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## JUNE 14-18: THIS WEEK

The House reconvened on Monday, June 14, and is scheduled to consider a number of suspension bills this week and **HR 5297, the Small Business Lending Fund Act of 2010**. The House also may consider **HR 5486, the Small Business Jobs Tax Relief Act of 2010**, **HR 5175 Democracy is Strengthened by Casting Light on Spending in Elections (DISCLOSE) Act**, and **HR 4899, the Disaster/War Supplemental Appropriations Act**.

The Senate also reconvened on Monday, and will continue to consider **HR 4213, the American Jobs and Closing Tax Loopholes Act of 2010**. Votes are expected later in the week.

## Budget/Appropriations

On Friday, June 11, **House Majority Leader Steny Hoyer** said that **HR 4899, the Disaster/War Supplemental Appropriations Act** could be considered as early as this week. Hoyer also indicated that leaders are still considering their options on a House budget resolution, however they may choose to pass a deeming resolution setting the spending levels or have

the **Appropriations Committee** send a letter to the **Rules Committee**. **Appropriations Committee Ranking Member Jerry Lewis (R-Calif.)** and other Republicans have expressed concern about the lack of action on marking up appropriations bills. No mark up schedule has been announced.

## Banking/Financial Services

On Thursday, June 10, the conference committee on financial regulatory reform met for the first time to issue their opening statements. **House Speaker Nancy Pelosi (D-Calif.)** named the House conferees on late Wednesday; the 19 Democrats and 11 Republicans will join Senate conferees in attempting to iron out the differences between the two versions of the legislation. **House Financial Services Committee**

**Chairman Barney Frank (D-Mass.)**, who is chairing the conference, has announced there will be six public meetings. Debate will commence on June 15, when the committee is scheduled to discuss four titles of the overhaul, including those regarding regulation of insurance companies and hedge funds, rules for credit rating agencies and the Office of Thrift Supervision.

## Defense

**Senate Appropriators Patrick Leahy (D-Vt.) and Christopher Bond (R-Mo.)** have requested an additional \$870 million for the National Guard and Reserves to address critical equipment shortfalls. Senate and House appropriators are expected to begin marking up their bills in July. The additional money is needed to cover funding shortfalls for a fleet of trucks, helicopters, personal equipment, and equipment for fighters and other aircraft.

includes the alternative engine. If the alternative engine survives a conference with the Senate on defense authorization, it would be difficult for the President to veto a bill that created jobs and repealed the ban on being openly gay in the military.

On Tuesday, June 8, **House Armed Services Committee Chairman Ike Skelton (D-Mo.)**, linked funds for the alternative engine for the F-35 Joint Strike Fighter to the need for more jobs and to the repealing of the "don't ask, don't tell" policy. President Obama has threatened to veto a bill that

The **Senate Armed Services Committee** recommended deep cuts to the President's proposed budget for spending on the training of Iraqi security forces. The proposal would cut in half the President's \$2 billion request to train and equip Iraqi police, and would cut \$400 million from the \$1.3 billion requested for the Commander's Emergency Response Program in Iraq and Afghanistan.

## Insurance

In a letter to **Senate Banking Committee** members regarding conference committee negotiations on financial services regulatory reform, the National Association of Mutual Insurance Companies (NAMIC) asserts that the preemption powers given to the new Office of National Insurance (ONI) in the Senate bill go too far and the conference committee should adopt the more limited preemption provisions granted in the House bill to the Federal Insurance Office (FIO). NAMIC also opposes the subpoena authority granted to the ONI in the Senate bill. According to the letter, NAMIC recognizes the need for information at the federal level, but believes that collection of information can be achieved working through data-gathering systems already in place. In a June 9 statement, the National Association of Professional Insurance Agents (PIA) voiced their concern with the scope of the ONI and their hope that in conference, the Government Accountability Office will be substituted for the ONI as the entity conducting the study of insurance regulation mandated in both the Senate and House bills.

In a joint letter to Congressional leaders, the National Conference of State Legislatures (NCSL) and the National Conference of Insurance Legislators (NCOIL), expressed their views regarding the creation of a Financial Stability Oversight Council (FSOC) and the ONI in the Senate bill and the FIO in the House bill. NCSL and NCOIL urge conferees to support the inclusion of state banking, securities, and insurance regulators on the FSOC. NCSL and NCOIL oppose the creation of either the ONI or FIO, as any changes to the current framework must completely preserve state flexibility and authority to meet the goals of modernization.

In a June 7 letter to Congressional leaders, the American Council of Life Insurers expressed concerns over provisions in the financial regulation reform legislation that would inhibit insurance companies from engaging in transactions that help manage risk and protect policyholders. The letter notes that both the House and Senate bills contain regulatory provisions that appear to be designed for banks, but would nonetheless also apply to life insurers and could have the effect of exposing life insurers and their policyholders to increased financial risk, rather than mitigating that risk.

The Coalition for Competitive Insurance Rates (a group of companies and associations representing the foreign reinsurance sector), wrote to Congressional leaders on June 7 to voice their opposition to **HR 3424**, introduced by **Rep. Richard Neal (D-Mass.)** and a similar proposal within the Obama Administration's 2011 Budget, both of which disallow the deduction for excess non-taxed U.S. risk reinsurance premiums paid to affiliates of foreign insurers. According to the Coalition, the proposals violate longstanding U.S. Tax and Trade Policy and are bad for consumers. The Coalition has also posted a YouTube video called "The New Insurance Tax" explaining reinsurance and its relation to consumers.

State Farm Mutual Insurance Company announced last week that it will continue to sell coverage through the National Flood Insurance Program (NFIP) but it will not be servicing those policies. Servicing will instead be handled by FEMA and government-designated claims adjusters. State Farm said in a statement that since 2002, there have been 11 last-minute reauthorizations of the NFIP, and on four occasions the program was allowed to lapse for extended periods of time. These "stop/start" situations require a large company like State Farm to dedicate significant resources to address challenges and coordinate numerous communications with customers, employees and its more than 17,000 agents. The current authorization for the NFIP expired on June 1.

## NASA

On June 9, **NASA Administrator Charles Bolden** said that the Constellation program faces a budget shortfall of \$1 billion for the remainder of the fiscal year. NASA included estimates of "termination liability" from contractors in their calculations. Several contractors, including ATK and Lockheed Martin, have reported to Congress that in the past NASA specifically instructed them not to include estimated termination costs in their contracts. President Obama has proposed ending the program, which replaced the space shuttle program. However, Constellation cannot be canceled without approval from Congress.

## Education

It is becoming increasingly unlikely that the overhaul and reauthorization of the **Elementary and Secondary Education Act** will occur this year. Although **Education Secretary Arne Duncan** released a blueprint for overhauling the act on March 13, and House and Senate committees have held dozens of meetings on the topic, no legislative roadmap, let alone a draft bill, has been revealed. There is broad agreement in the need to update the law, but varying ideas on how to do so.

## Energy/Environment/ Climate Change

On Thursday, June 10, the Senate rejected a procedural motion to bring up **S J Res. 26**, a resolution sponsored by **Sen. Lisa Murkowski (R-Ark.)** which would overturn EPA's finding that greenhouse gases are eligible to be regulated under the Clean Air Act. The motion was supported by all Senate Republicans and six Democrats. Supporters of Sen. Murkowski's resolution argue that Congress should set rules for carbon emissions rather than the EPA. The White House issued a veto threat earlier in the week if the resolution had passed. Senate leadership is continuing to negotiate their strategy for energy legislation to be brought up this year.

On Friday, June 11, **House Speaker Nancy Pelosi (D-Calif.)** announced that she supports lifting the liability cap on oil producers which was set by the Oil Pollution Act of 1990 at \$75 million per spill. Pelosi also stated that BP should make payments for individuals' claims before paying dividends to stockholders. **Senate Majority Leader Harry Reid (D-Nev.)** and 54 other Senate Democrats sent a letter to BP CEO Tony Hayward calling on the company to place \$20 billion in an independently administered fund for damage claims. President Obama, who visited the Gulf over the weekend, also supports this measure.

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## Tax

**Senate Majority Leader Harry Reid (D-Nev.)** filed for cloture on the \$140 billion tax extenders bill on Monday, June 14. The package includes aid to state governments, unemployment benefits, Medicare physician payments, and tax breaks for individuals and businesses. Debate on the bill could be closed off as early as today.

**Senate Minority Whip Jon Kyl (R-Ariz.)** stated on Thursday, June 10, that he plans to push for an estate tax amendment on a small-business bill coming soon to the Senate floor. There is no estate tax now as it expired at the end of 2009. If Congress does not act, the tax will return in 2011 at 55 percent with a per-person exemption of \$1 million. Senator Kyl, along with **Sen. Blanche Lincoln (D-Ark.)**, have been working

to set the tax at 35 percent, with a per-person exemption of \$5 million.

On Wednesday, June 9, **House Ways and Means Committee Chairman Sander Levin (D-Mich.)** unveiled a \$3.6 billion small business tax bill. **HR. 5486, Small Business Jobs Tax Relief Act of 2010**, will be considered on Monday, June 21, by the **House Rules Committee** to determine the rules for floor debate. The bill is largely made up of the leftovers from **HR. 4849, Small Business and Infrastructure Jobs Tax Act of 2010**, that passed the House in March. The infrastructure provisions of that bill are now in a larger tax and benefits bill, **HR. 4213, American Jobs and Closing Tax Loopholes Act of 2010**.

## Telecommunications

On Thursday, June 10, leaders of the **Senate Homeland Security Committee** revealed a new bill that would restructure parts of the federal government to combat cybersecurity attacks. Under the bill, a Senate-confirmed official would advise the President on cybersecurity and a National Center for Cybersecurity and Communications would be placed in the Homeland Security Department.

On Thursday, June 10, **House Energy and Commerce Committee Chairman Henry Waxman (D-Calif.)**

indicated that he would be open to narrow legislation addressing the **Federal Communications Commission (FCC)** jurisdiction over broadband internet access. The FCC is seeking to reclassify its broadband jurisdiction. The FCC plans to vote June 17 on its notice of inquiry to start the reclassification, in the face of opposition by big telecommunications and cable companies.

## Trade

On Thursday, June 10, **Senate Finance Committee** members criticized the Administration's handling of economic ties with China. **Sen. Chuck Schumer (D-N.Y.)** warned **Treasury Secretary Timothy Geithner** that he would seek a vote on **S. 3134, Exchange Rate**

**Oversight Reform Act of 2010**, that would threaten sanctions if the Treasury finds that China has misaligned the value of its currency.