Failing to raise the bank-qualified level from the amount set in 1986 has real consequences for American communities. For instance, many small hospitals and healthcare facilities, even in small population States, cannot take advantage of today's small-issuer exception because they borrow through statewide authorities that issue bonds on behalf of multiple institutions, thereby exceeding the $10 million limit. In my home state, the New Mexico Hospital Equipment Loan Council tells me that if the $10 million limit had instead been $30 million, then many hospitals in our state's rural communities would have been able to secure funding to acquire additional hospital equipment, among them, Sierra Vista Hospital in Truth or Consequences; the Prairie Meadows assisted living facility in Clovis; and the Las Cruces Mental Health Center in Las Cruces. For each of these entities, the prospective borrower was instead forced to seek alternative, higher-cost capital options—or could not secure funding to complete the transaction.

As another example, the City of Las Cruces would benefit from this bill. The city has had five debt issues in the last 5 years that exceeded $10 million. The financial advisor under contract to the City estimates that the difference in rates, with a higher limit on bank qualified debt, would be about 20 basis points—a savings that would be passed on to the taxpayers and rate payers in our community.

Second, as concerns municipalities that issue more than $30 million in debt annually, the bill would allow financial institutions to hold up to 2 percent of their total assets in such debt, without disallowing a proportional amount of their interest expense deduction. This change is intended to restore bank demand and provide some stability by bringing this group of institutional investors back into the municipal market. Nonfinancial companies already benefit from this safe harbor, so in this regard, the bill creates parity. Many larger municipal infrastructure projects have costs in excess of $30 million, and bank investment can only help these critical projects succeed.

Finally, it bears mentioning that this bill offers at least two collateral benefits. First, enabling local governments to undertake additional infrastructure investments will help to stimulate our challenged economy. Second, by enabling banks to acquire municipal bonds—the safest class of security—the bill will enhance the stability of banks at a time that they face considerable financial pressure.

I am pleased that this bill has been endorsed by a number of organizations, including the National League of Cities; U.S. Conference of Mayors; National Association of Counties; Government Finance Officers Association; International City/County Management Association; National Association of State Auditors, Comptrollers and Treasurers; National Association of State Treasurers; Council of Infrastructure Financing Authorities; Education Finance Council; and National Association of Health and Educational Facilities Finance Authorities.

I hope my colleagues will join with Senator CRAPO and me in working to enhance liquidity in the municipal bond market. Our bill will go a long way toward ensuring that our cities, towns, counties, utility districts, and school districts can secure affordable financing to undertake the infrastructure projects that our communities sorely need.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3518

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Municipal Bond Market Support Act of 2008''.

SEC. 2. MODIFICATION OF SMALL ISSUER EXCEPTION TO TAX-EXEMPT INTEREST EXPENSE ALLOCATION RULES FOR FINANCIAL INSTITUTIONS.

(a) INCREASE IN LIMITATION.—Subparagraphs (C)(i), (D)(i), and (D)(iii)(II) of section 265(b)(3) of the Internal Revenue Code of 1986 are each amended by striking ''$10,000,000'' and inserting ''$30,000,000''.

(b) REPEAL OF AGGREGATION RULES APPLICABLE TO SMALL ISSUER DETERMINATION.—Paragraph (3) of section 265(b) of such Code is amended by striking subparagraphs (E) and (F).

(c) ELECTION TO APPLY LIMITATION AT BORROWER LEVEL.—Paragraph (3) of section 265(b) of such Code, as amended by subsection (b), is amended by adding at the end the following new subparagraph:

''(E) ELECTION TO APPLY LIMITATION ON AMOUNT OF OBLIGATIONS AT BORROWER LEVEL.—

''(i) IN GENERAL.—An issuer, the proceeds of the obligations of which are to be used to make or finance eligible loans, may elect to apply subparagraphs (C) and (D) by treating each borrower as the issuer of a separate issue.

''(ii) ELIGIBLE LOAN.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'eligible loan' means one or more loans to a qualified borrower the proceeds of which are used by the borrower and the outstanding balance of which in the aggregate does not exceed $30,000,000.

''(II) QUALIFIED BORROWER.—The term 'qualified borrower' means a borrower which is an organization described in section 501(c)(3) and exempt from taxation under section 501(a) or a State or political subdivision thereof.

''(iii) MANNER OF ELECTION.—The election described in clause (i) may be made by an issuer for any calendar year at any time prior to its first issuance during such year of obligations the proceeds of which will be used to make or finance one or more eligible loans.''.

(d) INFLATION ADJUSTMENT.—Paragraph (3) of section 265(b) of such Code, as amended by subsections (b) and (c), is amended by adding at the end the following new subparagraph:

''(F) INFLATION ADJUSTMENT.—In the case of any calendar year after 2009, the $30,000,000 amounts contained in subparagraphs (C)(i), (D)(i), (D)(iii)(II), and (E)(ii)(I) shall each be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting 'calendar year 2008' 'for calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $100,000.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2008.

SEC. 3. DE MINIMIS SAFE HARBOR EXCEPTION FOR TAX-EXEMPT INTEREST EXPENSE OF FINANCIAL INSTITUTIONS AND BROKERS.

(a) FINANCIAL INSTITUTIONS.—Subsection (b) of section 265 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(7) DE MINIMIS EXCEPTION.—Paragraph (1) shall not apply to any financial institution if the portion of the taxpayer's holdings of tax-exempt securities is less than 2 percent of the taxpayer's assets.''.

(b) BROKERS.—Subsection (a) of section 265 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(7) DE MINIMIS EXCEPTION.—Paragraph (2) shall not apply to any broker (as defined in section 6045(c)(1)) if the portion of the taxpayer's holdings of tax-exempt securities is less than 2 percent of the taxpayer's assets.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

By Mr. DURBIN (for himself, Mrs. FEINSTEIN, Mrs. MCCASKILL, and Mr. WYDEN):

S. 3519. A bill to amend the Animal Welfare Act to provide further protection for puppies; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. DURBIN. Mr. President, today I am introducing the Puppy Uniform Protection and Safety Act, or PUPS Act.

In recent years, media reports have highlighted the cruel treatment of dogs raised by irresponsible breeders in large-scale commercial operations. The facilities operated by the most negligent owners are often referred to as puppy mills, because they churn out dogs the way a factory would—with little or no respect for the animals' quality of life.

Let me be clear, there are many responsible dog breeders across the country who care about and take great pains to properly look after the animals in their care. Those breeders are not the target of this legislation.

Unfortunately, the less scrupulous ''puppy mills'' threaten the reputation of the entire industry. The dogs bred or raised in puppy mills are often housed in cramped, dirty, wire cages. To maximize profit, a breeder may stack cages on top of each other or keep the cages outdoors where dogs are exposed to the elements. The dogs may never be given a chance to exercise or even walk on solid ground. Some animals rescued from puppy mills show signs of malnutrition and dehydration, having been denied a sufficient supply of food and

water. Puppies raised in these settings don't always have regular veterinary, and the breeding females are made to have litter after litter of puppies.

Not surprisingly, this treatment has an effect on the physical and mental health of the animals raised in these facilities.

Veterinarians in Illinois have shared with me heartbreaking tales of families who unknowingly purchased dogs that had been raised in puppy mills. Those dogs turn out to have serious health and behavioral problems. By the time these conditions are diagnosed, the families have welcomed the new puppy into the family and developed a strong emotional attachment. In some cases, the puppies could be treated, but often at great expense to their new owners. These families face very difficult decisions.

Today, people can go on-line and research puppies available for purchase with the simple click of a mouse. You can't blame people for using the convenience of shopping online, but some puppy mill operators advertise on the internet so that they can bypass the pet store. That way, the breeder can avoid the Federal licensing requirements of the Animal Welfare Act, which apply only to wholesale breeders. That means that finding your puppy on-line may well increase the chance that you'll be buying from a puppy mill.

The PUPS Act I am introducing today, along with Senators FEINSTEIN, MCCASKILL, and WYDEN, would amend the Animal Welfare Act to require that breeders obtain a license from the USDA if they raise more than 50 dogs in a 12-month period and sell directly to the public.

These licenses are inexpensive and the application process is simple. But USDA licensing would allow the agency to ensure that large and mid-level breeders comply with minimum Federal standards. The PUPS Act also requires all commercial breeders to give dogs in their care at least two daily exercise breaks, allowing the dogs to enjoy at least 60 minutes outside of their crates or enclosures.

The good news is that the public is growing more aware of the existence of puppy mills. Recent investigations of the deplorable conditions at several large puppy mills along with the interest shown by celebrities, including Chicago resident Oprah Winfrey, have brought new attention to the cause. As a result, many Americans seeking companion animals are doing their homework. They are choosing to adopt from local shelters or finding and visiting responsible breeders. It is my hope that extending and improving oversight of this industry through the PUPS Act will help Americans feel confident about the health and well-being of the dog that they welcome into their family.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 3519

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Puppy Uniform Protection and Safety Act''.

SEC. 2. REGULATION OF HIGH-VOLUME SELLERS OF PUPPIES.

(a) RETAIL PET STORE DEFINED.—Section 2 of the Animal Welfare Act (7 U.S.C. 2132) is amended by adding at the end the following new subsection:

''(p) The term 'retail pet store' means a person that—

''(1) sells an animal directly to the public for use as a pet; and

''(2) does not breed or raise more than 50 dogs for use as pets during any one-year period.''.

(b) LICENSES.—Section 3 of the Animal Welfare Act (7 U.S.C. 2133) is amended in the second proviso—

(1) by striking ''retail pet store or other person who'' and inserting ''retail pet store, or other person who (1) does not breed or raise more than 50 dogs for use as pets during any one-year period, and (2)''; and

(2) by striking ''research facility'' and inserting ''research facility,''.

(c) HUMANE STANDARDS.—Section 13 of the Animal Welfare Act (7 U.S.C. 2143) is amended—

(1) by redesignating subsections (g) and (h) as subsections (h) and (i), respectively;

(2) by redesignating the second subsection (f) as subsection (g); and

(3) by adding at the end the following new subsection:

''(j)(1) Subject to paragraph (2), a dealer shall provide each dog held by such dealer that is of the age of 12 weeks or older with a minimum of two exercise periods during each day for a total of not less than one hour of exercise during such day. Such exercise shall include removing the dog from the dog's primary enclosure and allowing the dog to walk for the entire exercise period, but shall not include use of a treadmill, catmill, jenny mill, slat mill, or similar device, unless prescribed by a doctor of veterinary medicine.

''(2) Paragraph (1) shall not apply to a dog certified by a doctor of veterinary medicine, on a form designated by and submitted to the Secretary, as being medically precluded from exercise.''.

SEC. 3. EFFECT ON STATE LAW.

The amendments made by this Act shall not be construed to preempt any law or regulation of a State or a political subdivision of a State containing requirements that are greater than the requirements of the amendments made by this Act.

By Ms. SNOWE:

S. 3522. A bill to establish a Federal Board of Certification to enhance the transparency, credibility, and stability of financial markets, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

Ms. SNOWE. Mr. President, I rise today to offer legislation that will increase the trustworthiness of our Nation's mortgage security market by creating the Federal Board of Certification for mortgage securities.

The recent collapse of Lehman Brothers, and the Federal Reserve's bailout of American International Group, Fannie Mae, Freddie Mac and Bear Stearns, along the huge losses suffered throughout the financial industry, demonstrates a catastrophic failure to accurately assess the dangers of imprudently made subprime mortgages to the American public and our financial markets. In hindsight, it appears that it was the inability to gauge risk in mortgage-backed securities that caused much of this financial turmoil. For markets to operate properly, it is imperative that they have effective metrics for calculating the level of risk securities pose to investors.

The secondary mortgage market has been a largely unregulated playground where poorly underwritten, low-quality loans were sold as high-quality investment products. Although mortgage backed securities can be a positive market force, which increases the available pool of credit for borrowers, without an accurate picture of the risk involved in each mortgage security, buyers have no idea whether they are buying a high-risk investment or a safe, secure investment. My legislation would work to curb the excesses of the secondary market, combat future attempts at deception, and protect investors by making scrutinized mortgage investments more reliable and trustworthy.

The inability of major corporations to properly assess the risk of the mortgage securities they were trading is a problem whose effects have not been confined to Wall Street. To put it simply: when big banks sneeze, the rest of America gets a cold. By 2009, more than a trillion dollars of the subprime mortgages originated during the housing boom will reset to higher interest rates. Currently, according to the Mortgage Bankers Association, 43 percent of subprime adjustable rate mortgages are already in foreclosure. In my home State of Maine, we are struggling with falling home prices and a record number of foreclosures. Some Maine borrowers, with rising monthly payments, are unable to refinance out of their predatory loans. Small business owners, many already hurt by the economic downturn, are also finding credit tight. The bad economic climate caused by the subprime credit crunch is roiling the stock market causing Americans to loose billions in their IRAs and retirement funds.

We need to fix this crisis before it gets any worse and make sure it never happens again. Francis Bacon said that ''knowledge is power.'' My bill would give investors the knowledge to make intelligent calculations of risk and as a result, it would give them the power to decide how much risk they could collectively handle.

Turning to specifics, my bill creates the Federal Board of Certification, which would certify that the mortgages within a security instrument meet the underlying standards they claim in regards to documentation, loan to value ratios, debt service to income ratios, and borrowers' credit