

110TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

To provide for additional emergency unemployment compensation, to amend the Emergency Economic Stabilization Act of 2008 to authorize loans to automobile manufacturers and component suppliers, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

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Mr. REID introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

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## **A BILL**

To provide for additional emergency unemployment compensation, to amend the Emergency Economic Stabilization Act of 2008 to authorize loans to automobile manufacturers and component suppliers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—UNEMPLOYMENT**  
4 **COMPENSATION**

5 **SEC. 101. SHORT TITLE.**

6 This title may be cited as the “Unemployment Com-  
7 pensation Extension Act of 2008”.

1 **SEC. 102. ADDITIONAL FIRST-TIER BENEFITS.**

2 Section 4002(b)(1) of the Supplemental Appropria-  
3 tions Act, 2008 (26 U.S.C. 3304 note) is amended—

4 (1) in subparagraph (A), by striking “50” and  
5 inserting “80”; and

6 (2) in subparagraph (B), by striking “13” and  
7 inserting “20”.

8 **SEC. 103. SECOND-TIER BENEFITS.**

9 Section 4002 of the Supplemental Appropriations  
10 Act, 2008 (26 U.S.C. 3304 note) is amended by adding  
11 at the end the following:

12 “(c) SPECIAL RULE.—

13 “(1) IN GENERAL.—If, at the time that the  
14 amount established in an individual’s account under  
15 subsection (b)(1) is exhausted or at any time there-  
16 after, such individual’s State is in an extended ben-  
17 efit period (as determined under paragraph (2)),  
18 such account shall be augmented by an amount  
19 equal to the lesser of—

20 “(A) 50 percent of the total amount of  
21 regular compensation (including dependents’ al-  
22 lowances) payable to the individual during the  
23 individual’s benefit year under the State law, or

24 “(B) 13 times the individual’s average  
25 weekly benefit amount (as determined under  
26 subsection (b)(2)) for the benefit year.

1           “(2) EXTENDED BENEFIT PERIOD.—For pur-  
2           poses of paragraph (1), a State shall be considered  
3           to be in an extended benefit period, as of any given  
4           time, if—

5                   “(A) such a period is then in effect for  
6                   such State under the Federal-State Extended  
7                   Unemployment Compensation Act of 1970;

8                   “(B) such a period would then be in effect  
9                   for such State under such Act if section 203(d)  
10                  of such Act—

11                           “(i) were applied by substituting ‘4’  
12                           for ‘5’ each place it appears; and

13                           “(ii) did not include the requirement  
14                           under paragraph (1)(A) thereof; or

15                   “(C) such a period would then be in effect  
16                  for such State under such Act if—

17                           “(i) section 203(f) of such Act were  
18                           applied to such State (regardless of wheth-  
19                           er the State by law had provided for such  
20                           application); and

21                           “(ii) such section 203(f)—

22                                   “(I) were applied by substituting  
23                                   ‘6.0’ for ‘6.5’ in paragraph (1)(A)(i)  
24                                   thereof; and

1                   “(II) did not include the require-  
2                   ment under paragraph (1)(A)(ii)  
3                   thereof.

4                   “(3) LIMITATION.—The account of an indi-  
5                   vidual may be augmented not more than once under  
6                   this subsection.”.

7 **SEC. 104. PHASEOUT PROVISIONS.**

8                   Section 4007(b) of the Supplemental Appropriations  
9 Act, 2008 (26 U.S.C. 3304 note) is amended—

10                   (1) in paragraph (1), by striking “paragraph  
11                   (2),” and inserting “paragraphs (2) and (3),”; and

12                   (2) by striking paragraph (2) and inserting the  
13 following:

14                   “(2) NO AUGMENTATION AFTER MARCH 31,  
15 2009.—If the amount established in an individual’s  
16 account under subsection (b)(1) is exhausted after  
17 March 31, 2009, then section 4002(c) shall not  
18 apply and such account shall not be augmented  
19 under such section, regardless of whether such indi-  
20 vidual’s State is in an extended benefit period (as  
21 determined under paragraph (2) of such section).

22                   “(3) TERMINATION.—No compensation under  
23 this title shall be payable for any week beginning  
24 after August 27, 2009.”.

1 **SEC. 105. TEMPORARY FEDERAL MATCHING FOR THE**  
2 **FIRST WEEK OF EXTENDED BENEFITS FOR**  
3 **STATES WITH NO WAITING WEEK.**

4 With respect to weeks of unemployment beginning  
5 after the date of the enactment of this Act and ending  
6 on or before December 8, 2009, subparagraph (B) of sec-  
7 tion 204(a)(2) of the Federal-State Extended Unemploy-  
8 ment Compensation Act of 1970 (26 U.S.C. 3304 note)  
9 shall not apply.

10 **SEC. 106. EFFECTIVE DATE.**

11 (a) **IN GENERAL.**—The amendments made by sec-  
12 tions 102, 103, and 104 shall apply as if included in the  
13 enactment of the Supplemental Appropriations Act, 2008,  
14 subject to subsection (b).

15 (b) **ADDITIONAL BENEFITS.**—In applying the amend-  
16 ments made by sections 102 and 103, any additional emer-  
17 gency unemployment compensation made payable by such  
18 amendments (which would not otherwise have been pay-  
19 able if such amendments had not been enacted) shall be  
20 payable only with respect to any week of unemployment  
21 beginning on or after the date of the enactment of this  
22 Act.

1 **TITLE II—AUTOMOBILE INDUS-**  
2 **TRY EMERGENCY ASSIST-**  
3 **ANCE**

4 **SEC. 201. DIRECT BRIDGE LOANS TO MANUFACTURERS**  
5 **AND SUPPLIERS.**

6 (a) IN GENERAL.—The Emergency Economic Sta-  
7 bilization Act of 2008 (division A of Public Law 110–343)  
8 is amended by adding at the end the following:

9 **“TITLE IV—DIRECT BRIDGE**  
10 **LOAN PROVISIONS**

11 **“SEC. 401. FINDINGS.**

12 “Congress finds that extraordinary and exigent cir-  
13 cumstances have prevented the automobile industry from  
14 securing essential credit and liquidity from other sources  
15 and that the failure of the automobile industry to obtain  
16 such credit and liquidity will have a systemic adverse ef-  
17 fect on the economy.

18 **“SEC. 402. PURPOSES.**

19 “The purposes of this title are—

20 “(1) to clarify that authority and facilities are  
21 available to be used immediately by the Secretary to  
22 restore liquidity and stability to the automobile in-  
23 dustry in the United States;

24 “(2) to ensure that such authority and such fa-  
25 cilities are used in a manner that—

1           “(A) stimulates manufacturing and sales  
2 of automobiles produced by automobile manu-  
3 facturers in the United States;

4           “(B) enhances the ability and the capacity  
5 of the domestic automobile industry to pursue  
6 the timely and aggressive production of energy-  
7 efficient advanced technology vehicles;

8           “(C) preserves and promotes the jobs of  
9 355,000 workers in the United States directly  
10 employed by the automobile industry and an  
11 additional 4,500,000 workers in the United  
12 States employed in related industries; and

13           “(D) safeguards the ability of the domestic  
14 automobile industry to provide retirement and  
15 health care benefits for 1,000,000 retirees and  
16 their spouses and dependents; and

17           “(3) to reaffirm the purposes of section 2,  
18 which include providing the Secretary with broad au-  
19 thority to restore liquidity and stability to financial  
20 institutions, including automobile finance companies.

21 **“SEC. 403. EMERGENCY DIRECT LOAN PROGRAM.**

22           “(a) IN GENERAL.—The Secretary shall make loans  
23 in an aggregate amount equal to \$25,000,000,000, to  
24 automobile manufacturers and component suppliers that  
25 have—

1           “(1) submitted an application for a loan under  
2           this title that includes a statement of need for Gov-  
3           ernment funding under this title to prevent a sys-  
4           temic adverse effect on the United States economy;

5           “(2) operated a manufacturing facility for the  
6           purposes of producing automobiles or automobile  
7           components in the United States throughout the 20-  
8           year period ending on the date of enactment of this  
9           title; and

10           “(3) operations in the United States the failure  
11           of which would have a systemic adverse effect on the  
12           overall United States economy, as determined by the  
13           Secretary.

14           “(b) ALLOCATION.—In allocating loan amounts  
15           under this title, the Secretary shall prioritize the distribu-  
16           tion of loans under this section based on the magnitude  
17           of the impact of the manufacturing operations of the ap-  
18           plicant in the United States on the overall economy of the  
19           United States and other segments of the automobile in-  
20           dustry, including the impact on levels of employment, do-  
21           mestic manufacturing of automobiles and automobile com-  
22           ponents, and automobile dealerships.

23           “(c) PLAN FOR LONG-TERM FINANCIAL VIABIL-  
24           ITY.—At the time of application for a loan under this title,  
25           an automobile manufacturer or component supplier shall

1 submit to the Secretary a detailed plan on how the Gov-  
2 ernment funds requested will be utilized to ensure the  
3 long-term financial posture of the company, and how such  
4 funds will stimulate automobile production in the United  
5 States and improve the capacity of the company to pursue  
6 the timely and aggressive production of energy-efficient  
7 advanced technology vehicles.

8 **“SEC. 404. FUNDING FROM THIRD TRANCHE; TREATMENT**  
9 **OF LOAN AMOUNTS.**

10 “The costs incurred by the Federal Government in  
11 making loans under this title, including credit subsidy  
12 costs and administrative expenses, shall be covered out of  
13 the funds made available to the Secretary generally under  
14 section 118 and, specifically, not from funds which are de-  
15 scribed in paragraph (1) or (2) of section 115(a), but with  
16 respect to the availability of which the reporting and pro-  
17 cedural requirements contained in paragraph (3) of such  
18 section and section 115(c) shall not apply.

19 **“SEC. 405. TIMING OF DISBURSEMENTS.**

20 “(a) APPLICATIONS.—On and after the date that is  
21 3 days after the date of enactment of this title, the Sec-  
22 retary shall accept applications for loans under this title.

23 “(b) DETERMINATION OF ELIGIBILITY.—Not later  
24 than 15 days after the date on which the Secretary re-  
25 ceives an application for a loan under subsection (a), the

1 Secretary shall make a determination regarding the eligi-  
2 bility of the applicant, based on whether the applicant  
3 meets the requirements of section 403(a).

4 “(c) DISBURSEMENT.—The Secretary shall begin dis-  
5 bursement of the proceeds of a loan under this title to  
6 an eligible applicant not later than 7 days after the date  
7 on which the Secretary receives a disbursal request from  
8 the applicant, upon a determination of the Secretary that  
9 the applicant is eligible under subsection (b).

10 **“SEC. 406. TERMS AND CONDITIONS.**

11 “(a) TERM TO MATURITY.—The term to maturity of  
12 any loan made under this title shall be 10 years, or such  
13 longer period as the Secretary may determine with respect  
14 to such loan.

15 “(b) RATE OF INTEREST.—The annual rate of inter-  
16 est for a loan under this title shall be—

17 “(1) 5 percent during the 5-year period begin-  
18 ning on the date on which the Secretary disburses  
19 the loan; and

20 “(2) 9 percent after the end of the period de-  
21 scribed in paragraph (1).

22 “(c) WARRANTS AND DEBT INSTRUMENTS.—The  
23 Secretary may not make a loan under this title unless the  
24 Secretary receives from the automobile manufacturer or  
25 component supplier a warrant or senior debt instrument

1 made in accordance with the requirements for a warrant  
2 or senior debt instrument by a financial institution under  
3 section 113(d).

4 “(d) NO PREPAYMENT PENALTY.—A loan made  
5 under this title shall be prepayable without penalty at any  
6 time.

7 “(e) EXECUTIVE COMPENSATION.—

8 “(1) STANDARDS REQUIRED.—The Secretary  
9 shall require any recipient of a loan under this title  
10 to meet appropriate standards for executive com-  
11 pensation and corporate governance.

12 “(2) SPECIFIC REQUIREMENTS.—The standards  
13 established under paragraph (1) shall include the  
14 following:

15 “(A) Limits on compensation that exclude  
16 incentives for senior executive officers of a re-  
17 cipient of a loan under this title to take unnec-  
18 essary and excessive risks that threaten the  
19 value of such recipient during the period that  
20 the loan is outstanding.

21 “(B) A provision for the recovery by such  
22 recipient of any bonus or incentive compensa-  
23 tion paid to a senior executive officer based on  
24 statements of earnings, gains, or other criteria  
25 that are later found to be materially inaccurate.

1           “(C) A prohibition on such recipient mak-  
2           ing any golden parachute payment to a senior  
3           executive officer during the period that the loan  
4           under this title is outstanding.

5           “(D) A prohibition on such recipient pay-  
6           ing or accruing any bonus or incentive com-  
7           pensation during the period that the loan is  
8           outstanding to any executive whose annual base  
9           compensation exceeds \$250,000 (which amount  
10          shall be adjusted by the Secretary for inflation).

11          “(E) A prohibition on any compensation  
12          plan that could encourage manipulation of the  
13          reported earnings of the recipient to enhance  
14          the compensation of any of its employees.

15          “(3) DEFINITIONS.—For purposes of this sub-  
16          section, the following definitions shall apply:

17          “(A) SENIOR EXECUTIVE OFFICER.—The  
18          term ‘senior executive officer’ means an indi-  
19          vidual who is 1 of the top 5 most highly paid  
20          executives of a public company, whose com-  
21          pensation is required to be disclosed pursuant  
22          to the Securities Exchange Act of 1934, and  
23          any regulations issued thereunder, and non-  
24          public company counterparts.

1           “(B) GOLDEN PARACHUTE PAYMENT.—

2           The term ‘golden parachute payment’ means  
3           any payment to a senior executive officer for  
4           departure from a company for any reason.

5           “(f) PROHIBITION ON PAYMENT OF DIVIDENDS.—No  
6           common stock dividends may be paid by any recipient of  
7           a loan under this title for the duration of the loan.

8           **“SEC. 407. OVERSIGHT.**

9           “(a) IN GENERAL.—The provisions of sections 105,  
10          116, 121, and 125 shall apply with respect to any loans  
11          made under this title, to the extent possible, in the same  
12          manner and to the same extent as such sections apply to  
13          transactions made under the authority of title I.”.

14          (b) TECHNICAL AND CONFORMING AMENDMENTS.—

15                 (1) TABLE OF CONTENTS.—The table of con-  
16                 tents in section 1(b) of the Emergency Economic  
17                 Stabilization Act of 2008 (division A of Public Law  
18                 110–343) is amended—

19                         (A) by inserting after the item relating to  
20                         section 3 the following new item:

                  “Sec. 4. References.”

21                                 ; and

22                         (B) by adding at the end the following:

                  “TITLE IV—DIRECT BRIDGE LOAN PROVISIONS

                  “Sec. 401. Findings.

                  “Sec. 402. Purposes.

                  “Sec. 403. Emergency direct loan program.

                  “Sec. 404. Funding from third tranche; treatment of loan amounts.

“Sec. 405. Timing of disbursements.

“Sec. 406. Terms and conditions.

“Sec. 407. Oversight.”

1                   ; and

2                   (2) REFERENCES.—The Emergency Economic  
3                   Stabilization Act of 2008 (division A of Public Law  
4                   110–343) is amended by inserting after section 3  
5                   the following new section:

6                   **“SEC. 4. REFERENCES.**

7                   “Any reference—

8                   “(1) in this division to ‘this Act’ or any subdivi-  
9                   sion thereof is a reference to this division A or any  
10                  subdivision thereof;

11                  “(2) in division (B) to ‘this Act’ or any subdivi-  
12                  sion thereof is a reference to division B or any sub-  
13                  division thereof; and

14                  “(3) in division (C) to ‘this Act’ or any subdivi-  
15                  sion thereof is a reference to division C or any sub-  
16                  division thereof.”.

17                                   **TITLE III—EMERGENCY**  
18                                   **TREATMENT**

19                   **SEC. 301. EMERGENCY TREATMENT.**

20                   All provisions of this Act and the amendments made  
21                   by this Act are designated as an emergency requirement  
22                   and necessary to meet emergency needs pursuant to sec-  
23                   tion 204(a) of S. Con. Res 21 (110th Congress), the con-  
24                   current resolution on the budget for fiscal year 2008.