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Sali votes against Bailout II

WASHINGTON, D.C. - For the second time this week, Congressman Bill Sali cast a vote against a \$700 billion taxpayer-funded economic bailout.

H.R. 1424, the Emergency Economic Stabilization Act, passed by a vote of 263-171 and is now headed to President Bush, who is expected to sign the bill into law. Sali released this statement after the vote:

"These are urgent times that demand wise and decisive action. The notion that Congress must do 'something' cannot be substituted for the obligation for Congress to do the right thing. This bill was not the right prescription to fix our current credit crisis and I could not support this landmark and terribly mistaken legislation.

"Today, Congress told taxpayers that their own, their children's and their grandchildren's future would be mortgaged for perhaps \$700 billion because some businesses made bad investment decisions. Even if this bailout works, it will fundamentally and forever change the relationship between government and the private sector and will open the door to more and riskier financial decisions. Unfortunately it seems much more certain that this bailout will not work and generations of Americans will pay for this colossal mistake.

"The notion that the final price tag will be less than \$700 billion assumes that our economy will grow and that the bundled mortgaged backed securities contain way more good than bad. The truth is no one has an answer to either of those questions. We just don't have any idea what the final cost will be. Congress does need to take action to stabilize the financial markets, but this bill is not the right action.

"Unfortunately, the credit crunch being felt by businesses and individuals- if it does get solved by this plan- will almost certainly take months or years to work through under this legislation. It does not appear that it will provide the quick injection of capital needed by our banks today. They need more help and faster than this bill will provide.

"While I have supported and voted for many of the tax breaks and the aid to rural counties that were tacked onto the bailout package, that action did not 'sweeten' the bill. The fact that 'sweeteners' had to be added is a tacit admission that this bill is not the right remedy for our financial problems. This bill provides more evidence that Congress needs to reform the way it does business and stop combining bills that won't pass with those certain to pass to get a desired result. Those tax breaks and support for rural counties are necessary and should have passed a long time ago. Instead they were used as political bargaining chips to help win the passage of bad public policy. For that, shame on Congress.

"Other alternatives must be considered, and real market incentives need to be put in place. That is why I introduced legislation today to provide tax incentives to those who will purchase mortgages and mortgage backed securities. Providing real market driven solutions will not only help a shaky economic environment, but will stimulate our economy," said the Congressman. "No matter how much bailout we provide, we must have a growing economy if we want a prosperous future."

Sali also expressed deep disappointment that the bill was a step backwards for Idaho's rural communities, stripping out permanent authorization for Payments in Lieu of Taxes (PILT). PILT payments are made to rural counties that contain nontaxable federal lands and are used by those counties to provide vital local services such as transportation and public safety. Many Idaho communities consist largely of publicly managed lands and these Idaho communities received more than \$16 million in fiscal year 2008. The bill language provides mandatory funding of Payment in Lieu of Taxes (PILT) through 2012, but amends prior law to permanently repeal the PILT program.

"Spending must be reined in and our national debt reduced, and today's vote proves that the time for these things to begin is now. Prior to this financial crisis the federal debt stood at \$10.1 trillion, including over \$500 billion of deficit spending in the fiscal year that ended last Tuesday. Today Congress proposes to add another 700 billion to that already staggering amount," said Sali.

"When the prior bailouts of Fannie Mae and Freddie Mac, Bear Stearns and AIG are added, the price tag for taxpayers goes over \$1 trillion. It is ill-conceived to suggest that a problem caused by irresponsible borrowing of money can be cured by more irresponsible borrowing from our children and grandchildren," concluded Sali.

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