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Welcome to Womble Carlyle's *Capitol Connection* e-newsletter, a regular look at politics on Capitol Hill created by our Federal and State Government Affairs group for our Members and select clients they wish to send it to. Our goal is to be your connection to what's going on and what you can expect in Congress related to issues that may affect your business and clients.

This week in *Capitol Connection*:

- **A FIVE-WEEK STRETCH – Congress's Work Results in 12 New Laws**
- **ON THE HORIZON – A Very Busy Summer**



A FIVE-WEEK STRETCH – CONGRESS'S WORK RESULTS IN 12 NEW LAWS

Congress returns Monday, June 1 from its Memorial Day district work period which followed a five-week legislative session. During those 5 weeks, Congress passed several bills that President Obama quickly signed into law. The Congressional Committees conducted many hearings, mark-ups and other legislative work on many of the Administration's top tier priorities which will result in a very busy legislative schedule for the summer starting June 1st.

The new legislation signed into law includes:

The Credit Cardholders Bill of Rights Act (P.L. 111-24) – establishes new regulations for the credit card industry to put limits on the fees and interest rates that credit card companies can charge and the marketing conduct related to college students that they may engage in. The new law also includes an unrelated provision that allows visitors to national parks to carry concealed weapons if permitted under applicable local and state laws.

The Weapons Systems Acquisition Reform Act (P.L. 111-23) – alters the Department of Defense's procurement practices related to weapons contracts. New oversight requirements at the Pentagon are designed to limit costs, ensure timely delivery of equipment, and address conflicts of interest.

The Helping Families Save Their Homes Act (P.L. 111-22) – seeks to curb foreclosures and increase credit. The bill grants the Department of Housing and Urban Development authority to encourage loan modifications for eligible delinquent mortgages, provides loan servicers liability protection for implementing mortgage loan modifications, and amends the HOPE for Homeowners Act to make it more usable and accessible to the program's intended beneficiaries.

The Fraud Enforcement and Recovery Act (P.L. 111-21) – addresses mortgage, securities and commodities fraud by extending federal securities fraud statutes to cover options and futures in commodities, extends federal anti-fraud statutes to activities involving the Troubled Assets Relief Program (TARP) and other federal economic stimulus, recovery or financial rescue programs, and extends the mortgage application false statements prohibitions to employees and agents of a mortgage lending business while expanding the definition of such businesses.

The Statutory Time-Periods Technical Amendments Act (P.L. 111-16) – Amends federal bankruptcy, criminal, and civil laws to make technical amendments to time periods affecting judicial proceedings to extend from 5 to 7 days, and from 10 to 14 days, counting holidays and weekends, specific deadlines affecting court proceedings to harmonize them with recent amendments to federal time-computation rules.

The Special Inspector General for the Troubled Assets Relief Program Act (P.L. 111-15) – provides additional authorities to the IG related to TARP funding provided by P.L. 110-343, including the authority to conduct, supervise, and coordinate an audit or investigation of any action taken with regard to the TARP program.

The Edward M. Kennedy Serve America Act (P.L. 111-13) – authorizes and expands national service programs, including Americorps, to include year round service and expand the definitions of eligible institutions.

President Obama also signed into law several other laws over the last five weeks that range from establishing adoption incentive payments, naming courthouses, encouraging recordings of civil rights oral histories, the development of Native American lands, to appointing a new regent to the Board of Regents at the Smithsonian.

ON THE HORIZON – A BUSY SUMMER ON TAP

Tobacco Regulation – when the Senate returns this week it is expected to take up the Family Smoking Prevention and Tobacco Control Act (HR 1256) that the House passed early in May. The bill grants authority to the Food and Drug Administration to regulate tobacco products. The bill was reportedly favorably from the Senate Health Education Labor and Pensions (HELP) Committee and is supported by the Obama Administration. Senator Richard Burr (R-NC) is threatening to filibuster, but House Majority Leader Steny Hoyer (D-MD) says he expects a conference committee to convene in June to reconcile any differences between Senate and House passed bills. It is highly likely that the House will simply accept the legislation as passed in the Senate and send the bill directly to the President's desk before July 4th.

Supreme Court Nominee Confirmation – Much of the legislative attention in the Senate will focus on the confirmation of President Obama's Supreme Court nominee, Sonia Sotomayor. Liberal and conservative interest groups are already engaged in a confirmation battle in an effort to influence the debate and the vote – distracting many players in Washington who see this as their number one issue for the long term. However, early indications point to a relatively tame confirmation process that will conclude before the Senate begins its summer break in August.

Supplemental Appropriations for FY 2009 – this supplemental spending bill largely focused on the wars in Afghanistan and Iraq passed both houses of Congress shortly before the Memorial Day recess. The House and Senate will now negotiate the differences between their versions of the legislation in conference and hope to pass a final version shortly within the first two weeks after the recess. The Senate bill appropriates \$91.3 billion while the House passed a \$96.7 billion version of the bill. Major differences include a \$5 billion appropriation for the IMF in the Senate bill not included by the House while the House provided \$3.1 billion for military aircraft procurement that the Senate did not include.

FY 2010 Appropriations – After the "War Supplemental" is completed, Congress will need to focus on completing the twelve regular FY 2010 appropriations bills by September 30, 2009. Deadlines for submitting earmark requests to the Appropriations Committees by Members and Senators have already passed and hearings have begun. Committee and Subcommittee mark-ups and actual floor consideration of the bills in the House will take place soon.

Energy and Climate Change – The House Energy and Commerce Committee spent the last four days before the recess marking up global warming legislation. The goal of the Committee bill is to reduce 2005

levels of greenhouse gas emissions 17 percent by 2020. The bill establishes a "cap-and-trade" system where "polluters" who exceed emissions levels may purchase tradable federal permits. It also mandates a renewable electricity standard whereby 15 percent of the nation's electricity must be generated by renewable sources and 5 percent from energy efficiency upgrades by 2020. Republican efforts to increase use of hydroelectric and nuclear power along with tax and market-based incentives to encourage energy efficiency were rejected. Several other House committees also have jurisdiction over the bill, which they may exercise to modify the bill before it reaches the House floor. The Senate approach is more is taking a more piece-meal approach. A Senate mark up of legislation, which began on March 31, is ongoing. The Senate Energy Committee recently rejected efforts to strip a renewable energy standard (RES) provision from the bill. The RES would require utility companies to produce 15 percent of electricity from renewable sources by 2021, and 25% of that could be achieved through energy efficiency. While the House bill may see floor action this summer, Senate Majority Leader Harry Reid (D-NV) has not been as encouraging regarding Senate action this year.

Financial Services – The Obama Administration is expected to release its proposal for broad Financial Services regulation overhaul in the coming weeks; however, as a whole, the issue may be too complicated to tackle this year in the midst of so many other priorities. Narrower measures are moving through the process, however. For example, Chairman Barney Frank (D-MA) of the House Financial Services Committee is pushing legislation to revive the municipal bond market and held a hearing to discuss the merits of four related bills. One provides federal reinsurance for municipal-only bond insurance, a second allows loans to the market via the Federal Reserve, a third requires municipal finance advisors to establish a fiduciary responsibility to their clients and register with the SEC, and a fourth requires higher ratings of municipal securities due to their low default rates. Chairman Paul Kanjorski (D-PA), of the House Subcommittee on Capital Markets has indicated his intent to move quickly on controversial legislation to mandate federal oversight of insurance and create a systemic risk monitor.

Health Care Reform – This issue remains a top priority for the Obama Administration which is seeking buy-in from industry groups not traditionally supportive of large-scale reform. Some of these groups have pledged to pursue measures that could save the health care system \$2 trillion over 10 years. The chairmen of three committees with jurisdiction in the House have pledged to bring a bill to the floor and hold a vote by August. In the Senate, Chairman Max Baucus (D-MT) of the Finance Committee has been discussing his proposal with committee members. Major issues to contend with include the idea of creating a public plan to compete with the private insurance market and how to pay for the huge expense of overhauling the system. Some ideas under consideration include the taxation of employer-provided benefits, which Senator Baucus is considering and which Chairman Charles Rangel (D-NY) of the House Ways and Means Committee will not rule out. Changes in the reimbursements to providers under the Medicare and Medicaid programs are also likely as a financing mechanism.

Trade – The Senate held a hearing on the Panama trade pact, an agreement negotiated by the Bush Administration. Chairman Max Baucus (D-MT) of the Finance Committee urged the Obama Administration to send the deal to Congress, even as US Trade Representative Ron Kirk works to negotiate outstanding issues and other members of his party continue to express serious reservations. Given the political dynamics in Congress, which is feeling pressure from labor groups to focus on jobs at home and other union priorities, it is unclear if trade legislation can pass. USTR Kirk recently has focused on the enforcement of existing laws, rather than promoting new deals.

Transportation – The prospect of passing a six-year reauthorization of federal transportation programs costing over \$500 billion appears to be dimming as it competes for time and attention an expensive and pervasive health care reform proposal, energy and climate change legislation, a Supreme Court nominee, further government spending to address the financial crisis, and even the regular appropriations cycle.

If you would like additional information on any of these items or have any comments on how we can improve this product for you, please contact:

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