



Locke Lord Strategies^{LP}

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Coming off of weekend discussions, congressional leaders continue to work on deficit reduction and debt limit plans, with the House likely to vote on a proposal sometime during the week.

The House on Monday, July 25, began debate on a fiscal 2012 Interior-Environment spending bill.

Later in the week, the chamber took up bills to limit the authority of the National Labor Relations Board and expedite the construction of a pipeline from Canada's oil sands region.

Lawmakers resumed efforts Monday, July 25, to end the stalemate between the House and Senate over the extension of expired Federal Aviation Administration programs.

The Senate voted on judicial nominations Monday afternoon, July 25, while two of its panels held confirmation hearings Tuesday morning on the nominations of Army Gen. Martin E. Dempsey to be chairman of the Joint Chiefs of Staff and Matthew G. Olsen to be director of the National Counterterrorism Center.

Banking & Financial Services

The House on Thursday, July 21, passed **HR 1315, the Consumer Financial Protection Safety and Soundness Improvement Act of 2011**, by a vote of 241-173. The measure combines three bills approved in May by the **House Financial Services Committee**. The thrust of the bill would change the threshold by which the newly created Financial Stability Oversight Council — a group of regulators charged with overseeing the stability of the entire U.S. financial system — can overturn **Consumer Financial Protection Bureau (CFPB)** regulations. The other measures that were folded into the bill would give the governing power of the CFPB to a five-person board and require the agency to have a director confirmed by the Senate before the CFPB can take on any of its new powers.

Rep. Barney Frank (D-Mass.) blasted House Republicans for "nickel-and-diming" the **Securities and Exchange Commission (SEC)** and the **Commodity Futures Trading Commission (CFTC)**, which have broad new responsibilities under the law. Frank's comments came at a hearing held by the **Senate Banking, Housing and Urban Affairs** on the one-year anniversary of the law's enactment. House appropriators have written spending bills that would cut the CFTC's budget by 15 percent and freeze the SEC's funding at current levels.

The **House Financial Services Committee** on Wednesday, July 20, approved a measure that would repeal a provision that makes credit rating agencies liable if their ratings of asset-backed

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Featured Strategies Team Member



Brian Heindl
Senior Policy Advisor,
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Brian Heindl joined the Locke Lord Strategies team in January 2010 as senior policy advisor. He has extensive experience in public policy and the workings of the nation's capital, having served for several years in the office of Sen. Herb Kohl, D-Wisconsin, a member of the Senate Appropriations Committee and Chairman of the Subcommittee on Antitrust, Competition Policy, and Consumer Rights.

During his tenure with Sen. Kohl, Heindl served as legislative assistant, then as Appropriations Director where his role was liaison to the Senate Appropriations Committee. He advised the senator on energy, environment, trade, foreign affairs, commerce and labor issues and worked to create a tax credit for consumers who bought energy efficient water heaters. Heindl also worked to improve business conditions for American companies and led a Senate initiative to include \$1.25 billion in job training funding in the American Recovery and Reinvestment Act of 2009.

Heindl's international experience in relation to public policy includes several trade trips to Taiwan and China, where he conferred with government officials on energy, environment, trade and tax issues. A Wisconsin native, Heindl earned his Master's Degree in public policy from George Mason University and his undergraduate degree in science from the University of Wisconsin-La Crosse.

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securities are found inaccurate. The panel voted 31-19 to approve the bill, which would block part of the 2010 financial overhaul law known as Dodd-Frank that is intended to hold rating agencies accountable for inflating the ratings of securities in an effort to boost sales. The agencies can be found liable if documents filed with the SEC contain material misstatements or omissions in their ratings of asset-backed securities.

Education

The Senate's "Gang of Six" plan, a bipartisan proposal to reduce the federal deficit by \$3.7 trillion over 10 years, mentioned education once in its six-page deficit reduction outline — directing the **Senate Health, Education, Labor and Pensions Committee** to find \$70 billion in entitlement savings over the next 10 years. Funding for low-income school districts and grants for needy college students are likely to take a significant hit in any of the proposals currently under discussion as part of a debt reduction deal, education experts say. Eliminating the graduate student interest subsidy, which prevents students from accruing interest on federal loans while they're in school, was floated by the Obama administration in its 2012 budget proposal as a way to save \$29 billion over 10 years, that could be used to shore up the Pell Grant Program. But to reach the \$70 billion target set by the Gang of Six, lawmakers may be forced to eliminate the undergraduate interest subsidy as well, which could save another \$40 billion over that period.

The **House Education and the Workforce Committee** on Wednesday, July 13, advanced the third in a series of GOP bills aimed at rewriting the "No Child Left Behind" law, despite Democrats' protests that the measure would undermine civil rights. The legislation would grant states and school districts new authority over how they spend federal dollars, allowing them to use money currently provided for specific programs for a wide range of activities authorized or required under federal education law.

Energy/Environment/Climate Change

Sens. Mary L. Landrieu (D-La.) and Richard C. Shelby (R-Ala.) introduced a bill on Thursday, July 21, that would assign 80 percent of the **Clean Water Act** penalties associated with the Gulf of Mexico oil spill to Texas, Louisiana, Mississippi, Alabama and Florida to spend on restoration efforts in the Gulf. Based on estimates of 5 million leaked barrels of oil during the months-long spill, Landrieu said the total fine would be between \$5 billion and \$20 billion.

The **Senate Energy and Natural Resources Committee** on Thursday, July 21, scuttled action on oil production safety legislation after lawmakers squabbled over a proposal to allow coastal states to share more royalties from energy-production activities in federal waters, leaving the bill's fate uncertain. The mark-up devolved into a prolonged debate over a revenue-sharing amendment offered by **Sens. Mary L. Landrieu (D-La.) and Lisa Murkowski (R-Alaska)** that would permit coastal states to take in 37.5 percent of offshore energy production revenue from fiscal 2019 onward, capping each state's share at \$500 million per fiscal year. It would ensure that 20 percent of each state's share be allocated to certain coastal communities.

The House passed an Energy-Water appropriations bill Friday, July 15, that would provide almost \$ 6 billion less than President Obama requested, as lawmakers rebuffed several attempts to cut the measure's spending even further. The measure would provide \$30.6 billion in fiscal 2012 for the **Energy Department**, the **Army Corps of Engineers**, the **Interior Department's Bureau of**



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Insurance

On Tuesday, July 26, the **Senate Banking Committee** held a confirmation hearing for the nomination of Roy Woodall Jr. to be a member of the **Financial Stability Oversight Council (FSOC)**. In his opening remarks, Woodall stated that he believes his half century of experience in insurance would provide FSOC with the insurance perspective envisioned by Dodd-Frank. Woodall is a former Commissioner of Insurance for the Commonwealth of Kentucky. He recently retired as the Senior Insurance Policy Analyst at the Department of the Treasury. From 2001 to 2002, Woodall was an Insurance Consultant for the Congressional Research Service. Previously, he served as President of the National Association of Life Companies (NALC), and upon NALC's merger into the American Council of Life Insurers (ACLI), he served as ACLI's Managing Director for Issues and Vice President/Chief Counsel for State Relations.

In a Friday, July 22 letter to **HHS Secretary Sebelius, Sen. Mary Landrieu (D-La.)**, Chair of the **Senate Committee on Small Business and Entrepreneurship**, states that the medical loss ratio requirements of the **Patient Protection and Affordable Care Act** are unintentionally harming an important sector of the small business community - health insurance agents and brokers - and may also harm other small businesses that rely on their services. Sen. Landrieu urges HHS to delay the inclusion of agent compensation in the MLR calculation.

On Sunday, July 17, the **National Conference of Insurance Legislators** approved a resolution in support of **HR 1206, the Access to**

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Reclamation and several regional water and power authorities. The bill passed 219-196, with 10 Democrats crossing party lines to support the measure and 21 Republicans voting against it.

The **Senate Energy and Natural Resources Committee** advanced legislation Thursday, July 14, to create a new federal agency to finance clean-energy projects, after months of negotiations among lawmakers over how to reduce its cost. The draft bill would establish the **Clean Energy Deployment Administration (CEDA)**, a quasi-independent agency within the **Energy Department** that would provide lines of financing to deploy innovative and commercial clean-energy technologies.

Health Care

The **Senate Judiciary Committee** advanced legislation Thursday, July 21, that would prohibit brand-name drug companies from paying manufacturers of generic drugs to delay the research, manufacturing, marketing or sales of their **cheaper versions of the medicines**. **S 27, the Preserve Access to Affordable Generics Act**, was approved 10-8, with one Democrat and one Republican breaking ranks. The bill would instruct the Federal Trade Commission to enforce the measure and would fine companies who break the law "a civil penalty sufficient to deter violations . . . [but] no greater than three times the value received by the party" in violating the law.

Immigration

Democrats will try to revive stalled immigration reform this week, with **Sen. Chuck Schumer (D-NY)**, chairman of the immigration subcommittee of the Senate Judiciary Committee, holding a hearing on the economic contribution of immigrants. Although Democrats have reintroduced the DREAM Act (which failed in the last Congress), as well as a broader immigration overhaul bill this year, there is little expectation that this divided Congress will reach an agreement.

Trade

Sen. Joseph I. Lieberman (I-Conn.) called on President Obama last week to start trade negotiations with Egypt and Tunisia as soon as possible, saying that free trade can bolster the emerging democracies there. Obama promised to launch a "comprehensive trade and investment partnership initiative in the Middle East and North Africa" in a May speech on the Arab Spring. But the administration has not begun hashing out the details of any trade agreements in the region.

In a letter to President Obama released Friday, July 22, 12 Republicans, led by **Sens. Rob Portman (R-Ohio) and Roy Blunt (R-Mo.)**, have pledged to support procedural motions to limit debate on compromise legislation that would renew expanded **Trade Adjustment Assistance (TAA)**, which offers benefits for U.S. workers displaced by free trade. The White House has demanded that Republicans agree to a renewal of expanded TAA benefits before it sends the three George W. Bush-era trade deals — with South Korea, Colombia and Panama — to Congress for final action. The 12 Republicans said their support for TAA would be contingent on enactment of the three trade pacts.



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Insurance *(cont'd.)*

Professional Health Insurance Advisors Act of 2011. The legislation excludes remuneration paid for licensed independent insurance producers from the medical loss ratio calculation of the **Patient Protection and Affordable Care Act**. The bill currently has 109 co-sponsors and has been referred to the **House Energy and Commerce Subcommittee on Health**.

The **Nonadmitted and Reinsurance Reform Act (NRRA)** became effective July 21, 2011. The NRRA mandates that the insured's home state will be the only state with jurisdiction over multistate surplus lines transactions. The National Association of Professional Surplus Lines Offices reports that 43 states passed legislation to bring their state laws into compliance with the NRRA; three states (Iowa, Illinois and Colorado) adjourned without taking action; and four states (Michigan, Wisconsin, Massachusetts and South Carolina) and the District of Columbia have not passed any legislation. Of the 43 states, three states (Delaware, Oregon and New Jersey) have approved legislation but the governors have not taken action on the bills.

In addition, 11 states and one territory have signed an agreement to be part of the Nonadmitted Insurance Multistate Agreement (NIMA) and nine states passed Surplus Lines Insurance Multi-State Compliance Compact (SLIMPACT) legislation.

Transportation & Infrastructure

Lawmakers will resume efforts this week to end the stalemate over **Federal Aviation Authority (FAA)** authorization that has left the agency unable to collect and spend the taxes that support the aviation system and forced the furlough of some 4,000 FAA personnel not deemed critical to air safety. The latest extension of FAA authorization expired at midnight on Friday, July 22, after the House and Senate were unable to resolve a dispute over subsidies to several small airports. The agency has been operating under a string of short-term extensions since the last authorization expired at the end of fiscal 2007. In **addition to the furloughs, Transportation Secretary Ray LaHood** said the inaction by Congress has forced the FAA to withhold funding to states and individual airports for airport construction projects.

Senate authorizers are pressing forward with their proposed surface transportation bill, although the measure's fate may depend on where the additional \$12 billion to maintain current spending can be found. A draft being prepared by the **Senate Environment and Public Works Committee** would spend about \$109 billion over two years, enough to fund current levels of highway spending, plus inflation. Current receipts in the **Highway Trust Fund**, however, would leave the senators \$12 billion short of meeting that spending target. With lawmakers and the White House ruling out an increase in the gasoline tax, a new revenue source would be needed.