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Bipartisan Economic Stimulus Plan

With an overwhelming bipartisan majority, the House approved the Recovery Rebates and Economic Stimulus for the American People Act this week.

The legislation would help stimulate the economy, providing tax rebates to 3.5 million households in North Carolina. Congress is determined to act quickly, so that families could receive tax rebates as early as mid-May.

Families in my Congressional District are struggling just to make ends meet, and the economic downturn is only making things worse. I'm proud that Democrats, Republicans and the Bush Administration worked together to craft a plan that will give the economy a much-needed boost, and deliver to families the relief they need right now.

The House bill provides a recovery rebate to 117 million families, including 35 million families who work but make too little to pay income taxes and 13 million senior citizens. The broad-based stimulus package will provide tax relief of up to \$600 per individual and \$1,200 per married couple, plus an additional \$300 per child. All told, the bill is estimated to provide an average tax rebate of \$914 to North Carolina families, save them a total of \$3.2 billion across the state, and create new jobs.

The legislation also includes tax cuts for small businesses. The bipartisan plan doubles the amount small businesses can immediately write off their taxes for capital investments, and encourages investments in

new equipment. Additionally, the plan offers immediate tax relief for all businesses to invest in new plants and equipment by speeding up depreciation provisions, so that firms can write off an additional 50 percent for investments purchased in 2008.

Importantly, the bipartisan plan also includes provisions to help families avoid losing their homes to foreclosure. The bill expands affordable mortgage loan opportunities for families at risk of foreclosure through the Federal Housing Administration. To enhance credit availability in the mortgage market, the measure also includes a one-year increase in the loan limits for single family homes from Fannie Mae and Freddie Mac.

As this legislation works its way through the process, it is my hope that seniors living only on Social Security will be included. It is also important to include an extension of unemployment benefits and a temporary increase in food stamps.

State of the Union

Last Monday, President Bush delivered his final his annual State of the Union address before Congress.

It was encouraging to hear President Bush admit that there are problems with the economy, rather than continuing to pretend everything is wonderful. Members of the House and Senate and President Bush have already agreed on the immediate need for an economic stimulus package to quickly provide working Americans struggling in these difficult economic times with timely, targeted and temporary relief.

President Bush still seems determined to stay the course in Iraq. But after five years, nearly 4,000 deaths and half a trillion dollars, it should be clear that continued open-ended military action is not in the best interest of the United States, the Iraqi people or the Persian Gulf Region.

While America's troops have made some tactical progress on the ground, President Bush's surge strategy has failed to produce the promised political progress and reconciliation. Overall, the situation in Iraq has yet to dramatically improve.

I visited Iraq this past weekend and I had the opportunity to meet with General Petraeus. As General Petraeus has said, Iraq's problems can only be solved politically, not militarily. The time has come to strategically withdraw American troops and shift responsibility of winning the peace to the Iraqi government.

I was disappointed that President Bush didn't provide any realistic plans for reducing the deficit or restoring fiscal responsibility. The 47 million uninsured Americans also deserved to hear his plans to ensure universal access to affordable healthcare.



Last weekend, House Committee on Homeland Security Chairman Ben-
nie Thompson (center) and I visited Iraq and met Gen. David H. Petraeus
(left), the top U.S. commander in Iraq.

The Promise of Cellulosic Ethanol

As we move forward toward diversifying our nation's energy supplies and addressing the challenge of global warming, it is vitally important to closely monitor reliance on corn-based ethanol.

As part of the Energy Independence and Security Act of 2007 recently signed into law, Congress mandated a five-fold increase in renewable fuel – to 36 billion gallons – by 2022. Currently, ethanol is the primary biofuel in United States with 98 percent a corn derivative, according to the Congressional Research Service.

While the new energy bill caps corn-based ethanol production at 15 billion gallons a year, moving too quickly toward that cap could have devastating affects, both domestically and internationally. Rapidly expanding production of corn-based ethanol beyond the current 6.5 billion gallon level would most certainly exacerbate problems that are already occurring.

Last year, corn production increased to more than 93 million acres compared to 80 million acres from the previous year. Despite the increased production, corn prices have nearly doubled. And, the increased production has displaced soybeans, wheat, cotton and other row crops, decreasing the supplies and increasing prices.

Livestock operators and dairy farmers are seeing increased prices for feed, and consumers, in turn, are experiencing much higher prices for staples such as eggs, dairy, meat and milk. In fact, U.S. food prices as a whole rose 4.8 percent last year – well above the Consumer Price Index. And, global food prices have also increased, harming efforts to end hunger in the developing world.

Corn requires more fertilizer than any other American crop, according to The Fertilizer Institute, a fertilizer industry trade association. This is already believed to be the cause of problems for a number of aquatic ecosystems, including a large area in the Gulf of Mexico. Greatly increased corn acreage and fertilization would increase nitrogen loss into rivers, lakes and bays, imperiling fisheries and threatening drinking water.

Other notable concerns about greatly increased corn production include the loss of grasslands and wildlife habitat; increased soil erosion; and, its enormous demand for water. Corn requires 391,000 gallons of water per acre, according to the 2003 U.S. Department of Agriculture Farm and Ranch Irrigation Survey.

While there are sill many obstacles to overcome, cellulosic ethanol holds much more promise as a truly renewable fuel source. Wheat straw, corn stalks, grass and wood chips, which can be used to produce cellulosic ethanol, are cheap and abundant.

Conversion to cellulosic ethanol also requires less fossil fuel, so it would have a greater impact than corn ethanol on reducing greenhouse-gas emissions. Also, an acre of grasses or other crops grown specifically to make ethanol could produce more than two times the number of gallons of ethanol as an acre of corn, in part because the whole plant can be used instead of just the grain.

The technology and infrastructure are still in the early phases but there is a great deal of promise. The Department of Energy (DOE) will soon award up to \$200 million over five years to fund up to 10 plants that demonstrate different cellulosic production methods. That's in addition to the \$385 million DOE has awarded to build six commercial-scale cellulosic ethanol plants, and about \$400 million to fund basic research into bioenergy at three research centers.

To best serve our future, Congress should embrace an aggressive approach to the production of cellulosic biofuels. In diversifying our nation's energy supplies and meeting the challenges of global warming we must avoid solving one problem only to create another.