### **Optimism Growing On Deal To Avoid Federal Shutdown**

BY DAVID ESPO AND ALAN FRAM Associated Press

WASHINGTON — The endgame at hand, both Democratic and Republican congressional leaders expressed optimism Thursday at prospects for swift compromise to extend Social Security tax cuts, keep long-term jobless benefits flowing and avoid a threatened partial government shutdown at midnight Friday.

Still another year-end bill, setting new rules for the handling of terror suspects in U.S. custody, won final congressional approval and headed to President Barack Obama's desk for his signature.

"Right now, Congress needs to make sure that 160 million working Americans don't see their taxes go up on Jan. 1," said Obama, referring to the tax cut extension at the core of the jobs program he outlined in a nationally televised speech three months ago.

House Speaker John Boehner of Ohio, the most powerful Republican in an era of divided government, agreed. "We can extend payroll tax relief for American workers, help create new jobs and keep the government running. And frankly, we can do it in a bipartisan way," he said.

The long-moribund job market, too, appeared to be on the mend. Government figures showed 366,000 applications for unemployment benefits were filed last week, the lowest number since the near-collapse of the financial system in 2008 and the brutal recession that followed.

In the Capitol, the previous day's bristling rhetoric and partisan jabs all but vanished.0

Republicans agreed to consider changes to a \$1 trillion spending bill compromise that they and at least one Democrat said had been wrapped up days ago. The White House said it wanted adjustments.

There were separate negotiations on legislation to extend the Social Security payroll tax cut and unemployment benefits. Democrats abandoned their deOptimism growing on deal to avoid federal shutdownmand for a surtax on million-dollar incomes that they wanted to include in the measure, removing a provision that Republicans strongly opposed.

opposed. "We hope that we can come up with something that would get us out of here at a reasonable time in the next few days," said

#### Mont. OKs Keystone

Senate Majority Leader Harry Reid of Nevada.

At a news conference, Boehner minimized the concession, noting that Democrats lacked the votes to impose the surtax a year ago when they commanded 60 votes in the Senate. Even so, he said, "there was some movement yesterday from the White House and Democrat leaders" toward a compromise.

Boehner also left open the possibility of a compromise on another key sticking point — a House-passed provision that all but requires construction of the proposed Keystone XL oil pipeline from Canada to Texas.

Construction "will put 20,000 people to work immediately And there are about 115,000 other jobs directly related to it," he said. Yet he skipped an opportunity to say construction of the project was a non-negotiable condition as talks on the payroll tax cut bill proceed.

Obama has threatened to veto the House-passed bill, in part citing the requirement for the pipeline. The project has been studied for more than three years, but the president recently announced he would put off a decision until after the 2012 elections. Without an extension of the payroll tax cut, 160 million Americans will have smaller take home pay beginning on Jan. 1, a fact that the president and leaders of both parties stressed as they looked for compromise.

Obama asked Congress to extend and also to expand the payroll tax cut that took effect last Jan. 1 and is due to expire at the end of the year. The Housepassed bill renews the current reduction for one year, and it was unclear whether a final compromise would go any further.

The president also wants to leave in place a system that pro-

vides aid for up to 99 weeks for the long-term unemployed. The House-passed measure reduces the total by 20 weeks, a step that the administration says would cut off 3.3 million individuals and that Democrats are hoping to soften if not reverse.

Also part of the negotiations was an attempt to head off a threatened 27 percent cut in payments to doctors who treat Medicare patients, an item added in the House to appeal to conservatives unhappy at extending the payroll tax cuts.

Reid indicated that a number of expiring tax breaks were on

the table, as well, a list that included a provision that benefits commuters who use mass transit.

In a bow to deficit-conscious conservatives in the House, Obama and leaders in both parties have agreed to offset the cost of the measure to avoid raising deficits.

The White House and Democrats wanted to use the surtax on million-dollar income to finance most of the bill. But with that off the table, they were required to look elsewhere in talks with Republicans.



## Pipeline

#### BY MATTHEW BROWN

Associated Press

BILLINGS, Mont. — Montana officials on Thursday announced environmental approval for a major oil pipeline from Canada's tar sands to the Gulf Coast, but the proposal still needs approval from the federal government and Nebraska.

TransCanada's 1,700-mile Keystone XL pipeline would carry oil from western Canada to refineries in Texas, passing through Montana, South Dakota, Nebraska, Kansas and Oklahoma.

The project has been fiercely opposed by environmental groups and some landowners along the route, and the Obama administration last month said it was postponing its decision on Keystone XL until after the next election.

Republicans in Congress are trying to speed up a decision by linking approval to a measure renewing a payroll tax cut.

The \$7 billion project would include a loading point for domestic crude as the 36-inch line passes through Montana near the booming Bakken oil field.

"Some people say this pipeline is just about the oil sands, it is not. It is also about Bakken oil in Montana," Gov. Brian Schweitzer said after announcing the approval. Schweitzer said the project would generate \$60 million in property taxes annually in the state.

TransCanada would have to post a \$100 million bond to cover any future problems with the line in Montana.

Montana's announcement that it intends to issue a permit to the project under the state's Major Facility Siting Act means the pipeline could proceed with construction under state law.

But with federal approval pending, TransCanada spokesman Shawn Howard said there were no immediate plans to begin work in Montana.

He said construction has started on a tank farm connected to the project in Hardisty, Alberta, but not on any sections of pipe. The Calgary-based company has asked the State Department if it can begin work on a 435-mile section of Keystone XL from Oklahoma to the Gulf Coast, but Howard said no decision has been made.

# Plus Find Huge Discounts Throughout the Store!

