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## JUNE 21-25: THIS WEEK

The House reconvened on Monday, June 21, and may consider bills this week pertaining to campaign finance reform, Iran sanctions, and supplemental spending for disaster relief and summer jobs for the fiscal year ending Sept. 30, 2010, and the FY 2010 war supplemental.

The Senate reconvened on Tuesday, June 22, to consider various nominations and this week plans to finish work on tax extenders legislation.

## Budget/Appropriations

The Senate passed a Medicare patch bill on Friday, June 18. This bill was a smaller version of **H.R. 3962, Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010**. The Senate measure would delay cuts in Medicare physicians' payments for six months. The Senate hoped that the House would pass similar stripped down legislation this week. But Speaker Pelosi indicated that the Senate version was insufficient and the House would not take up the bill until the Senate acted on jobs legislation. The jobs legislation concerned Republicans and Democrats in the Senate because of it was not offset.

House Democrats did not move the annual budget resolution last week, and it appeared unlikely that one will be passed this year. Disagreements within the party over how much spending should be cut from Fiscal 2010 and if cuts should apply to defense have obstructed a normal budget. A main piece of a budget resolution includes a cap on the total amount that can be spent on the 12 appropriations bills. In place of this, House Democrats were considering a "budget enforcement resolution." The **Senate Budget Committee** approved a five-year Fiscal 2011 budget in April, but it was not brought to the floor.

The President submitted technical amendments to his budget proposal to Congress last week. Most notable was a reallocation of \$100 million from NASA to other agencies for job development, which would compensate for job losses associated with the end of the NASA's shuttle program.

Democrats expressed hope last week that a supplemental war funding bill would be moved early this week. That bill may include a resolution establishing a spending cap on annual appropriations bills. Democrats were unsure what domestic funding could be attached to the war spending measure, **H.R. 4899, Disaster/War Supplemental Appropriations**, which the Senate passed on May 27.

## Banking/Financial Services

The week of June 14, House and Senate conferees met to continue work finding compromises on a Financial Services Overhaul Bill, **H.R. 4173, Restoring American Financial Stability Act of 2010**. Negotiators reached a consensus on some issues, including tighter restrictions on hedge funds and credit rating agencies as well as modest increases of government oversight of the Federal Reserve. However a number of larger issues continued to divide House and Senate members.

Among other things, the bill would establish a process for regulators to use when a large financial institution is in danger of collapsing.

## Health Care

On Friday, June 18, the Senate passed a six-month patch to Medicare provider payments, hoping the House would follow suit. However, **House Speaker Nancy Pelosi (D-Calif.)** announced that the patch was an insufficient temporary fix and the House would not take it up unless the Senate moves to pass jobs measures included in a broader package. The House extenders bill, which passed on May 28, would have fixed physician payments through 2011.

On Tuesday, June 15, House Republicans forced – and lost – a vote to repeal the individual mandate in the health care reform legislation. The House rejected the measure on a mostly-party line vote of 187-239. Twenty-one Democrats joined Republicans in voting for the measure, while only one Republican, **Rep. Anh “Joseph” Cao (R-La.)**, voted against it.

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## Insurance

The House and Senate conferees agreed on the following changes to Title V (Federal Insurance Office) of the base text of the financial services regulatory reform legislation, (HR 4173, the Wall Street Reform and Consumer Protection Act): 1) Change the office name from “National Insurance Office” to “Federal Insurance Office;” 2) Add requirement that Treasury coordinate with the Secretary of Health & Human Services in determining which lines of insurance are health insurance and therefore excluded from Federal Insurance Office (FIO) authority; 3) Add provisions to include U.S. Trade Representative (USTR) and the relevant congressional committees in process by which Treasury negotiates, finalizes and enforces international insurance agreements. (Requires Treasury and USTR to jointly negotiate international insurance agreements and requires Congressional “consultation and lay over” before international trade agreements can take effect); 4) Add provision requiring FIO to make Paperwork Reduction Act showing before requiring insurers to produce information; 5) Add study on U.S. and global reinsurance markets.

Senate conferees did not accept the following House proposals: 1) Requirement for de novo judicial review of FIO administrative finding; 2) Replacement of Senate definition of “International Insurance Agreement on Prudential Measures” with House “covered agreement” definition. It has been reported that the conferees turned these issues over to staffers to develop a compromise.

The House proposal regarding changes to Title I (Financial Stability) includes provisions concerning the Financial Services Oversight Council. The proposal adds a state insurance commissioner, state banking supervisor and state securities commissioner as non-voting members of the Council.

In a June 14 news release, the National Crop Insurance Services (NCIS), an organization representing the interests of crop insurance companies, states the crop insurance industry is surprised that even after repeated requests by Congress, producers and the Industry, the Administration still plans to cut the crop insurance program by \$6 billion over the next ten years. USDA’s Risk Management Agency released its final draft of the Standard Reinsurance Agreement on June 10. According to the NCIS, the industry is still experiencing the \$6.4 billion cuts that came out of the 2008 Farm Bill and will soon face nine months of no income as part of these cuts.

On June 17, **Rep. Maurice Hinchey (D-N.Y.)** introduced **HR 5559, the Flood Insurance Fairness Act of 2010**. The bill provides for a five-year delay in the effective date of the mandatory flood insurance purchase requirement for an area designated a flood hazard pursuant to revised flood insurance maps.

## Defense

On Thursday, June 17, three Cabinet officials and one four-star general attempted to convince the **Senate Armed Services Committee** that the new **Strategic Arms Reduction Treaty (START)** would not prevent the deployment of a missile shield as the United States currently envisions. Many Republicans expressed skepticism or raised questions about the Obama administration’s intentions. The Senate needs 67 votes to ratify the treaty.

**Defense Secretary Robert Gates** announced on Wednesday, June 16, that President Obama’s threat to veto the 2011 **Defense Authorization bill** remains strong, despite the inclusion of a repeal of the “don’t ask, don’t tell” policy. The Pentagon would still recommend vetoing the bill if it includes a continuation of the C-17 cargo plane program or authorization for an alternative engine for the F-35 Joint Strike Fighter.

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## Energy/Environment/ Climate Change

Senate Democrats failed to build consensus on energy legislation. In particular, there was division over whether or not to include climate change provisions that would put a price on carbon, “cap and trade” to a new energy bill. Supporters of the regulations do not have the votes to overcome a filibuster by Senate Republicans. There continues to be doubt about what form energy legislation will take, or if it will even be brought forward this year.

Senate Democrats also failed close debate on a tax extenders package, including a \$.49 per barrel oil tax, after being blocked by a Republican Filibuster.

**Sen. Jeff Sessions (R-Ala.)** voiced support for a bill, introduced by **Senate Judiciary Chairman Patrick Leahy (D-Vt.)** earlier this month, strengthening punishment for violations of the **Clean Water Act**. The bill, a response to the Gulf Oil Spill, also lengthens potential jail sentences for environmental crimes related to the spill’s effects.

**BP, PLC** executives met with **President Barack Obama** at the White House to discuss the Gulf Oil Spill. The meeting followed Obama’s first Oval Office address where he advocated for energy reform and renewed promises that BP would be held accountable for the Gulf Oil Spill. Following the meeting, BP announced it was complying with White House desires and placing \$20 billion into an independently managed escrow account to pay claims by those affected by the spill. The White House stressed that the \$20 billion fund did not represent cap on BP’s liability.

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## Tax

On Monday, June 21, **Senate Finance Committee Chairman Max Baucus (D-Mont.)** and **Ranking Member Chuck Grassley (R-Iowa)** revealed a new, smaller tax bill that would extend an expired tax break for small businesses. The bill would extend through 2010 the “bonus depreciation” provision that allowed small businesses to immediately write off 50 percent of the cost of certain depreciable purchases, like equipment and machinery. It is unclear whether this bill will become part of a broader tax extenders bill. The bill does not include any offsets.

On Wednesday, June 16, the Senate voted to extend the **Homebuyers Tax Credit** to give certain purchasers a longer period of time to close on mortgages. Homebuyers would have to be under contract by April 30, and close by September 30. The current law states that homebuyers must close by the end of this month.

## Telecommunications

On Friday, June 18, top lawmakers in the **Senate Commerce, Science and Transportation Committee** and the **House Energy and Commerce Committee** announced bipartisan, bicameral talks on updating the federal communications law will begin on June 25. The first set of what is being called “staff-led stakeholder sessions” will focus on the authority of the **Federal Communications Commission (FCC)** to regulate broadband Internet access. On Thursday, June 17, the Federal Communications Commission

formally began an effort to reclassify its jurisdiction over broadband Internet access, in response to the court ruling. Sen. Rockefeller and Rep. Waxman support a reclassification, but want to write new legislation, as well.

## Trade

China’s decision to allow greater flexibility in the value of its currency may have reduced pressure on Congress to take action targeting Beijing’s trade practices. China’s announcement on Saturday, June 19, was met cautiously by lawmakers who will wait to see if the move was more symbolic or significant. **Sen. Charles E. Schumer (D-N.Y.)** has said he would

press for a vote on **S. 3134, Exchange Rate Oversight Reform Act of 2010**, allowing for automatic sanctions if the **Treasury Department** finds that a trading partner’s currency is “misaligned” based on a set of objective economic indicators.

## Transportation and Infrastructure

Senate leaders are considering a test vote on **H.R. 915, FAA Reauthorization Act of 2009**, later this week. No one thinks the bill will pass. The vote is intended to send a message to the House that a **Federal Aviation Administration (FAA)** reauthorization bill will not pass as long as it includes language making it easier for FedEx employees to unionize. The Houses’ FAA bill would move jurisdiction over labor relations for FedEx ground employees from the **Railway Labor Act** to the **National Labor Relations Act**. This would put FedEx in the same category as UPS, allowing employees to unionize locally. The FAA’s current authorization expires on July 3.

On Thursday, June 17, the **Senate Commerce, Science, and Transportation Committee** voted to approve John S. Pistole to run the **Transportation Security Administration (TSA)**. **Sen. Joe Lieberman (I-Conn.)** announced that their goal is to have Pistole approved before the July 4 recess.