cell power as well as for "clean coal" and electric cars.
- An increase in the income threshold at which people are affected by the Alternative Minimum Tax. The AMT was originally designed to prevent the wealthy from avoiding paying taxes, but because it was not indexed to inflation, it has impacted an increasing number of middle-class taxpayers, so Congress has passed a series of "patches" to boost the threshold each year.
- Extensions and/or expansions of dozens of expiring tax credits for businesses and individuals, including for research and development, certain charitable contributions, investments in the District of Columbia, state and local sales taxes and school tuition payments.
- Tax breaks and incentives for businesses and individuals affected by Hurricane Ike as well as Midwestern floods and tornadoes.

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strong support there. It is also attractive to House Republicans, whose votes will be vital when that chamber takes up the rescue bill again, which could happen as soon as tomorrow. Republican leaders hope the addition of the extenders bill will give GOP lawmakers who voted no on the rescue bill Monday a plausible reason to change their vote.

But the measure could cause problems for House Democrats. The majority party is nominally committed to [PAYGO](#), or "pay-as-you-go," budget rules, which mandate that any spending increase or tax cut be offset by a corresponding spending cut or tax increase. Democrats have sidestepped that rule frequently this Congress, but the [Blue Dogs](#) -- a coalition of conservative Democrats -- is particularly committed to PAYGO, and many of the group's members are opposed to the Senate tax bill because most of it is not offset.

Will that budgetary problem be enough to prompt some Blue Dogs to vote against the entire rescue bill the second time around? And would those opponents be offset by new Republican votes in favor of the package? House leaders are scrambling to figure out that calculus in the next 24 hours.

By Ben Pershing | October 1, 2008; 12:10 PM ET [Agenda](#) , [Senate](#)

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## Comments

Please [email us](#) to report offensive comments.

Is there a "blue slip" problem with this approach by the Senate?

Posted by: JMD | October 1, 2008 2:35 PM

I sure hope they removed the provision that allowed securities to not be 'marked to the market' for valuation purposes. That would put our market credibility and transparency on a par with China.

Posted by: Mark in Spokane | October 1, 2008 4:11 PM

This is a bailout from hell! A "crap sandwich" is a good description. There has to be better "free market" solutions. We cannot let them ram this through.

The best ideas are coming from outside the two main parties. Bob Barr has been all over this from the start. He has some very good ideas for solutions.

Check them out:

<http://www.bobbarr2008.com/>

Posted by: Texas T | October 1, 2008 4:21 PM

Cause and effect. My cat died today. Did that happen because the House didn't pass the bailout bill?

Someone couldn't get credit today? Is that because of the non passage of the BOB or is it because of years of deregulation, greed, etc...

Don't get scared. Don't panic.

DO NOT ACT IN PANIC.

We won't get fooled again.

Posted by: junglegym | October 1, 2008 7:24 PM

I cannot stand to hear one more word out of Dodd's mouth. Dick Durbin is talking now. Ohhhh, Dick....you are caving. You caved.

Can't you all postpone your vote, to you know, deliberate some more, and do the people's business?