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Discussions Continue About Another Stimulus Package

In response to the economic downturn, Congress could consider another economic stimulus package likely to include funding for infrastructure projects, state Medicaid programs, food stamps, and unemployment insurance during a lame duck session following the election. House and Senate Democratic leaders, however, have not committed to the timeline or an amount for such a package, although estimates put forward are in the \$150 billion to \$300 billion range.

While the White House is open to discussing a stimulus bill, it, so far, opposes many of the specific policy proposals that Speaker of the House Nancy Pelosi and Senate Majority Leader Harry Reid are advancing. House Republicans, meanwhile, have put forward their own proposal for boosting the economy that would include expedited energy exploration, tax cuts, and steps to restore confidence in banks, such as federally insuring all assets in accounts that businesses use to meet payroll and cover other transactions.

On October 20, Federal Reserve Chairman Ben S. Bernanke said it is “appropriate” for Congress to consider a new economic stimulus bill because of the struggling economy. Testifying before the House Budget Committee, Bernanke was careful in both his statement and later under questioning to avoid endorsing specific policy proposals or to say how large a stimulus package should be.

Although we do not expect any specific proposals to be introduced until sometime after the election, NLC continues to communicate regularly with the Speaker’s Office and others about the status of a second stimulus package and is providing them with data and information to support a case for direct fiscal relief to cities and towns as part of any package. (Carolyn Coleman, coleman@nlc.org, 202.626.3023)

Congressman Urges Treasury and the Reserve to Assist Local Governments

While much of the federal government’s focus has been on Wall Street’s economic recovery, the financial crisis and credit crunch are also impacting local governments as short-term interest rates have spiked and states and localities have had to delay new bond issuances for infrastructure projects. Yet, it remains unclear what authority the

\$700 billion economy recovery plan's chief actors, the Federal Reserve and Treasury, have to assist state and local governments through the crisis.

In a letter to Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke, Rep. Paul E. Kanjorski (D-PA), Chairman of the House Financial Services Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises, raised concerns about ongoing municipal borrowing difficulties and urged them to assist states and localities during the credit crisis. To view a copy of the letter, [click here](#).

Also in the letter, Rep. Kanjorski referenced NLC's annual report, *City Fiscal Conditions in 2008*, to help make the case for assistance from Treasury and the Federal Reserve in identifying any legal impediments or statutory changes that would enhance the agencies' abilities to better assist states and localities during these turbulent economic times. Rep. Kanjorski requested a response to his letter from Treasury and the Federal Reserve by October 30.

Click [here](#) to view NLC's Fiscal Conditions report and [here](#) to view the report's co-author, NLC Policy and Research Director Chris Hoene, discussing the global credit crisis on PBS' *NewsHour with Jim Lehrer*. (Carolyn Coleman, coleman@nlc.org, 202.626.3023)

Amtrak Reauthorized Through 2013

On October 16, despite years of the Administration's opposition to funding the national passenger rail system, the President signed the first reauthorization for Amtrak in over a decade. Amtrak currently provides passenger rail programs in 40 states. In the final days of the session, Congress combined several rail measures, the \$13 billion 5-year Amtrak reauthorization, funding for rail safety program under the Federal Rail Administration (FRA), and funding for the Washington, D.C. transit system, into H.R. 2095 which gained veto proof margins in both the House and Senate. H.R. 2095 authorizes \$13.1 billion in fiscal 2009 through 2013 for Amtrak, including \$5.3 billion for capital grants, \$2.9 billion for operating grants and \$1.4 billion to retire debt and \$1.9 billion over five years for intercity passenger rail service grants. Important to cities, the bill establishes the federal Surface Transportation Board's role in resolving disputes between transit agencies and rail carriers over the use of tracks and rights of way.

H.R. 2095 also provides \$1.6 billion over five years for rail safety programs, including \$1.3 billion for the FRA. The bill requires large and passenger railroads to submit a plan to install equipment on trains by the end of 2015 that can sense impending collisions and stop trains, and includes an additional \$50 million a year to help implement the technology. The bill also authorizes \$3 million annually for highway-rail grade-crossing safety grants, and \$5 million annually in grants for safety improvements to railroad infrastructure. (Leslie Wollack, wollack@nlc.org, 202.626.3029)

Six-Month Delay of Enforcement of 'Red Flags' Rule Announced

On October 22, the Federal Trade Commission (FTC) announced a six month delay in enforcement of a new regulation, known as the 'Red Flags' rule, which would require

government entities that defer payment for goods or services to implement identity theft prevention programs. As part of the Fair and Accurate Credit Transactions (FACT) Act of 2003, the 'Red Flags' rule was scheduled to go into effect on November 1. This six-month delay gives entities until May 1, 2009 to develop and implement written identity theft prevention programs. To view the FTC press release, [click here](#).

The new regulations require financial institutions and creditors to develop and implement written identity theft prevention programs. The FTC has determined that in cases where government entities defer payment for goods or services, they may be considered creditors. (Mitchel Herckis, herckis@nlc.org, 202.626.3124)

Congress is in recess until after the election. The next edition of the Federal Relations Update will be published on November 21, 2008.