

THE  
NEW ENGLAND  
COUNCIL

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**Some Congressional Priorities for Region Achieved, Some Remain**

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New England is fortunate to be home to many of our nation's most respected financial service companies. These firms and their employees are a critical to our economy and The New England Council is proud to count many financial services houses among our membership. The past year, we were able to achieve several industry-related successes at the federal level, and 2008 holds great promise.

**Terrorism Risk Insurance**

After the horrific attacks of September 11, 2001, the federal government created a safety net to protect our national economy: the Terrorism Risk Insurance Act. TRIA, designed as a backstop to private insurance market coverage in the event of another terrorist event causing massive economic losses, had been set to expire at the end of 2007. In December, TRIA was extended for the second time, lengthening this extension to several years, a major accomplishment. The new TRIA extension also expands coverage to include acts of domestic terrorism committed by U.S. citizens. The New England Council has worked on the extension and expansion of TRIA for the last several years, and given TRIA's central role in promoting economic stability, we are very pleased.

**Foreign Investments**

Since the Dubai Ports World controversy drew attention to security issues associated with foreign ownership of U.S. ports in 2006, The New England Council had advocated for responsible reform of the Committee on Foreign Investments (CFIUS) in the United States—the interagency process that determines whether foreign companies can invest in sensitive U.S. assets. In 2007, Congress finally passed legislation to reform CFIUS, and the bill strikes a reasonable balance between protecting national security and encouraging economic development through foreign investment in the United States.

**Mortgage Market Reform**

Numerous bills were introduced and debated in Congress in response to subprime mortgage market turbulence in the latter half of 2007. Such measures include attempts to modernize the Federal Housing Administration; give bankruptcy judges the ability to modify terms of subprime loans during bankruptcy proceedings; forgive mortgage debt on a principle residence for tax purposes; and create a nationwide registry for mortgage brokers and other steps geared toward eliminating predatory lending. The New England Council's Financial Services Committee will continue to evaluate these varied reform ideas and promotes responsible, balanced reforms in the overall housing industry.

### **R&D Tax Credit**

The council has long supported the Research and Development Tax Credit because of its central role in fueling investment in the region's world-renowned universities, hospitals, laboratories and technology companies. A number of short-term tax extensions were included in the alternative minimum tax reform bill considered last month, but were jettisoned in the final weeks of debate. Moving forward in 2008, the council will continue to stress the importance of the R&D tax credit to the New England congressional delegation and advocate a seamless extension retroactive to 2007.

### **Economic Growth**

A number of other issues important to the overall health of our economy and the growth of our region will continue to be high priorities for the New England Council in 2008, including:

*National Institutes of Health funding*— New England's economy draws strength from the healthcare, technology and higher education sectors where NIH funding is crucial. The year-end omnibus appropriations bill included \$29.2 billion in NIH funding. After epidemic disease is subtracted, the overall increase represents a less than 1 percent increase in NIH funding. The New England Council will continue to make this a priority.

*Striving for energy independence*— Several weeks after the council brought together 15 New England congressional delegation members for a renewable energy forum, a sweeping bill was signed into law that mandates increases in automobile efficiency standards (the first increase in gas mileage regulations in over 30 years) and the use of alternative fuels. The council will work to find ways to encourage the development and use of alternative and renewable fuels that take into account the unique circumstances of the New England region while decreasing our dependence on foreign sources of fuel.

*Transportation solutions for the 21<sup>st</sup> century*— The New England Council continues to advocate for balanced and long-term solutions to our region's transportation challenges, including supporting Amtrak as a critical piece of our transportation puzzle in the Northeast and pushing for increases in federal funding for the backlog of repairs to improve the safety of our aging highways and bridges.

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*(The New England Council is the nation's oldest regional business organization.)*