CAPITOL CONNECTION

A Weekly Update of News and Views
For Opinion Shapers and Policy Makers

Congressman Gary G. Miller
42nd District, California

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House Passes Mortgage Reform and Anti-Predatory Lending Act

This week, the House passed the Mortgage Reform and Ant-Predatory Lending Act to address some of the abusive lending practices that have been occurring in the mortgage market. In order to ensure that borrowers are receiving safe and affordable loans, the bill establishes a set of criteria for mortgages. The bill as originally drafted, excluded high cost loans which would have unfairly penalized homebuyers in areas such as Southern California. Congressman Miller secured several amendments to the bill, one of which provides equity for the region. This much needed provision will give homebuyers access to lower cost loans. In addition, to ensure consumers have access to legitimate and reliable appraisals, he also secured a provision to require the Government Accountability Office to conduct a study to determine the effects that the changes to the appraisal requirements of Fannie Mae and Freddie Mac have on mortgage brokers, independent appraisers, and consumers. Congressman Miller commends the House for addressing these issues and will continue working to eliminate abusive lending practices while preserving and promoting access to affordable mortgage credit.

Congressman Miller Opposes Totalization Agreement with Mexico

This week, Congressman Miller cosponsored a resolution expressing disapproval of the totalization agreement between the United States and Mexico. In 2004, the United States announced an agreement with Mexico to align the two countries' Social Security systems to repay Mexican nationals who work and pay Social Security taxes in the United States, but never receive the program's planned benefits. This is only the first step in a process that requires review by the State Department, the White House, the U.S. Congress, and the Mexican Senate to enter into a formal agreement. Once approved, the agreement automatically goes into effect unless the House of Representatives and the Senate adopt a resolution of disapproval within 60 days of the agreement's transmittal to Congress. Bringing Mexico into this agreement would involve 162,000 foreign beneficiaries and send upwards of $1 billion a year to Mexican residents. Since Mexico is responsible for the bulk of our illegal immigration problem and because this agreement would likely spur even more Mexicans to break our immigration and work laws, Congressman Miller believes the prospect of this agreement overwhelming our borders and our Social Security system is far too high.

President Obama Announces Plan to Raise Taxes on American Employers

In order to pay for the Administration's massive increase in government spending, the White House this week announced a plan to alter the tax code which will ultimately raise taxes on American employers. The Administration has insisted on using "pay go," which means that for every increase in spending there must be an increase in revenue or a decrease in spending. Rather than decrease spending elsewhere in the government, President Obama instead proposed to raise taxes on American companies with foreign operations by limiting allowable deductions and restricting eligibility for foreign-tax credits. Under current law, both the U.S. government and the government where income is earned each impose corporate income taxes. To reduce double taxation, the U.S. allows a tax credit equal to the amount of foreign tax paid. An example of how this would hurt U.S. businesses is in the case of General Motors, a U.S.-based company with overseas operations. General Motors' overseas operations have been profitable for several years, but under the Administration's new plan, when they bring this income into the U.S. to help keep their company afloat they would be double-taxed. Ironically, at the same time General Motors is receiving taxpayer dollars from the Troubled Asset Relief Program. Congressman Miller does not believe it makes sense to be subsidizing U.S. companies while at the same time double-taxing their income.

FTC Issues Alert for Stimulus Scams

The Federal Trade Commission (FTC) cautions consumers to be on the lookout for a wave of stimulus scams filtering through emails, online advertisements, and websites. These scams often will appear to originate from rebate companies or the Internal Revenue Service (IRS), claiming that you are eligible for an economic stimulus payment if you simply mail in or submit a form online. It is important to note, however, that the IRS does not discuss tax account matters with taxpayers in emails nor request security-related personal information. To report suspicious or questionable emails claiming to come from the IRS, please report to phishing@irs.gov. If you believe you have been a victim of identity theft, please contact the IRS toll-free at 1-800-908-4490. For more information to avoid deceptive and fraudulent practices, please visit the FTC online at www.ftc.gov or call toll free 1-877-FTC-HELP. For issues concerning the FTC, IRS or other federal agencies, contact Congressman Miller's Brea office for assistance at (714) 257-1142.

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