

WASHINGTON UPDATE

LEGISLATIVE AND PUBLIC POLICY DEVELOPMENTS

JUNE 19-25, 2010

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ECONOMIC REGULATION AND OVERSIGHT

White House Budget Director Stepping Down

Peter Orszag, Director of the Office of Management and Budget, will be leaving the White House this July. Orszag will be the first Cabinet official to leave the Obama administration. Rumored possible successors to Orszag include Gene Sperling (who works at the Office of Management and Budget as Counselor to Orszag), Rob Nabors, (a senior adviser to White House Chief of Staff Rahm Emanuel), and Laura D'Andrea Tyson (a member of President Obama's Economic Recovery Advisory Board).

[The Politico](#), June 21; [Roll Call](#), June 21; [The Wall Street Journal](#), June 22; [The Hill \(On the Money Blog\)](#), July 22.

Financial Reform Conference Committee Concludes

The financial reform conference committee continued its meetings this week, finishing its work at 5:39 AM on Friday after an all-night session. The compromise bill (which totals 2,000 pages) now goes to the House and Senate for approval. The House plans to hold its vote on Tuesday, June 29. A date for the Senate vote has yet to be announced. Democrats hope to have a final bill on President Obama's desk by July 4.

Compromises that were made this past week include:

- The new consumer financial "watchdog" agency will be an independent unit within the Federal Reserve, rather than a stand-alone agency.
- Fees that banks charge merchants on debit card transactions would be limited.
- Senate negotiators agreed to the House proposal to exempt auto dealers from oversight by the new consumer financial "watchdog" agency.
- The "Volcker Rule" that prohibits banks from engaging in proprietary trading was modified to allow banks to make modest investments (3% or less of their tangible common equity) in hedge funds and private equity firms.
- A new tax on banks and large hedge funds was added to raise \$19 billion to pay for the bill.

Additionally, Senate Agriculture Chairwoman Blanche Lincoln (D-AR) agreed to "limit the reach of new derivatives rules to only the riskiest investments." The Senate accepted a derivatives proposal offered by House Agriculture Chairman Collin Peterson (D-MN) with modifications, such as requiring credit default swaps to go through central clearinghouses. Under Peterson's proposal, banks would be able to keep their business in derivatives tied to interest rate swaps and could trade in derivatives related to foreign exchange swaps, credit, gold and silver, investment-grade credit default swaps and any transaction used to hedge risk. Additionally, banks may only trade in derivatives related to commodities, energy, metals, agriculture, equities and below investment-grade credit default swaps through a separately capitalized entity.

The committee renamed the bill the Dodd-Frank Act in honor of the two chairmen. According to *CQ Today*, Chairman Frank "hugged his partner with tears running down his cheeks."

H.R. 4173; [The Hill](#), June 21; [The Washington Post](#), June 22; [Reuters](#), June 22; [Bloomberg](#), June 22; [CQ Today](#), June 22; [The Huffington Post/The Associated Press](#), June 22; [Financial Times](#), June 23; [CQ Today](#), June 24; [The Politico](#), June 25; [CQ Today](#), June 25; [The Hill](#), June 25; [The Washington Post](#), June 25; [CQ Politics \(Political Wire Blog\)](#), June 25; [Nasdaq.com/Dow Jones Newswires](#), June 25; [Reuters](#), June 25; [The New York Times \(Legal Blog\)](#), June 25; [The Wall Street Journal](#), June 25; [The Huffington Post](#), June 25; [FireDogLake.com](#), June 25.

House Democrats Will Not Pass Budget in 2010

On Tuesday, in a speech to the progressive group The Third Way, House Majority Leader Steny Hoyer (D-MD) confirmed that the House Democrats will not pass a budget blueprint in 2010. Rather than the blueprint, which looks beyond next year and calculates five or ten years' worth of deficit figures, the House will work to approve a one-year "budget enforcement resolution." The resolution is expected to set limits on discretionary spending and endorse the goals of the president's fiscal commission. It would not contain "politically treacherous deficit projections that would be included in a regular budget resolution and that [Democrats] are not eager to put to a vote."

Hoyer said, "It isn't possible to debate and pass a realistic long-term budget until we've considered the bipartisan commission's deficit-reduction plan, which is expected in December."

[CQ Today](#), June 22; [The Hill](#), June 22; [The Politico](#), June 22; [Roll Call](#), June 22.

Banks Have Repaid 75% of Bailout Funds Received

On Tuesday, before the panel that oversees the \$700 billion financial bailout program, Treasury Secretary Timothy Geithner said that banks have repaid about 75 percent of the bailout money they received and the government's investments in those banks brought \$21 billion to the American taxpayer. However, Geithner said that there would likely be a loss from the bailout of American International Group (AIG). The bailout program is scheduled to expire on October 3 of this year.

[The New York Times/The Associated Press](#), June 22; [The Daily Caller/The Associated Press](#), June 22.

Dodd: Senate Votes for Financial Reform Like Putting Together a "Rubik's Cube"

According to Senate Banking Chairman Chris Dodd (D-CT), passing a financial reform bill in the Senate "is a Rubik's Cube, to put it mildly." The Senate must approve the bill that comes out of conference committee with 60 votes, and Democrats have yet to gain the support of two of their own, Sens. Maria Cantwell (WA) and Russ Feingold (WI). Both Cantwell and Feingold believe that the current version of the bill is too weak. Without Cantwell and Feingold, Democrats must secure three GOP votes. This could be three of the four Republicans that voted for the bill in May: Sens. Olympia Snowe (ME), Susan Collins (ME), Scott Brown (MA) and Chuck Grassley (IA).

[The Politico](#), June 23; [The Financial Times](#), June 23.

Senate Fails to Advance Tax Extenders for Third Time

On Thursday, Senate Democrats failed to advance legislation to extend unemployment benefits through November. The legislation would have added approximately \$33 billion to the deficit by extending unemployment benefits for six months, which was not offset with other tax hikes or spending cuts. All Senate Republicans voted no, as well as Sen. Ben Nelson (D-NE).

[The Hill \(On the Money Blog\)](#), June 24; [The Washington Post](#), June 25.

BANKRUPTCY AND CORPORATE LAW MATTERS

Third Try On 'Extenders' In Doubt

Senate Democrats expect to fall short of 60 votes again as they try to move the third version of a smaller "extenders" bill of tax breaks, an unemployment benefits extension and other measures. Senate Majority Leader Harry Reid (D-NV) filed cloture Wednesday night on a new substitute amendment that was trimmed by about \$22 billion by Senate Finance Chairman Max Baucus (D-MT) in an effort to win over holdouts. The vote on the measure is set for Friday, but Democrats are seeking an agreement to vote tonight.

[CongressDaily](#), June 24.

Trustee Says Neff's Advisers Seek To Dodge Bankruptcy Rules

The U.S. Justice Department is protesting Neff Corp.'s bid to hire bankruptcy professionals AlixPartners LLP, Deloitte Tax LLP and Miller Buckfire & Co., saying the firms' employment contracts would unfairly limit their liability, even in cases of gross negligence, or require Neff to pay their legal bills. The U.S. trustee, the government's bankruptcy watchdog, said in court papers filed Wednesday that the firms' employment applications attempt to skirt several bankruptcy rules and should be amended or rejected outright.

[The Wall Street Journal](#), June 24.

Effort For Online Travel Industry Ebbs

A lobbying campaign by mayors, hotel chains, and state and local employees appears to have beaten back an effort to help the online travel industry in an occupancy tax dispute as part of a small-business aid package in the Senate. Draft legislation has been circulating for months, which backers have been trying to attach to the first available "jobs" bill. Aides and lobbyists said the online firms, backed by travel agents, hotel unions and some smaller hotels, have friends in high places, including Senate Majority Leader Harry Reid (D-NV) and Finance Chairman Max Baucus (D-MT). Aides said the measure would not be part of an initial small-business bill, however, although interested senators, including Ron Wyden (D-OR) and John Ensign (R-NV) could push it on the floor, sources said. The crux of the issue is the discounted rates hotel chains offer online travel sites like Travelocity, Expedia and Priceline to market and sell rooms. The web sites then mark up the price as a sort of finders' fee, but generally remit occupancy taxes based on the original discounted price. Local governments don't want to forgo the higher tax revenue on the price the room is actually booked, while online firms argue they should only collect tax based on the rate contracted for with the hotel. The dispute is the subject of about 40 lawsuits nationwide, according to the U.S. Conference of Mayors.

[CongressDaily](#), June 25.

BP Bankruptcy in U.K. is Obama's Worst Nightmare

A BP Bankruptcy would be a “horror” and a “disaster,” according to lawyer Kenneth Feinberg, who was appointed by President Obama to administer BP Plc's \$20 billion compensation fund for victims of the Gulf oil spill. “That is not an option.” No company has the ability to pay unlimited claims, even one that earned \$16.6 billion last year and more than \$20 billion annually in the prior four years. At the same time, no one has any idea how big BP's damages will be. That hasn't stopped Wall Street analysts from churning out estimates that move up in lockstep with the number of barrels thought to be leaking from the collapsed well each day.

[Bloomberg/BusinessWeek](#), June 25.

BROADBAND, BROADCAST, AND INTELLECTUAL PROPERTY

House and Senate Staff Meet to Discuss Updating the Communications Act

Staffers with the Senate and House committees with jurisdiction over communications held a “stakeholder session” last Friday. The meeting is the first step toward updating the Communications Act in response to the Federal Communications Commission (FCC) plan to reclassify broadband as a common carrier service.

[The National Journal](#), June 21.

FCC May Reach Compromise with Broadband Providers

The FCC seems willing to enter into a compromise with broadband providers. A group of senior FCC officials met with a group of representatives from broadband providers and Internet companies behind closed doors to discuss Internet regulation. The meeting did not result in any solutions, however, and broadband providers are continuing to speak out against the FCC’s plans. Verizon CEO Ivan Seidenberg told the Economic Club of Washington that FCC’s plans will hurt investments in broadband by enforcing “an unimaginative and overbearing set of rules...[that] will cause uncertainty in the marketplace create disincentives for investment” and harm competition. Meanwhile, public interest groups are criticizing the FCC’s decision to meet with industry representatives in private.

[The Washington Post \(Tech Blog\)](#), June 21; [Fierce Telecom](#) June 22; [The Washington Post \(Tech Blog\)](#), June 22; [Fierce Telecom](#), June 23.

FCC Puts Hold on Comcast-NBCU Deal; Network Affiliates Suggest Binding Conditions

On June 24, the Federal Communications Commission (FCC) wrote to Comcast and NBC Universal informing the companies that they had not completely followed the FCC’s instructions when providing information in connection with the FCC’s review of the joint venture between Comcast and NBCU, whereby Comcast will acquire a majority stake in NBCU. The FCC’s inquiries involved issues such as organizational composition, stations, programming agreements, and records of negotiations regarding programs available for online viewing.

Earlier this week, ABC, CBS, and Fox network affiliates recently announced their approval of the deal, as long as certain “binding conditions” are satisfied, including prohibiting Comcast from discriminating against ABC, CBS, and Fox affiliates in retransmission consent negotiations and requiring Comcast to negotiate such agreements independently from NBCU. Senator Al Franken (D-MN), as well as many public interest groups and consumer organizations, urge the Federal Communications Commission and Department of Justice to oppose the deal.

[Broadcasting & Cable](#), June 18; [The Wall Street Journal](#), June 19; [Media Daily News](#), June 21; [The Washington Post](#), June 21; [TV NewsCheck](#), June 22; [USA Today](#), June 22; [The Wall Street Journal](#), June 23; [Radio Business Report](#), June 23; [Broadcasting & Cable](#), June 24; [The Boston Globe/Associated Press](#), June 24.

White House Officials Release IP Strategic Enforcement Plan

At a June 22 press conference, Intellectual Property Enforcement Coordinator Victoria Espinel, Vice President Joseph Biden, Attorney General Eric Holder, and other Obama Administration officials released the Joint Strategic Plan on Intellectual Property Enforcement. Officials explained that enforcement of anti-piracy initiatives serves to increase economic growth and public safety. The Senate Judiciary Committee is expected to review the plan.

[BNA Patent Trademark & Copyright Journal](#), June 25.

Legislation Introduced

H.R.5583 : Cell Phone Early Termination Fee, Transparency, and Fairness Act

Sponsor: [Rep Shea-Porter, Carol](#) [NH-1] (introduced 6/23/2010)

Committees: House Energy and Commerce

Latest Major Action: 6/23/2010 Referred to House committee. Status: Referred to the House Committee on Energy and Commerce.

LABOR AND PENSIONS

Senate Confirms NLRB Members

On June 22, the Senate confirmed President Obama's appointments of Brian Hayes and Mark Pearce to serve on the National Labor Relations Board (NLRB).

[NASDAQ](#), June 22.

Legislation Introduced

S.3513 : Bonus Depreciation Extension to Create Jobs Act

Sponsor: [Sen Baucus, Max](#) [MT] (introduced 6/21/2010)

Latest Major Action: 6/21/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

S.3529 : A bill to require that certain Federal job training and career education programs give priority to programs that provide an industry-recognized and nationally portable credential.

Sponsor: [Sen Hagan, Kay](#) [NC] (introduced 6/24/2010)

Latest Major Action: 6/24/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Health, Education, Labor, and Pensions.

H.R.5594 : To amend the Workforce Investment Act of 1998 to establish a technical school training subsidy program.

Sponsor: [Rep Barrow, John](#) [GA-12] (introduced 6/24/2010)

Committees: House Education and Labor

Latest Major Action: 6/24/2010 Referred to House committee. Status: Referred to the House Committee on Education and Labor.

H.R.5600 : To make permanent the exclusion from gross income for employer-provided educational assistance.

Sponsor: [Rep Pomeroy, Earl](#) [ND] (introduced 6/24/2010)

Committees: House Ways and Means

Latest Major Action: 6/24/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

H.R.5602 : To amend the Internal Revenue Code of 1986 to provide for distributions from retirement plans for losses as a result of the explosion on and sinking of the mobile offshore drilling unit Deepwater Horizon, the discharge of oil in the Gulf of Mexico caused by such explosion and sinking, or the effects of such discharge on the economy in the areas affected by such discharge.

Sponsor: [Rep Putnam, Adam H.](#) [FL-12] (introduced 6/24/2010)

Committees: House Ways and Means

Latest Major Action: 6/24/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

ENERGY AND ENVIRONMENT

Energy Legislation Update

While discussions on several pieces of legislation continued this week, the majority of congressional action was postponed. Legislation continues to be stymied as Members work to pull together suitable comprehensive climate legislation that would bring enough votes to the table for passage. President Obama postponed a meeting scheduled for Wednesday with several senators, including sponsors of competing Senate energy bills, Sens. John Kerry (D-MA) and Richard Lugar (R-IN), to discuss the future of a comprehensive energy plan. Next week, the meeting will convene in order for the bipartisan group of senators to strategize on climate and energy policy.

On Thursday, Senate Majority Leader Harry Reid (D-NV) hinted that he is planning to bring energy legislation to the floor prior to the August recess. In order to move energy legislation, Leader Reid would seek to harness climate legislation, which would include a cap on carbon, to legislation aimed at overhauling offshore oil drilling practices. It continues to be unclear whether this approach will achieve the votes necessary for passage.

Additional energy legislation options that have been introduced and continue to be discussed include a "cap and dividend" bill by Sen. Maria Cantwell (D-WA) and Susan Collins (R-ME) and an "energy-only" bill with a renewable electricity standard by Sen. Jeff Bingaman (D-NM). On Thursday, Sens. Saxby Chambliss (R-GA) and Richard Burr (R-NC) issued yet another alternative proposal focusing on natural gas and nuclear power industries. The bill lacks a cap and trade provision, and would most likely face an uphill battle for Democratic support.

[The Politico](#), June 21; [CNN Politics](#), June 22; [The New York Times](#), June 22; [USA Today](#), June 23;

[E&E Publishing](#), June 24; [The Hill](#), June 24; [The Politico](#), June 24; [The Washington Post](#), June 24.

Congressional Energy Hearing Reports

Several hearings were held in the Senate this week on energy initiatives. The Senate Committee on Commerce, Science and Transportation hosted a hearing on pipeline safety on Thursday. Members questioned whether additional regulations of onshore pipeline systems are necessary. Additionally, the hearing focused on the technical factors related to the Gulf Coast oil spill and the offshore drilling supervision performed by the Minerals Management Service (MMS).

On Tuesday the Senate Energy and Natural Resources Committee discussed pathways to advanced development and use of electric vehicles. The hearing focused on provisions in S. 3495, the Promoting Electric Vehicles Act of 2010, which would authorize funding for electric vehicle infrastructure and would establish a grant program for deployment communities. Sens. Byron Dorgan (D-ND) and Jeff Merkley (D-OR) introduced S. 3495 on June 15. During the hearing, Members and witnesses expressed concern over the lack of fuel cell electric vehicle incentives in S. 3495.

Also on Tuesday, the Senate Environment and Public Works subcommittee on Superfund, Toxics and Environmental Health held a hearing on the current status and future of the Environmental Protection Agency's Superfund program. Subcommittee Chairman Frank Lautenberg (D-NJ) expressed concern over the number of contaminated Superfund sites in close vicinity to communities. Ranking Member James Inhofe (R-OK) cautioned that the recent oil spill in the Gulf was being utilized by the Obama administration and Democrats to pursue a "radical agenda," including re-imposing the Superfund tax in order to diminish U.S. oil and gas production.

[S. 3495](#); [E&E Publishing](#), June 21; [Senate Committee on Environment and Public Works](#), June 22;

[Senate Committee on Energy and Natural Resources](#), June 22;

[Senate Committee on Commerce, Science & Transportation](#), June 24.

Hydraulic Fracturing Disclosure Plans

Rep. Diana DeGette (D-CO) and the natural gas industry are currently working together to negotiate provisions associated with the public disclosure of toxic chemicals that are used by drillers to push the gas out of the ground, a method known as hydraulic fracturing. In recent months Senate Democrats, prompted by concerns over potential groundwater chemical contamination, have also increased legislative efforts to regulate hydraulic fracturing. If adopted, the Senate Kerry-Lieberman proposal would order companies that engage in fracturing to post worker-safety documents for the chemicals on the Internet.

[The New York Times](#), June 21; [E&E Publishing](#), June 24.

E15 Blend: Push For Approval

Senate Democrats are sought help this week from the Obama administration to speed up the Environmental Protection Agency's (EPA) approval process for higher blends of ethanol in gasoline. The EPA recently announced it would delay issuing a decision on whether to approve the use of E15, a fuel blend of 15 percent ethanol and 85 percent gasoline, in all gasoline-fueled vehicles until the Fall. Currently, ethanol producers are facing market saturation at the current 10% blending level, and are now applying pressure, along with Democrats, on the EPA to allow gas stations to mix at least 15 percent ethanol into petroleum fuels. Republicans, such as Sen. Inhofe (R-OK), are drafting legislation to provide states with the benefit of completely opting out of ethanol blending. Sen. Inhofe's legislation will most likely be introduced on June 29.

[Bloomberg](#), June 19; [The Wall Street Journal](#), June 22; [The National Journal](#), June 23; [Reuters](#), June 23; [E&E Publishing](#), June 25.

Oil Spill Update

States in the Gulf region continue to experience economic hardship as a result of the oil spill. The federal government is now estimating that anywhere from 35,000 to 60,000 barrels of oil are escaping into the Gulf each day. On Wednesday, BP reinstalled a containment cap on the oil well's blowout preventer after the original cap was taken off following observation of an unexpected discharge of liquid and gases.

This week discussions of the Gulf of Mexico oil spill continued with a federal U.S. District Court decision on Tuesday that blocked a six-month moratorium on new deep-water wells. The court reaffirmed its ruling Thursday in denying a filed appeal by Department of Interior Secretary Ken Salazar. The Secretary continued to defend the moratorium in testimony given on Thursday before the Senate Energy and Natural Resources Committee, announcing that he plans to issue another moratorium on offshore drilling.

The leaders of the Senate Energy and Natural Resources Committee introduced bipartisan legislation this week which would reform management and oversight of offshore drilling. Chairman Jeff Bingaman (D-NM) and Ranking Member Lisa Murkowski (R-AK) have stated that the bill, S. 3516, would alter the national offshore policy to take environmental and safety concerns into greater account.

Lawmakers in the House also passed legislation on Wednesday that provides newly appointed Bureau of Ocean Energy Director, Michael Bromwich, the ability to lead an oil spill investigation under the National Commission (the Commission) on the BP Deepwater Horizon oil spill. This investigation is intended to fulfill the Commission's overarching task of providing recommendations on how the country can prevent future oil spills.

[S. 3516](#); [The Wall Street Journal](#), June 21; [The Politico](#), June 22; [E&E Publishing](#), June 23;

[The New York Times](#), June 23; [E&E Publishing](#), June 23; [CQ Today](#), June 24; [The Washington Post](#), June 24;

[CQ Energy & Climate](#), June 25.

Legislation Introduced

S.3511 : Promoting Electric Vehicles Act of 2010

Sponsor: [Sen Dorgan, Byron L.](#) [ND] (introduced 6/18/2010)

Latest Major Action: 6/18/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Energy and Natural Resources.

S.3532 : A bill to reinstate and transfer certain hydroelectric licenses and extend the deadline for commencement of construction of certain hydroelectric projects.

Sponsor: [Sen Dodd, Christopher J.](#) [CT] (introduced 6/24/2010)

Latest Major Action: 6/24/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Energy and Natural Resources.

S.3535 : A bill to enhance the energy security of the United States by promoting the production of natural gas, nuclear energy, and renewable energy, and for other purposes.

Sponsor: [Sen Burr, Richard](#) [NC] (introduced 6/24/2010)

Latest Major Action: 6/24/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

H.R.5572 : Oil Spill Prevention Act of 2010

Sponsor: [Rep Buchanan, Vern](#) [FL-13] (introduced 6/22/2010)

Committees: House Natural Resources; House Transportation and Infrastructure

Latest Major Action: 6/22/2010 Referred to House committee. Status: Referred to the Committee on Natural Resources, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5581 : To amend the Internal Revenue Code of 1986 to make qualified biogas property eligible for the energy credit and to permit new clean renewable energy bonds to finance qualified biogas property.

Sponsor: [Rep Kind, Ron](#) [WI-3] (introduced 6/23/2010)

Committees: House Ways and Means; House Science and Technology

Latest Major Action: 6/23/2010 Referred to House committee. Status: Referred to the Committee on Ways and Means, and in addition to the Committee on Science and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5598 : To exclude from gross income compensation provided by BP, PLC for victims of the explosion on and sinking of the mobile offshore drilling unit Deepwater Horizon and the discharge of oil in the Gulf of Mexico caused by such explosion and sinking, and for other purposes.

Sponsor: [Rep Melancon, Charlie](#) [LA-3] (introduced 6/24/2010)

Committees: House Ways and Means

Latest Major Action: 6/24/2010 Referred to House committee. Status: Referred to the House Committee on Ways and Means.

IMPLEMENTATION OF HEALTH CARE REFORM

States Face Less Federal Medicaid Money, More Demand

The U.S. Senate may find a compromise on helping cash-strapped states pay for healthcare, according to a proposal circulating through Congress on Tuesday, a week before the fiscal year begins in many states. According to the proposal, extra money included in last year's stimulus plan for Medicaid would be extended past its December expiration through the first six months of 2011. But there would be a 'phase-down' of the funds sent to states, shrinking the overall cost of the aid. The Medicaid extension was stripped from the House version at the last minute and states fear it will be cut from the Senate bill. Conservatives say a blanket extension of the extra Medicaid boost, estimated to cost \$24 billion, will put a country with a \$1.4 trillion deficit and \$13 billion debt deeper into debt.

[CQ HealthBeat](#), June 22; [The Hill](#), June 22; [The Wall Street Journal](#), June 23; [The Fiscal Times](#), June 23.

Obama To Insurers: Health Reform No Excuse For Big Rate Hikes

President Obama warned a dozen large insurers not to use the new health law as an excuse for boosting premium rates at a White House meeting Tuesday. After acknowledging that insurers weren't solely responsible for rising medical costs, the president said, "we've got to make sure this new law is not being used as an excuse to simply drive up costs. ... The CEOs here today need to know that they're going to be required to justify unreasonable premium increases."

[The New York Times](#), June 22; [Reuters](#), June 22; [The Wall Street Journal](#), June 23; [The Politico](#), June 23.

Governors, State Attorneys General Seek To Counter Lawsuit Against Health Law

Democrat Gov. Chris Gregoire of Washington State is joining three fellow Democratic governors in asking a federal judge to consider their opposition to a lawsuit challenging the constitutionality of the nation's new health-care law. The lawsuit filed in March by 13 state attorneys-general challenges the new law's requirements that everyone purchase health insurance and that states expand Medicaid coverage for the poor. The decision of Republican Washington State Attorney General Rob McKenna to join the lawsuit infuriated Gregoire and other Democratic leaders, who argued McKenna's position doesn't represent the state's interests." Democratic governors Bill Ritter of Colorado, Jennifer Granholm of Michigan and Ed Rendell of Pennsylvania joined Gregoire in her request to "file the brief in support of the Obama administration's motion to dismiss the lawsuit"

[The Hill](#), June 23.

House Passes 6-Month Medicare 'Doc Fix,' Obama To Sign Bill

Last night, the House approved, 417-1, a Senate bill staving off a 21 percent cut in Medicare payments to doctors. Some lawmakers complained that the bill doesn't go far enough. The measure would delay the cuts six months while lawmakers work on a more permanent solution. There was some urgency to approve the funding because Medicare announced last week it would begin processing claims it had already received for June at the lower rate. Lawmakers said some doctors have already stopped seeing new Medicare patients because of the cuts. President Obama urged lawmakers to work on a more permanent solution, with terminology the American Medical Association often uses with temporary fixes. "Kicking these cuts down the road just isn't an adequate solution to the problem," Obama said in a statement.

The \$6.5 billion legislation that provides a 2.2 percent raise for Medicare doctors was taken out of a jobless benefits bill by the Senate last week after Republicans blocked the larger bill. Rep. George Miller, D-Calif., was the only "no" vote.

[The New York Times](#), June 24; [The Politico](#), June 24; [Dow Jones Newswires/The Wall Street Journal](#), June 24; [CNN.com](#), June 24; [The Hill](#), June 24.

Legislation Introduced

H.R.5588 : Medicare Enrollment Protection Act of 2010

Sponsor: [Rep Schrader, Kurt](#) [OR-5] (introduced 6/23/2010)

Committees: House Energy and Commerce; House Ways and Means

Latest Major Action: 6/23/2010 Referred to House committee. Status: Referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

H.R.5597 : To establish a Medicare patient IVIG access demonstration project.

Sponsor: [Rep Matsui, Doris O.](#) [CA-5] (introduced 6/24/2010)

Committees: House Ways and Means; House Energy and Commerce

Latest Major Action: 6/24/2010 Referred to House committee. Status: Referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

ESTATE TAX

Senate Liberals Unveil Estate Tax Bill

Sens. Bernie Sanders (I-VT), Sheldon Whitehouse (D-RI), Tom Harkin (D-IA), and Sherrod Brown (D-OH) today formally introduced legislation to tax billion-dollar inheritances at rates as high as 65 percent, ratcheting down on a sliding scale to impact any estates valued at more than \$3.5 million. Estates valued at between \$3.5 million and \$10 million would be taxed at 45 percent; between \$10 million and \$50 million, 50 percent; and more than \$50 million, 55 percent. Then an additional 10 percent tax would be imposed on the value of estates above \$500 million.

[CongressDaily](#), June 24.

Legislation Introduced

S.3533 :A bill to amend the Internal Revenue Code of 1986 to reinstate estate and generation-skipping taxes, and for other purposes.

Sponsor: [Sen Sanders, Bernard](#) [VT] (introduced 6/24/2010)

Latest Major Action: 6/24/2010 Referred to Senate committee. Status: Read twice and referred to the Committee on Finance.

HIGHER EDUCATION

Conference Committee Votes to Limit Debit Card Fees

One of the compromises reached by conference committee members while negotiating financial reform legislation includes a plan to limit the fees that banks may charge merchants when their customers pay with debt cards. According to *The Chronicle of Higher Education*, this compromise is a victory for college bookstores.

[The Chronicle of Higher Education](#); June 22.

Senate HELP Committee Probes For-Profit Sector

On Thursday, the Senate Health, Education, Labor and Pensions (HELP) Committee examined whether the for-profit higher education model, which consumes more than double its proportionate share of federal student aid, is a “recipe for long-term economic disaster.” At the hearing, Chairman Tom Harkin (D-IA) promised to crack down on “bad actors” and said he believes that there should be new regulation of for-profit colleges, to prevent waste of taxpayer money and fraudulent practices that harm students. He also promised more hearings on for-profits. The next hearing will be in July.

The hearing was in response to concerns expressed by Chairman Harkin that student aid dollars may be abused by corporate-owned colleges. Many in the industry believe that climbing tuition costs are a sign that there is a higher education “bubble,” which could explode and leave students with lots of debt. Concerns about debt of students who attend for-profit institutions are particularly high.

Additionally, Chairman Harkin, Rep. George Miller (D-CA) and other lawmakers have asked the Government Accountability Office (GAO) to conduct a study of the quality of for-profit institutions.

[The Chronicle of Higher Education](#), June 23; [The Chronicle of Higher Education](#), June 23;

[The Atlanta-Journal Constitution](#), June 23; [The Chronicle of Higher Education](#), June 24;

[The New York Times](#), June 24; [CQ Politics](#), June 24; [Inside Higher Ed](#), June 25.

For-Profit Stocks Swing on Thursday

Shares of for-profit higher institutions “swung wildly” on Thursday. Some stocks hit their 52-week lows before rebounding. However, Apollo Group, Inc., the largest for-profit postsecondary institution, did not rebound after hitting its 52-week low. This is in response to the Senate Health, Education, Labor and Pensions Committee hearing where Democrats vowed to increase regulation and oversight of for-profits.

[Businessweek/The Associated Press](#), June 24.

Legislation Introduced

H.R.5586 : Equity in Excellence Act of 2010

Sponsor: [Rep Payne, Donald M.](#) [NJ-10] (introduced 6/23/2010)

Committees: House Education and Labor

Latest Major Action: 6/23/2010 Referred to House committee. Status: Referred to the House Committee on Education and Labor.