

July 2, 2009

Government Relations

Congressional Update



Independence Day

Federal lawmakers have a break from Washington for the Independence Day holiday after making big strides towards landmark legislation. The Senate will return to work on Monday, July 6, and the House of Representatives on Tuesday, July 7.

Upon return on July 7, the House Appropriations Committee will begin working on its spending bill for 2010. The House Financial Services Committee released a draft bill on June 25 with a full listing of earmarks to be distributed in specific areas across the country, including items such as memorial foundations, city infrastructure projects, job training programs and tourism initiatives.

News on Capitol Hill

Minnesota Senate Race Finally Over

Franken Wins, Adds to Democratic Majority in Senate

Eight months after the election in question, the Minnesota Supreme Court ruled that Democrat Al Franken has won the U.S. Senate seat long held by Republican Norm Coleman. Justices rejected Coleman's appeal of the 2008 election results, in which officials ruled Franken won by a little more than 300 votes. The results must still be certified by Republican Gov. Tim Pawlenty, although Coleman did finally concede. This decision gives Senate Democrats a filibuster-proof majority of 60, a necessary tool they will need with the President's policy agenda.

Health Care Reform Heating Up

Activity in Senate, House bill expected by August recess

Members of the Senate Democratic leadership with the backing of the Administration continue to push their efforts to legislate a nationally-run health care plan. The "public plan" is the most debated option and ensures the highest level of government control. Republicans are fiercely opposing a high level of government involvement in health insurance plans and are working to protect the private sector in these proceedings.

The public plan option would allow a government-run insurance program under the Health and Human Services secretariat to compete with privately-held insurance offerings. The latest proposal comes from leadership in the Health, Education, Labor and Pensions Committee. Their public plan option would require businesses with employees of 25 or more to provide health insurance or pay a fee per worker per year. Industry giant Wal-Mart came forward this

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Continued, page 2

Continued from page 1

week supporting the “pay to play” option that they have long opposed in the past.

That development, in addition to the Congressional Budget Office’s new estimate that the new option would provide insurance coverage for 97 percent of Americans at a lower estimate of about \$611 billion over 10 years, has boosted the image of this costly and controversial legislation.

The House is expected to respond with their version of a health care reform bill by the August recess.

Sotomayor Confirmation Looming

Confirmation hearings begin July 13

The Senate Judiciary Committee will begin confirmation hearings for Supreme Court nominee Sonia Sotomayor in mid-July. Sotomayor was picked by President Obama to replace retiring Justice David Souter of the high court. Conservatives have recently increased their criticism towards the nominee, citing her positions on gun rights and her affiliation to a Latino legal advocacy group and its positions on terrorism.

Republican members of Congress were unsuccessful in an attempt to delay the confirmation process for Sotomayor after arguing that she did not fully complete her Senate questionnaire.

Cap-and-trade Legislation Clears House

Approval now needed in the Senate

The American Clean Energy and Security Act, the controversial piece of climate change legislation, recently passed the House of Representatives with a mere six-vote margin. The bill will now be taken up in the Senate where the battle is expected to continue. The Senate Environment and Public Works Committee will begin hearings on the bill on July 7 and a bill markup is expected by the next recess in August.

The bill establishes a “cap and trade” system in which an overall cap will be placed on greenhouse gas emissions with emission allowances to be given to polluters or sold. Allowances will initially be distributed to emitters for free, but by 2030 most of the allowances will have to be purchased. Polluters will be able to buy additional allowances from other companies, or purchase offsets through alternate greenhouse gas reduction programs.

Further, the legislation requires electric utilities to engage renewable energy sources by producing six percent of their power from renewable sources by 2012 and 20 percent by 2020. Other provisions include new standards for energy efficiency and water use for buildings and consumer goods, along with a loan program to help American automakers develop plug-in electric cars.

The legislation is a top priority for the Administration, and it is expected that moderate Democrats in the Senate will ultimately determine the outcome of this bill that many Republicans are now calling “cap and tax”.

Continued, page 3



Continued from page 2

“Consumer Financial Protection Agency” in the Works

Legislation expected in early fall

The Administration has asked Congress to begin creating a Consumer Financial Protection Agency with a piece of draft legislation submitted by the Treasury Department. The agency would function as an independent regulator to oversee financial products and services and monitor the market risk to consumers. Among other requirements, the regulatory body would be tasked with coordinating efforts with the Department of Urban Housing and Development and the Federal Reserve to streamline one mortgage disclosure form.

Senator Dodd (D-Conn.), Chairman of the Senate Banking Committee, has said that the agency will serve to protect, “credit card holders, anyone with a bank account, or families with mortgages or student loans”. It would have considerable authority to oversee, collect information from, and enforce regulations on financial institutions - banks and non-banks. The agency director would be a presidential appointee with required confirmation by the Senate, and the agency board would consist of five members including the head of the National Bank Supervisor. (The National Bank Supervisor is another financial overhaul proposal that would be tasked with regulating all U.S. branches of foreign banks and federally chartered depository institutions.)

Details of the Treasury’s plan have been slowly emerging after the release of an outline plan on June 17. This financial industry overhaul is expected to be addressed in the House by the end of July under the Chairman of the House Financial Services Committee, Rep. Barney Frank (D-Mass.). In the Senate, a longer timeline of early fall is expected under the leadership of Senator Dodd.

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