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APRIL 19 - 23: THIS WEEK

The House reconvened on Tuesday, April 20, and is expected to consider a number of suspension bills this week, as well as **HR 157, the District of Columbia House Voting Rights Act** and a motion to go to conference on **HR 2194, the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2009**.

The Senate reconvened on Monday, April 19, and will consider various nominations. This week the Senate may consider the financial regulatory overhaul.

Budget/Appropriations

House Democratic leaders are expected to decide this week whether they will try to pass an FY 2011 budget resolution. **House Budget Chairman John Spratt (D-S.C.)** announced last week. Spratt also explained that there are other processes in place that could substitute for a budget

resolution, including passing a deeming resolution which would set discretionary spending for FY 2011 or it could be addressed by the President's deficit reduction commission. In the Senate, **Budget Chairman Kent Conrad (D-N.D.)** continues to move toward a markup of his budget resolution.

Banking/Financial Services/Insurance

Last week, all 41 Senate Republicans sent a letter to **Majority Leader Harry Reid (D-Nev.)** stating their united opposition to the financial regulatory reform bill passed by the **Senate Banking Committee** and expected to come to the floor this week. **Sen. Susan Collins (R-Maine)** had previously refused to sign the letter publicly stating the plan to filibuster, but changed her position on Friday, April 16. **Senate Banking Committee Ranking Member Richard Shelby (R-Ala.)** described the Republican threat of filibuster as an effort to force Democratic concessions and create a bipartisan bill. The most contentious area that emerged last week is debate over the resolution fund for failing companies. The fund as proposed would be funded by banks, however both large and small banks oppose having to contribute to such a fund.

new regulations proposed by Chairwoman Lincoln are tougher than recommendations made by the Obama Administration. Some version of this legislation will be folded into the larger financial regulatory overhaul.

On Friday, **Senate Agriculture Committee Chairwoman Blanche Lincoln (D-Ark.)** announced a proposal to impose new regulations on the over-the-counter derivative trading market requiring banks that participate in swaps to either divest their swap desks or forgo access to federal credit assistance, such as the Federal Reserve Bank discount window or Federal Deposit Insurance Corp. insurance. The

The **Senate Homeland Security and Governmental Affairs Permanent Subcommittee on Investigations** held hearings last week to investigate the causes of the financial and housing crisis. Former Washington Mutual CEO Kerry Killinger testified before the panel on Tuesday, April 13, regarding the role of high-risk loans, while FDIC Chairwoman Sheila Bair and Office of Thrift Supervision Acting Director John Bowman testified at the hearing on Friday, April 16, which focused on federal regulators. The investigation by the subcommittee found that Washington Mutual and its affiliate Long Beach Mortgage Company securitized loans already identified as likely to become delinquent without disclosing the information to investors which created a "mortgage time bomb" according to **Subcommittee Chairman Carl Levin (D-Mich.)**. The subcommittee plans to hold future hearings on examining the role of credit rating agencies and investment banks.

Defense

The Air Force is set to begin retiring 257 tactical fighter planes, despite the uncertain future of their replacement, the F-35 Joint Strike Fighter.

Lawmakers in both parties are considering introducing legislation to compel the Air Force to purchase a newer version of the legacy aircraft to

Defense (cont'd.)

bridge the gap of a possible aircraft shortfall. The Air Force reported that the retirements could place the U.S. in moderate risk in the event of a crisis. However, the retirement would save the Air Force \$3.5 billion over five years.

Rep. C.W. Bill Young (R-FL) stated that the supplemental spending bill to fund troop buildup in Afghanistan will likely slip to the week of April 26th. The Obama Administration has requested \$33 billion in additional funding for war spending, including the surge of more than 30,000 U.S. troops to Afghanistan this year. The bill is expected to pass both chambers, but **Sen. Tom Coburn (R-Okla.)** is expected to make the Senate consider a number of amendments which would cut other sections of the budget to cover the supplemental bill.

Education

Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin (D-Iowa) announced that next month he intends to mark up a bill that would reauthorize the Elementary and Secondary Education Act (No Child Left Behind), with the goal of the bill reaching the Senate floor in June or July. The most recent reauthorization occurred in 2002. The Administration released a blueprint for proposed changes in March, including rewarding excellence, increased local control, and raising standards to guarantee high school graduates are ready for college or careers.

Chairman Harkin also introduced legislation on Wednesday that would provide \$23 billion in emergency aid to the nation's school districts and colleges. The bill is in response to expected state budget deficits and the winding down of the 2009 federal stimulus package. The proposal matches the education provision in the more expansive House jobs bill passed last year, but stripped from the Senate version.

Energy/Environment/Climate Change

A draft climate and energy bill is expected to be released this week around Earth Day according to **Sens. John Kerry (D-Mass.), Joe Lieberman (I-Conn.) and Lindsey Graham (R-S.C.)**. The trio met last week to continue to try to iron out remaining major details. However, timing for full debate is uncertain, considering that Senate leadership has promised to confirm a successor to retiring Supreme Court Justice John Paul Stevens by the August recess. **Senate Majority Leader Reid (D-Nev.)** has said he would like to have the climate and energy bill on the floor before the July 4th break.

On Thursday, the **House Energy and Commerce Committee** passed, **HR 5019, the Home Star Energy Retrofit Act of 2010**, also known as the "cash for caulkers" bill. This bill authorizes \$6 billion for homeowners to hire contractors to install energy efficient water heaters, windows, and heating and air conditioning systems.

Immigration

On Tuesday, April 13, a coalition of over 40 privacy and civil liberties groups sent a letter to **President Obama** and the **House and Senate Judiciary Committees**, the **House Ways and Means Committee** and the **Senate Finance Committee** voicing their opposition to the new biometric Social Security cards that may be part of immigration reform legislation. The groups stated that a National ID system is not the solution to the "broken immigration system" however **Sen. Charles Schumer (D-N.Y.)** maintains that a fraud-proof card with a stored unique biometric identifier, such as a fingerprint, is a necessary part of immigration reform.

Insurance

It has been reported that **Sen. Ben Nelson (D-NE)** does not support financial regulatory reform legislation soon to be considered in the Senate, because he fears it could unnecessarily regulate insurers. The legislation creates a financial stability oversight council that may have oversight of some of the biggest insurance holding companies. The bill also creates a federal office of insurance information and includes provisions that streamline the regulation of surplus lines insurance and reinsurance.

Congress passed legislation on Thursday, April 15, that includes another short-term extension of the **National Flood Insurance Program (NFIP)** through May 31, 2010. The NFIP had expired on March 28, 2010. The NFIP is on its fifth extension since expiring on September 30, 2009. Provisions extending the program through December 31, 2010, are included in **HR 4213, the American Workers, State, and Business Relief Act**, which passed the Senate in March. The **House Financial Services Committee** has scheduled an April 21 hearing regarding proposed reforms to the program, which may include a proposal to offer optional windstorm coverage.

Labor, Pensions and Retirements

On Wednesday, the Senate voted 60-40 to waive a point of order against a substitute amendment to **HR 4851, the Continuing Extension Act of 2010**. The bill, passed by the House on March 17, would temporarily extend unemployment benefits for an additional month. Senate Democrats hope to reach a compromise with the Republicans to pass the bill quickly. However, Republicans hope to amend the bill to offset the costs. **Senate Majority Leader Harry Reid (D-Nev.)**, has offered cloture motions to end debate on the bill in case compromise cannot be reached. The substitute amendment, introduced by **Senate Finance Committee Chairman Max Baucus (D-Mont.)** extends COBRA health insurance subsidies for the unemployed and higher payments for physicians who treat Medicare patients through May, and extends unemployment benefits through June.

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Tax

Senate Finance Chairman Max Baucus (D-Mont.) is adding a \$90 billion bank tax proposal to the mix of potential budgetary offsets for upcoming legislation. The Finance Committee held its first hearing on the proposed tax on Tuesday, April 20. President Obama proposed the bank tax as a way to recoup money spent in the Troubled Assets Relief Program (TARP). Baucus also sees the tax as a way that lawmakers could complete work on bills whose costs are not completely offset, such as extended unemployment benefits and health insurance subsidies for the unemployed.

On Wednesday, April 14, the House passed legislation by a vote of 399-9 that makes a variety of changes to the tax code, including easing rules on tax breaks for those who use cell phones for work. The change allows for employees to depreciate the cost of cell phones and would reduce the amount of paperwork required to avoid consideration of the phone as income for tax purposes. The bill also makes minor changes to existing tax law and would place new requirements on the IRS meant to assist and protect taxpayers.

Telecommunications

On Wednesday, April 14, the House passed a bill to require the government to keep an inventory of radio spectrum. **HR 3125, the Radio Spectrum Inventory Act**, passed by a vote of 394-18, in response to the growing use of radio spectrum by wireless companies. The purpose of the inventory is to pinpoint unused sections of the spectrum to be sold to commercial companies for wireless broadband use.

On Wednesday, April 14, the House passed **HR 1258, the Truth in Caller ID Act of 2010**, by voice vote. The bill aims to end the deceptive use of technology that allows callers to choose what number appears on caller ID. The bill makes it illegal to use any device to produce misleading information with the intent to defraud or deceive the person receiving the call.

Transportation and Infrastructure

On Wednesday, April 14, the **House Transportation and Infrastructure Subcommittee on Highways and Transit Chairman Peter DeFazio (D-Oreg.)** asked the Obama Administration to renegotiate a portion of NAFTA that allows for cross-border trucking between the U.S., Mexico, and Canada. Congress shut down the pilot program in March 2009, citing safety concerns that Mexican trucks

posed a danger to American drivers because they were not held to the same standards. The Obama Administration has announced plans for a new pilot that addresses those concerns. However, new rules for Mexican trucks have not been finalized, and DeFazio said he has not yet seen the Administration's proposal.

A Locke Lord CLE Series Program

A First Look at Health Care Reform

What Employers Need to Know

Wednesday, April 28, 2010

11:30 a.m. - 1:00 p.m. CDT

Available in all Locke Lord offices and via webinar.

A panel of knowledgeable Locke Lord Bissell & Liddell attorneys will present a concise and timely program on the implications of the recently-enacted federal health reform legislation. This program will be focused on the impact of reform legislation on employer groups.

RSVP by April 26, 2010 to Lauren Smith at lasmith@lockelord.com

For more information visit www.lockelord.com/2010healthcarereform