



RESOURCES

Weekly Washington Update December 7, 2007

As Congress Slogs Through Major Legislation; What's On Tap For Next Week?

Congress reconvened this week from their Thanksgiving recess with a full slate of significant legislation to address with only three weeks remaining before the Christmas recess. The list of items on the crowded agenda include a major energy bill, 11 of the 12 appropriations bills, a farm bill, and a bill to prevent the expansion of the alternative minimum tax and extend several expiring tax credits. The House will work on FY 08 appropriations bills next week by folding the remaining spending measures into the Senate-passed version of the State-Foreign Operations bill (H.R. 2764). The House will also address extending the Terrorism Risk Insurance Act (P.L. 107-297), which established the nation's terrorism insurance backstop after insurers suffered heavy financial setbacks after the September 11 terrorist attacks. The conference report on the FY 08 defense authorization bill (H.R. 1585) is also expected to see floor time as well. The FY 08 intelligence authorization bill, which covers the nation's 16 spy agencies and the Office of the Director of National Intelligence.

The Senate plans to return to the 2007 farm bill (H.R. 2419) next week, as leaders broke stalemate over amendments that had stalled the measure since before the Thanksgiving Day recess (see story below). Senate Majority Leader Harry Reid (D-NV) indicated lawmakers will work on how to move the energy package through the Senate following the failed cloture vote on December 7. In addition an overhaul of the 1978 Foreign Intelligence Surveillance Act may see floor time next week. The Senate is also likely to take up an omnibus spending package following House approval.

House Democrats Seek to Complete Fiscal 2008 Spending

House Majority Leader Steny Hoyer (D-MD) announced his intention to call a vote in the House as early as Tuesday on a catch-all spending bill. Democrats aim to force a compromise on both more domestic spending and war funding. The House is set to vote on a multi-bill "omnibus" FY 08 appropriations measure that splits the difference between what President Bush and Democrats want to spend on domestic programs or \$11 billion. Further evidence of the budget process gaining traction is evidenced by talks between White House Chief of Staff Josh Bolton, Office of Management and Budget Director Jim Nussle, and Democratic leaders earlier this week. Although no agreement was formally reached, the meeting marks the first discussion between Democratic leadership and the White House to break the current budget impasse.

On Tuesday, the House will take up a \$520 billion omnibus package, including \$31 billion in war funding and as much as \$7 billion in emergency spending for programs favored by Republicans. The bill will come up as part of an amendment to the Senate-passed State-

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Foreign Operations bills (H.R. 2764), rather than using a conference report that cannot be amended. This strategy will allow the House to send the package to the Senate where it can be amended. When the Senate takes up the legislation, Republicans could offer an amendment to boost war spending, allow it to go to operations in Iraq or make changes to other spending levels. The House then would only have to vote on the changes. If the House votes in favor of the amendments, the bill would be forwarded to the president. One such amendment that is expected to be added in the Senate would be \$40 billion more for Iraq, which would allow anti-war representatives to vote "no" on the war funds and "yes" on the domestic portion.

SCHIP Negotiations Continue As House Leadership Considers One-Year Extension

This week lawmakers continued deliberations on a bill to reauthorize the State Children's Health Insurance Program (SCHIP). Congress so far has been unable to garner sufficient Republican support to withstand a presidential veto. The current SCHIP bill is set to expire on December 14. House Speaker Nancy Pelosi (D-CA) has given congressional negotiators until the end of this week to reach an accord on the legislation that would reauthorize and expand SCHIP. House Democratic aides indicate that if an agreement is not reached, Democrats will work to pass a long-term extension of the program that includes additional funds for states that are facing budgetary shortfalls for their programs. The extension would last until next fall.

In early October, President Bush vetoed a SCHIP reauthorization bill that would have covered approximately 10 million children. An attempt to override the veto fell short by about a dozen votes in the House. Both chambers of Congress have subsequently passed a modified version of the bill covering the same number of children, but the House again failed to garner a veto-proof majority. Senate Republicans Orrin Hatch (UT) and Chuck Grassley (IA) are leading efforts to reach an agreement with House Republicans to support a modified version of the bill. GOP opponents have complained that the bill is too costly and unnecessarily covers adults and illegal immigrants. Senate Democrats remain adamant that the bill must address their goal of covering 10 million children.

Global Warming Bill Advances Out of Committee

On December 4, the Senate Committee on Environment and Public Works narrowly approved a bill to curb global warming by a vote of 11 to 8. Committee Democrats were joined by Senator John Warner (R-VA), a co-sponsor of the bill, and Independents Joe Lieberman (CT) and Bernard Sanders (VT), who generally caucus with the Democrats. The bill, titled the Climate Security Act ([S. 2191](#)), would cap emissions of greenhouse gases from power plants, manufacturers, petroleum refiners and other sectors of the economy. According to analysis provided by the World Resources Institute and the Natural Resources Defense Council, the bill would reduce total domestic emissions by 18 to 25 % below 2005 levels by 2020, and by 62 to 66 % by 2050.

Republicans offered numerous amendments designed to address concerns that the bill would cost U.S. jobs and hurt low-income consumers. Once such amendment would have forced the legislation to expire if it led to adverse economic consequences. Opponents also raised concern that efforts in the U.S. would be miniscule if the rest of the world neglected to enact similar requirements. Proponents of the bill counter that it is critical that the U.S. takes the

lead in addressing global warming and other nations will follow. Several GOP amendments proposed encouraging nuclear energy, which does not produce greenhouse gases. No such amendment was adopted; however, sponsors of the bill promised to work out on the floor how the bill could benefit nuclear power plants.

One of the more contentious issues was how much money the government should provide to industry as an incentive to lower emissions. Under the bill's cap-and-trade program, the bill would provide some pollution allowances to companies for free and sell the rest at an auction. The free allowances would be phased out in 2031. Environmental groups want all of the allowances to be auctioned enhancing the government's ability to use the proceeds to fund clean-energy technologies, help low-income consumers with their energy bills and fund wildlife adaptation programs. An amendment proposing eliminating free allowances was rejected, 6-13.

House Passes Energy Bill; Senate Passage Uncertain

On December 6, the House passed an energy bill by a vote of 235 to 181 that would mark the first increase in federal automobile fuel efficiency requirements in three decades. The importance of the bill was evident by House Speaker Nancy Pelosi's (D-CA) deep involvement in crafting the legislation. Over the Thanksgiving recess, Pelosi managed to reach an accord with House Committee on Energy and Commerce Chairman John Dingell (D-MI), a staunch supporter of the auto industry, to raise the Corporate Average Fuel Economy (CAFÉ) standards in exchange concessions to help the industry, including an extension of credits toward achieving mileage requirement if companies can produce vehicles that can run on 85 percent ethanol. Several of the key provisions include:

- New fuel efficiency standard of 35 miles a gallon by 2020
- Electric utilities would be required to use renewable energy sources for at least 15% of their power generation
- A \$21.5 billion package of tax incentives offset in part by rolling back \$13.5 billion in taxes over 10 years on the five largest U.S. oil companies to be put towards tax incentives to spur renewable energy including credits for building cellulose ethanol plants, advancing technology for carbon capture from coal plants, and tax incentives for energy conservation and efficiency programs.
- An increase in the use of ethanol to 356 billion gallons a year by 2022.

On December 7, Senate lawmakers were unable to muster sufficient votes to cut off debate on the energy bill, despite presidential candidates returning to Washington to bolster the measures chances. GOP opposition stemmed from tax increases on energy companies and a renewable-fuels mandate on utilities. Anticipating the Senate vote, House Majority Leader Steny Hoyer (D-MD) conceded that a final deal on the energy would likely drop the renewable electricity generation quotas as well as modifications to the tax package. The Senate could vote on their own energy bill as soon as Tuesday. The White House has issued a veto threat on several grounds. The combination of soaring energy costs, dependence on foreign oil, and pressure to reduce greenhouse gas emissions has made the bill a priority for Democrats.

Highway Reauthorization Discussion Begins

The American Road & Transportation Builders Association (ARTBA) has issued a

comprehensive [report](#), which calls on Congress to “reform, refocus, restructure and refinance” federal surface transportation programs leading up to the reauthorization in 2009. The report, the product of ARTBA’s SAFETEA-LU Reauthorization Task Force, has two main priorities:

- ◆ Ensuring that past mega-billion dollar investments made by the federal government in transportation infrastructure are protected and not allowed to fall into serious disrepair; and
- ◆ Building the new, multi-modal infrastructure capacity that is needed to facilitate continued U.S. economic growth and competitiveness.

To respond to these challenges, the report outlines a “core program” dedicated to asset preservation and modernization, safety and environmental mitigation activities and “Critical Commerce Corridors,” which seeks new highway capacity, intermodal, inland waterway and seaport connectors, and upgraded border and gateway facilities.

Energy Bill Includes Rural Schools Funding

The House passed Energy Bill (HR 6) includes language to extend the Secure Rural Schools and Community Self-Determination Act which compensates rural communities for restrictions on timber harvesting that result in lower county revenues.

Late this week, Congressional leadership agreed to set aside more than \$1.5 billion for rural schools, schools, libraries, public medical care, law enforcement and other publicly funded endeavors. The bill would authorize \$554 million for the timber schools program with payments decreasing each year until they reach \$202 million in 2012. An additional \$350 million would go to rural states through a program that reimburses state and local governments for federally owned property.

The White House announced that President Bush will veto the bill if it makes it to his desk. The Administration’s Office of Management and Budget released the following statement specific to the Secure Rural Schools program: “As indicated in previous communications, the Administration supports an extension of the Secure Rural Schools program provided it is appropriately offset with spending reductions and that payments are phased out over time, which the provision in this bill does not achieve. The Administration also opposes shifting the Payment in Lieu of Taxes (PILT) program from discretionary to mandatory spending.”

Farm Bill Agreement Could End Senate Gridlock

Senate leaders reached an agreement late on December 6 on the 2007 farm bill, agreeing to debate 40 amendments before lawmakers leave before the holiday recess. Senate Majority Leader Harry Reid (D-NV) announced the agreement, which will split the number of amendments evenly between both parties. The Senate failed to obtain sufficient votes to limit debate on the farm bill before the Thanksgiving recess, primarily because Republicans and some Democrats wanted to debate amendments not relevant to the farm bill. More than 250 amendments had been filed at the beginning of November. Some non-germane proposals may be debated, including an amendment that would change the estate tax and one that would affect how commodity markets handle energy-related derivatives. Senate Committee on Agriculture, Nutrition and Forestry Chairman Tom Harkin (D-IW) indicated that party

leaders were reluctant to allow votes on some of the hot-button issue offered in some of the amendments. Harkin expressed dismay with the process saying, "if you don't want to fight a fire, don't be a fireman. If you don't want to vote, don't be a Senator".

Upcoming Congressional Hearings

House

Date: Dec. 12, Time: 10:00 a.m.

Committee on Homeland Security

Hearing: **Chemical Security**

Date: Dec. 10, Time: 9:00 a.m.

Committee on Oversight & Government Reform

Field Hearing: **Wildfire Preparedness in Southern California**

Fallbrook, CA

Date: TBA, Time: TBA

Committee on Transportation and Infrastructure

Hearing: **Clean Water Restoration**

Senate

Date: Dec. 11, Time: 2:30 p.m.

Committee on Energy & Natural Resources

Hearing: **Water Management; Hearing on SECURE Water Act**

Date: Dec. 13, Time: 2:30 p.m.

Committee on Energy & Natural Resources

Hearing: **Forest Restoration and Underbrush Clearing**

Date: Dec. 13, Time: 9:00 a.m.

Committee on Environment and Public Works

Hearing: **Clean Water Act and Recent Supreme Court Decision**

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