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MAY 10 - 14: THIS WEEK

The Senate reconvened on Monday, May 10, and continues to consider financial regulatory reform legislation. Debate and multiple votes on amendments will last all week.

The House reconvened on Tuesday, May 11, and plans to consider several measures under

suspension of the rules as well as **HR 5116, America COMPETES Reauthorization Act of 2010**, a bill to authorize funds for federal agencies engaging in scientific research. The House is expected to recess on Thursday, May 13.

Banking/Financial Services

Debate began last week in the Senate on amendments to **S. 3217, the Restoring American Financial Stability Act of 2010**. As of May 7, 179 amendments had been filed, including an amendment from **Sen. Bernard Sanders (I-Vt.)** to increase transparency in the Federal Reserve Bank, an amendment from **Sen. John McCain (R-Ariz.)** to shut down mortgage giants Fannie Mae and Freddie Mac, and the proposal of **Sen. Blanche Lincoln (D-Ark.)** to

severely increase restrictions on over-the-counter derivatives. Earlier in the week of May 3, the Senate rejected an amendment from **Banking Committee Ranking Member Richard Shelby (R-Ala.)** which would have changed the powers of the proposed Consumer Financial Protection Bureau dramatically. Republican Senators now plan to focus on more targeted changes to alter the legislation.

Defense

On May 7, the Senate passed **H.R. 3619, Coast Guard Authorization Act of 2010**, as amended, by voice vote. **Chairwoman Maria Cantwell (D-Wash.)** of the **Senate Commerce, Science, and Transportation Subcommittee**, which oversees the Coast Guard, introduced a substitute amendment that set authorization levels for fiscal years 2010 and 2011 at \$9.5 billion, less than the \$10 billion approved by the House. Although the bill contains

some provisions aimed at preventing future oil spills, the current situation in the Gulf is not specifically addressed. The **Congressional Budget Office**, estimates that the bill will increase the deficit by \$2 million through 2015 and \$6 million through 2020. The bill now returns to the House, which passed the initial version in October 2009. The last authorization bill passed in 2006.

Energy/Environment/Climate Change

Sens. John Kerry (D-Mass.) and Joseph Lieberman (I-Conn.) announced that they would introduce their climate change legislation bill on May 12. They have yet to provide specific language to their Senate colleagues which has made it difficult to line up support. **Sen. Lindsey Graham (R-S.C.)**, who left the climate negotiations following indications from leadership that immigration legislation would be brought up first, cited the oil spill in the Gulf as another reason to reassess before moving forward with climate legislation.

homeowners. The Obama Administration strongly supports the measure which it says will create green jobs and help reduce energy costs for consumers. The bill also authorizes \$600 million for state grants to assist low income households in replacing manufactured homes built prior to 1976. The companion bill in the Senate is **S 3177**, which will be examined by the Senate Finance Committee later this month.

On Thursday, May 6, the House passed **HR 5019, the Home Star Energy Retrofit Act of 2010**, which authorizes \$6 billion for a rebate program for

Health Care

On Thursday, May 6, the **House Energy and Commerce Subcommittee on Health** took up three proposals which would promote price transparency to reign in healthcare costs. Two of the proposals have bipartisan support, but neither has a companion bill in the Senate. None of the proposals emerged as a front runner during the hearing. All of the proposals would require healthcare providers to release information to the public on the costs of services.

Immigration

The week of May 3, **Sen. Robert Menendez (D-N.J.)** urged President Obama to hold a bipartisan summit with lawmakers to jump start immigration reform. **Sen. Diane Feinstein (D-Calif.)** proposed using hearings to pressure lawmakers to tackle the bill. There is general consensus that any immigration reform bill must start in the Senate this year. Democratic Senators are working now to get any Republican to sign on to a bill that increases border security while also creating a framework for illegal immigrants to gain citizenship.

Insurance

The week of May 3, several insurance related amendments were announced for the financial regulatory reform bill currently being debated in the Senate.

Sen. Jeff Merkley (D-Ore.) plans to introduce an amendment that would limit the federal powers of the new Office of National Insurance to negotiate international insurance agreements that could preempt state regulations. Eight large insurance trade associations wrote to the Senate last week voicing their opposition to the amendment stating the amendment will impair the ability of the U.S. to engage on important insurance regulatory matters. The National Association of Insurance Commissioners supports the Merkley amendment.

Sen. Susan Collins (R-Maine) also submitted an amendment to add a State Insurance Commissioner to the Financial Stability Oversight Council. The Commissioner is to be designated using a selection process determined by the State insurance commissioners and will serve for a term of not longer than 2 years.

Sen. Patrick Leahy (D-Vt.) filed the Health Insurance Industry Antitrust Enforcement Act as an amendment, which is cosponsored by 21 other Senators, and would repeal the health insurers' antitrust exemption. The amendment is similar to the language in a bill sponsored by Senator Leahy that was passed in the House in 2009.

Also, in a May 4 letter to the Senate, the **National Conference of Insurance Legislators ("NCOIL")** urges the Senate to oppose **S. 3078, the Health Insurance Rate Authority Act of 2010**, as an amendment to the financial regulatory reform bill. NCOIL questions the need to allocate oversight of insurance regulation to yet another federal system and asserts that state regulators and other state officials already have the tools to detect and correct inappropriate rate increases within their existing systems.

House Financial Services Committee Chairman Barney Frank (D-Mass.) introduced legislation last week extending the National Flood Insurance Program ("NFIP") from its current May 31 deadline through September 30, 2010. Frank's bill (**HR 5255, the Stable Flood Insurance Authorization Act of 2010**) is meant to ensure the continued functioning

Tax

House Speaker Nancy Pelosi (D-Calif.) is attempting to expedite House and Senate negotiations on a package of tax cuts and extension of social safety net programs that is being lauded as a jobs bill. House and Senate negotiators have not yet decided on what size the package will be, nor on what revenue creating offsets will be included. The bill is likely to include a carried-interest tax that will affect private equity managers. On Thursday, May 6, Speaker Pelosi said the **House Ways and Means Committee** would hold a markup on the final House-Senate compromise bill; however, **Ways and Means Committee Chairman Sander Levin (D-Mich.)** said that had not been decided.

On Thursday, May 6, **Senate Budget Chairman Kent Conrad (D-N.D.)** presented the idea of passing an all-encompassing tax bill. His suggestion was to extend the 2001 and 2003 tax breaks for individuals making less than \$200,000 and households earning less than \$250,000; reinstate the estate tax; patch the alternative minimum tax for 2010; renew dozens of expired tax breaks, including the state and local sales tax deduction; and extend expiring unemployment benefits and Medicare payments to physicians. Conrad's suggestion would break the stalemate that currently exists between Finance Republicans who want quick movement on the estate tax and Democrats who want to extend tax breaks for the middle class. One main obstacle to this catch-all bill is the new pay/go rules as they apply to the estate tax. Under the rule enacted in February, only \$14 billion of the estate tax would be exempt from pay/go, and it is expected to cost almost \$300 billion if enacted.

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Insurance (cont'd.)

of the NFIP while **HR 5114, the Flood Insurance Reform Priorities Act of 2010**, sponsored by **Rep. Maxine Waters (D-Calif.)**, moves through the legislative process. HR 5114 extends the NFIP to September 2015 and makes other changes to reform the NFIP.

In testimony before the **Senate Finance Committee** last week, the American Council of Life Insurers argued that the proposed Financial Services

Responsibility Fee would unfairly include the life insurance industry even though the reasons for the tax (to help the Federal government recoup funds used to bolster the financial system and to deter risky financial behavior) do not apply to life insurers. The Senate Finance Committee will hold its third hearing on the proposed fee on Tuesday, May 11.

Judiciary

On Monday, May 10, President Obama announced **Solicitor General Elena Kagan** as his pick to replace **Justice John Paul Stevens** on the Supreme Court. Kagan has been Solicitor General since March 2009 and does not have experience on the bench. Several Senators on both sides of

the aisle have expressed that they will closely examine Kagan's nomination despite previous support for her as Solicitor General. The Obama Administration hopes that the confirmation process will be completed before the Senate's August recess.

Telecommunications

On Friday, May 7, the Senate passed **S. 3333, the Satellite Television Extension and Localism Act of 2010**, by voice vote. The bill would reauthorize compulsory license programs that satellite providers use to carry over-the-air television signals without having to negotiate with individual

providers. The current satellite authorization has been temporarily extended through the end of May, as the Senate and House continue negotiations to meld their versions of the bill. This latest Senate version is expected to be on the House floor on Tuesday, May 11.

Trade

On Thursday, May 6, the Senate passed **H.R. 5160, the Haiti Economic Lift Program Act of 2010** by voice vote. The bill is now headed to the President's desk for signature. The bill would improve tariff protection for certain Haitian products, including knit and woven apparel. It would also extend through September 2020,

existing Haitian and Caribbean Basin trade programs that are set to expire this year. More legislation providing assistance to Haiti is expected in the weeks ahead. President Obama has requested \$2.8 billion in supplemental appropriations to help fund Haiti's relief effort.

Transportation and Infrastructure

On May 4, **Sen. Jay Rockefeller (D-W.Va.)** introduced **S. 3302, the Motor Vehicle Safety Act of 2010**. This bill would require the **National Highway Traffic Safety Administration ("NHTSA")** to issue new standards for safety equipment in vehicles, with lead times of one to two model years before they must be in place. The bill is in response to Toyota safety recalls; however,

NHTSA Administrator David Strickland stated that the new regulations would be nearly impossible to implement within that strict deadline. The bill would also give NHTSA the recall authority to act more quickly when regulators believe a product is dangerous.