

Deal Struck In House On Modified Boehner Bill

By: Caren Turner

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A deal has been struck to allow a House vote on a modified Boehner bill that adds House and Senate approval of a balanced budget amendment to the Constitution (BBA) as a mandatory precondition for the second debt ceiling increase in December or January.

Either of two BBAs could be sent to the states for ratification to satisfy this mandate: the version that requires a two-thirds majority vote of both chambers for any tax increase, or a cleaner version based on what almost passed Congress in 1995.

House Republican leaders expect that this added language to attract 10 to 20 more votes in favor of the pending bill. However, there remains a great deal of opposition to this legislation within the GOP, so further changes may be in the works.

In an 8-4 vote, the House Rules Committee has passed an unusual rule that allows immediate consideration of any bill reported through August 2nd. This clears the procedural pathway for Boehner to bring up any number of debt limit options for a vote on very short notice.

It is not clear if a House vote on the latest version of the Boehner bill will occur today.

Democrats, who have negotiated away almost everything except their insistence on a single debt ceiling increase sufficient to last through 2012, are not likely to support the revised House bill or any 2-step compromise.

On the Senate side, Reid plans to file cloture on his competing proposal today. This will start the cloture clock in time to allow a Senate vote on his debt limit bill in the waning hours before August 2nd.

If the House cannot pass some version of Boehner's bill, Reid's legislation will be "the last train out of the station" before the August 2nd deadline. Note: Treasury is now using the close of business on August 2nd as the deadline, not their opening hour.

If Reid can win enough Republican support to achieve 60 votes for cloture, the House could be faced with the choice of passing the Senate bill or causing default. Reid has indicated he is open to revising the text of his bill to secure the Senate Republican votes he needs. Getting those 60 votes will be exceedingly difficult, but the clock works in Reid's favor.

Meanwhile, chief executives of several major financial firms including JPMorgan Chase, Citigroup, and Bank of America (the same ones we taxpayers bailed out) sent a letter to

Congressional leaders and the White House yesterday imploring them to reach a credible deal before financial chaos ensues. This letter warned that inaction would lead to “grave consequences that would scare investors, hurt the dollar, roil stock and bond markets, worsen the nation’s economic situation, and weaken the job market”.

Hollywood couldn’t write a script any scarier than this.



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