



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 15, 2009
(House)

STATEMENT OF ADMINISTRATION POLICY
H.R. 3170 – Financial Services and General Government Appropriations Act, 2010
(Rep. Obey, D-Wisconsin)

The Administration strongly supports House passage of H.R. 3170, making appropriations for financial services and general government for the fiscal year ending September 30, 2010.

America's economic strength depends, in part, on a strong financial system with effective, impartial regulation that enforces the rules of the road and protects investors and consumers of all sizes. That is why the President proposed new resources for the Securities and Exchange Commission, the Federal Trade Commission, the Consumer Products Safety Commission, and other Federal regulators, giving them the staffing and the resources necessary to pursue a more efficient and effective regulatory structure to better detect fraud and strengthen markets. This legislation follows through on the President's request for robust resources for these agencies.

Similarly, the President proposed an aggressive program to identify fraud and reinforce program integrity. It is estimated that Internal Revenue Service (IRS) efforts to address tax fraud recoup \$5 for every \$1 spent. The Administration appreciates the commitment to this effort and to improving services for taxpayers that is demonstrated in the bill.

The Administration would like to take this opportunity to share additional views regarding the Committee's version of the bill.

Administration Priorities

Internal Revenue Service Tax Enforcement. The Administration appreciates the Committee's support for IRS Enforcement, fully funding the request and adopting the program integrity proposal for enhanced tax enforcement activities. This critical program supports the Administration's initiatives to improve the fairness of our tax system, closing the gap between taxes owed and taxes paid, through a robust portfolio of new enforcement initiatives, particularly in the international tax area.

Community Development Financial Institutions (CDFI). The Administration appreciates the Committee's support for CDFI, including \$80 million requested to implement the Capital Magnet Fund.

Alcohol and Tobacco Tax & Trade Bureau (TTB). The Administration urges the Congress to authorize the TTB to collect licensing and registration fees from producers, wholesalers, and retailers of beverage alcohol. Funding TTB through fees would properly assign the cost of keeping consumers safe to those who profit from the sale of alcoholic beverages. This proposal

would also bring TTB's funding mechanism in line with other regulatory agencies across the Government.

Efficiencies and Cost-Saving Proposals. The Administration appreciates the Committee's support for proposed reductions, including the termination of additional Federal funding for the Christopher Columbus Fellowship Foundation and the Harry S. Truman Scholarship Foundation, programs that have historically been supported by endowed trust funds. The Administration urges the Congress to adopt the President's other proposals, especially for those items that fund narrowly focused activities or duplicate existing programs that accomplish similar goals.

Department of the Treasury

The Administration strongly opposes the language in the bill that attempts to restore prior Chrysler and General Motors (GM) franchise agreements. The auto companies, like many in the country, face difficult economic and fiscal decisions. The Administration shares the Committee's concern for dealers affected by Chrysler and GM bankruptcy agreements, and has taken steps to help support viable dealerships during this transition. For example, on July 1st, the Small Business Administration implemented a new program to provide guaranteed floor plan financing loans. However, the decision by Chrysler and GM to rationalize their dealer networks was a critical part of their overall restructuring to achieve long-term viability in order to save jobs in the long run, and to improve the prospects for the companies' repayment of the substantial taxpayer investments. Without the significant steps these automakers have taken to revamp their operations, the companies would have failed – imperiling every GM and Chrysler dealer in the country. Under the automakers' new structure, the overwhelming majority of GM and Chrysler dealers will continue operating with the new companies. The decision to invest taxpayer dollars into these companies required all stakeholders to make difficult sacrifices, and it would set a dangerous precedent, potentially raising legal concerns, to intervene into a closed Judicial bankruptcy proceeding on behalf of one particular group at this point.

The Administration appreciates the funding provided for the Office of Domestic Finance and Office of Tax Policy. Additional staff in these offices will work on key aspects of the financial crisis, including implementation of the American Recovery and Reinvestment Act and financial stability programs and key tax policy issues.

District of Columbia (D.C.)

The Administration appreciates the Committee's full funding of many critical D.C. initiatives, including permanent housing assistance targeted for the District's homeless population, water and sewer infrastructure, and funds to support school improvement initiatives. The Administration also appreciates the Committee's support for continuing the D.C. Opportunity Scholarship program for only those students currently enrolled in the program.

Small Business Administration

The Administration appreciates the strong support for the Small Business Administration's programs, which are particularly helpful during the current economic environment.

Executive Office of the President (EOP)

The Administration appreciates the Committee's strong support for the EOP, particularly in providing efficiencies through consolidating the budgets of the White House Office and the Office of Policy Development and the funding provided to the Office of Administration to stabilize and modernize the current antiquated and deteriorating information technology at the White House. The Administration appreciates the Committee's support for the President's efforts to improve the program integrity of Federal assistance programs administered by States by providing \$40 million for this effort.

Office of National Drug Control Policy (ONDCP). The Administration appreciates the funding provided for ONDCP. However, the Administration is concerned that the Committee redirects funding requested for the National Media Campaign to the High Intensity Drug Trafficking Areas program.

Constitutional Concerns

Section 714 is phrased in a manner that could be construed to require the Executive Branch to disclose, without discretion, certain classified and other privileged information, in which case it would intrude on the President's discharge of his constitutional authorities.

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