



Strategies Key Contacts

Shane Doucet
202-220-6929
sdoucet@lockelord.com

Denise Hanna
202-220-6992
dhanna@lockelord.com

Brian Heindl
202-220-6994
bheindl@lockelord.com

Harriet Miers
202-220-6925
hmiers@lockelord.com

Jim Moriarty
202-220-6915
jmoriarty@lockelord.com

Phil Rivers
202-220-6927
privers@lockelord.com

Mark Siegel
202-220-6926
msiegel@lockelord.com

www.lockelord.com

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FEBRUARY 8 - 12: THIS WEEK

The House and Senate both delayed votes set for Monday due to the weekend snowstorm in Washington, DC. The Senate plans to reconvene on Tuesday to consider the nominations of Joseph A. Greenaway Jr. to be a U.S. Circuit Court of Appeals judge and Craig Becker to be a

member of the National Labor Relations Board, with the possibility of considering jobs legislation later in the week. The House will not reconvene until after the President's Day recess..

Budget/Appropriations

On Thursday, the House passed legislation to raise the government's statutory debt limit to \$14.29 trillion, an increase of \$1.9 trillion. This increase should be large enough to cover borrowing into early next year. Also included in the legislation were "pay-as-you-go" budgetary rules requiring the cost of new tax cuts and mandatory spending to be offset. These rules had

previously been passed in 1990, but expired in 2002 and were not renewed. The pay-as-you-go language allows a permanent extension without offsets of the middle-class portion of the 2001 and 2003 tax cuts and exempts the five-year extension of the Medicare "doc fix" from the offset requirement.

Banking/Financial Services

Senate Banking Chairman Chris Dodd (D-Conn.) announced on Friday that he is moving ahead on his own to draft the financial regulatory reform bill, despite difficulty in getting bipartisan support from his committee. **Ranking Member Richard Shelby (R-Ala.)** issued a statement on Friday saying he hopes for bipartisan legislation but will not agree to anything that would risk the soundness of the financial system or would potentially expose taxpayers to

the cost of future bailouts. Democrats and Republicans on the committee have been unable to agree on how to structure a new consumer agency; Sen. Shelby has stated he would not support a separate consumer agency. Chairman Dodd said he would still like to find a consensus with Republicans, but the process must move forward at this time.

Energy/Environment/Climate Change

President Obama announced plans on Wednesday to increase biofuel production and promote clean-coal technology, as part of a campaign to build bipartisan Senate support for comprehensive climate and energy legislation. As part of the plan, President Obama announced the creation of an Interagency Task Force on Carbon Capture and Storage, which will develop a federal strategy to speed development of clean coal technology.

require coal-fired utilities to reduce sulfur dioxide emissions 80 percent from 2008 levels by 2018, nitrogen oxide emissions 53 percent from 2008 levels by 2015, and mercury emissions at least 90 percent by 2015. Utilities could install "scrubber" technology on their smokestacks in order to meet these requirements. Several environmental and physicians groups as well as some major power companies, not including coal dependent companies, voiced support for the legislation. Carper and Alexander have introduced similar measures in recent years, which have met strong opposition from coal-state lawmakers.

On Thursday, **Sens. Thomas Carper (D-Del.)** and **Lamar Alexander (R-Tenn.)** introduced a bill that would

Health Care

President Obama told CBS News' Katie Couric on Sunday afternoon that he will hold a half-day televised session at the White House to discuss health care reform. He has invited Republicans to participate in the meeting which is

set to take place on Thursday, February 25. **House Republican Leader John Boehner** released a statement stating that he was pleased the White House wanted to discuss a bipartisan approach to health care reform.

Insurance

Speaker of the House Pelosi (D-Calif.), has indicated that there is enough support to pass insurance antitrust legislation as a stand alone bill in the House. Freshman legislators **Rep. Tom Perriello (D-Va.)** and **Rep. Betsy Markey (D-Colo.)** announced last week that they will introduce legislation that will repeal the antitrust exemption for health insurance companies and medical malpractice insurance companies (the Health Insurance Industry Fair Competition Act). Two other independent

ills, the **Health Insurance Industry Antitrust Enforcement Act**, S 1681 and the companion bill, HR 3596, were introduced in 2009 by the chairman of the Senate and House judiciary committees.

A coalition of ten insurance industry groups sent a letter on January 29, to members of Congress urging them to oppose legislation amending the McCarran-Ferguson Act's antitrust provisions. The letter said proponents of the



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Insurance (cont'd.)

legislation have not put forward any credible, documented evidence to counter the **National Association of Insurance Commissioners'** conclusion that McCarran-Ferguson does not permit medical liability insurers to engage in anticompetitive activities that harm consumers.

Sen. Dodd said that in light of the impasse in bipartisan negotiations of financial services reform, his staff will begin drafting legislation to present to the full committee later in February. It is expected that Sen. Dodd will likely start with the reform legislation he originally introduced in November, the **Restoring American Financial Stability Act**. The original draft creates an Office of National Insurance and includes Nonadmitted and Reinsurance Reform provisions and Regulation of Credit for Reinsurance and

Reinsurance Agreements provisions that streamline the regulation of insurance and reinsurance. The federal insurance office provisions and provisions streamlining regulation of surplus lines insurers are included in the House financial reform legislation, the **Wall Street Reform and Consumer Protection Act**, HR 4173, which passed the House in December.

President Obama's proposed 2011 federal budget contains numerous proposals affecting the insurance industry including a tax on insurers that cede premiums to overseas affiliates, indirectly taxing corporate-owned life insurance, and cuts to government subsidies that support insurance coverage for commercial terrorism losses and crop disasters.

NASA

The FY 2011 budget proposal included a request for \$19 billion from the White House, a slight increase from the \$18.7 billion request last year. The new budget recommends outsourcing the human spaceflight program to the private sector by funneling \$6 billion over 5 years to the commercial space industry in order to develop a new vehicle in which to carry humans to space. The budget would end funding for the Constellation program, which was initiated under President Bush and was seen as the replacement to the retiring shuttle fleet. NASA says this move will create thousands of new jobs, however not as

many to offset the 7,000 jobs expected to be lost at Florida's Kennedy Space Center when the shuttle fleet is retired. The budget also included funding for the International Space Station through 2020, past its previous retirement date of 2016. **Sen. Barbara Mikulski (D-Md.)**, who is the Chairman of the Senate Appropriations subcommittee that oversees NASA, stated that the committee would wait to see what action is taken by the authorizing committee on the Constellation issue and that the safety of the astronauts was her top priority.

Tax

Senate leaders came to an agreement last week to bring a package of tax breaks and extensions to the floor for debate. Details remain uncertain, however **Senate Finance Chairman Max Baucus (D-Mont.)** continues to work with Republicans on negotiating a bipartisan deal. Measures that are being considered include a tax break for companies that hire new workers, short-term extensions of unemployment insurance and COBRA health care subsidies, as well as an extension of the surface transportation authorization, extensions of economic stimulus initiatives that give small businesses liberalized expensing rules and provide state and local governments assistance through a tax credit bond program. **Sens. Chuck Schumer (D-N.Y.)** and **Orrin Hatch (R-Utah)**

proposed a refund of the 6.2 percent employer share of the Social Security payroll tax to companies of any size that hire workers this year who had been unemployed for at least 60 days, plus an additional \$1,000 tax credit next year for each new worker they keep on the payroll for at least a year. President Obama wants to provide a \$5,000 tax credit for small businesses that hire new employees in 2010, and also reimburse them for part of the cost of expanding wages or increasing hours for existing employees. Democratic tax writers in the House have expressed concerns that a hiring tax credit will not cause businesses to change their behavior.

Transportation and Infrastructure

Transportation Secretary Ray LaHood said on Wednesday that the **National Highway Traffic Safety Administration (NHTSA)** will continue to hold Toyota responsible for fixing the recent safety issues that have caused Toyota to recall 2.3 million vehicles in the last month. House Oversight and **Government Reform Committee Ranking Member Darrell Issa (R-Calif.)** has criticized NHTSA's response to the situation and has questioned whether the agency responded quickly enough when it began receiving complaints about Toyota vehicles. **House Transportation and Infrastructure Committee Chairman James Oberstar (D-Minn.)**, whose committee has jurisdiction over NHTSA, said he cannot say definitively if the agency acted properly. Additionally,

the Administration's FY 2011 budget for the Transportation Department includes funding for hiring 66 more inspectors.

Also on Wednesday, Secretary LaHood testified before the House Appropriation's subcommittee which oversees transportation funding. LaHood faced questions regarding a timetable for release of the Administration's proposal for surface transportation reauthorization, responding that he will be embarking on a listening tour and conducting town hall meetings across the country to get input on the proposal. He reiterated the Administration's request for an 18 month extension of law, which is set to expire at the end of this month.