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OCTOBER 19 - 23: THIS WEEK

On Monday, October 19th, the Senate voted to limit debate on a bill that changes the formula that determines how much Medicare reimburses physicians. The Senate also took up consideration of the conference reports for the Homeland Security spending measure and the Defense authorization bill. The Senate may also take up a bill that would provide an additional 14 weeks of unemployment aid in all 50 states.

The House reconvened on Tuesday and lawmakers took up a solar energy bill that would establish a committee in the Energy Department tasked with identifying the nation's solar power needs. The House may also take up a bill to authorize funding for the Coast Guard.

CONGRESSIONAL UPDATE BY ISSUE

Banking/Financial Services

The **House Financial Services Committee** approved a bill Thursday to regulate the over-the-counter derivatives market. The bill passed 43-26, with one Republican, **Rep. Walter B. Jones** of North Carolina joining all the Committee Democrats. The committee adopted an amendment by **Rep. Barney Frank (D-MA)** that would shift more derivatives trades onto exchanges. The **Agriculture Committee** will mark up its bill on Wednesday. This bill is said to include language to curb speculation in the energy and agriculture markets.

Consumer Financial Protection Agency ("CFPA"). Despite the Obama administration's opposition, the committee approved an amendment by **Reps. Dennis Moore (D-KS)** and **Brad Miller (D-NC)** to exclude banks with less than \$10 billion in assets from examinations by the proposed agency. The committee also approved an amendment clarifying that public accountants, tax preparers, and those providing legal advice to individuals engaged in financial activity would not be subject to the agency's authority. The committee will continue debate on the bill Oct. 20, with the hope of finishing it on Oct. 21.

The Committee then turned to debate amendments to the bill that would create the

Defense

House Defense Appropriations Subcommittee Chairman John Murtha (D-PA) predicted Thursday that funding for an alternative engine for the F-35 fighter would survive, despite repeated veto threats from the Obama administration. According to a Democratic aide, both the House and the Senate appear to be in agreement over the funding. The administra-

tion's position is that the funding for the alternative engine could disrupt the development of the Joint Strike Fighter by diverting resources. **Senate Armed Services Chairman Carl Levin (D-MI)** said last week he hoped the conference decision to fund all 30 F-35s that the administration wanted for FY 2010 would shield the bill from a veto.

Energy/Environment/Climate Change

The **Environmental Protection Agency ("EPA")** has promised **Sen. Barbara Boxer (D-CA)** that it will deliver a cost estimate on the Kerry-Boxer bill by this Friday. If EPA does finish the costs estimates by Friday, it is anticipated that Chairman Boxer will begin hearings in the **Environment & Public Works Committee** next week with plans to

mark up a bill in early November. Last week, the **Congressional Budget Office ("CBO")** released a report that said the bill passed earlier this year in the House would reduce GDP below what it would otherwise be by one-quarter to three-quarters of a percent and 2020 and between 1 and 3.5 percent in 2050. CBO also predicted

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Energy/Environment/Climate Change (cont'd.)

employment would be hurt as workers in the fossil fuel sector see their jobs transitioned to the new green economy.

Democratic **Sen. Maria Cantwell (D-WA)** is drafting an alternative bill on climate change that includes a cap, but does not allow permits to be traded or sold like commodities. Cantwell, **Sen. Byron Dorgan (D-ND)** and other Democrats in the Senate have said they cannot

support a bill that creates a new financial market in carbon pollution credits that could be ripe for speculation which could drive prices artificially higher and hurt consumers after what happened during last year's financial markets collapse. The bill would require a cap on emissions and allow the government to sell carbon credits, but only polluters could trade the credits – no outside market could trade the credits.

Health Care

The **Senate Finance Committee ("SFC")** approved health care overhaul legislation Tuesday, October 14th. Now the Senate leadership will work with the White House to merge the SFC and Health, Education, Labor, and Pensions ("HELP") Committee bills for a vote on the floor. That process is expected to take several weeks. **Sen. Olympia Snowe (R-ME)** was the only Republican to support the Democratic overhaul initiative. There is speculation that **Sens. Susan Collins (R-ME)** and **George Voinovich (R-OH)** will join Snowe in crossing party lines and voting for the final bill. Snowe's vote does not lock her vote in for the merger itself. However, Snowe made clear she has reservations about the overall cost and affordability of the Finance bill and if these are not addressed in the final bill, she may vote against the bill on the floor.

Senate Democratic leaders are pushing ahead with an effort to halt scheduled cuts in Medicare payments to physicians. **Majority Leader Harry Reid (D-NV)** scheduled an October 19th vote on

limiting debate on his motion to take up a bill that would block a scheduled 21 percent reduction in Medicare payments to doctors in 2010, and would prevent such cuts for the next 10 years. House leaders have said they will not support this legislation unless it does not add to the deficit or the Senate first agrees to put tougher deficit-fighting rules into law.

House Democratic leaders are weighing different options to shore up support for a health care overhaul in that chamber. Some of the issues still being debated are the way Medicare pays health care providers, abortion, immigration, and the public option. Some Democrats are refusing to support the bill until stronger anti-abortion language and/or language prohibiting illegal immigrants from obtaining benefits is included. Next week, House Democrats expect to receive cost estimates from the **CBO** on three proposals to create a government-run insurance plan.

Immigration

Rep. Luis Gutierrez (D-IL) who heads the **Congressional Hispanic Caucus Task Force on Immigration**, outlined draft legislation that would overhaul the nation's immigration laws and allow for illegal immigrants in this country to have a path to citizenship. The legislation, which he plans to formally introduce in November, was originally set to be introduced by **Sen. Judiciary Immigration Subcommittee Chairman Charles Schumer (D-NY)**. His efforts have been delayed while he tries to put together a bill with bipartisan support. Without signif-

icant support from Republicans the bill stands no chance of passing the Senate. The Gutierrez bill would allow the estimated 12 million illegal immigrants to gain citizenship with requirements such as background checks and English proficiency classes. Along with criticism that the bill would harm the security of this country and take jobs away from citizens, others argue that the timing of the bill is poor with so much focus on healthcare, climate change and financial regulatory reform.