

WEEKLY WASHINGTON JANUARY 31ST– FEBRUARY 4TH, 2011

Below is an informal overview of the Weekly Washington activities of the Office of Intergovernmental Affairs.

SEAPORT DEEP DREDGE

OIA, along with the Federal lobbying team in Washington, continues to pursue all avenues and options on behalf of the Seaport's Deep Dredge project inclusion in President Obama's FY 2012 Budget request, scheduled to be released on Monday, February 14th. The offices of several members of the Miami-Dade County Congressional delegation, including Rep. Debbie Wasserman Schultz and Rep. Mario Diaz-Balart, contacted the Office of Management and Budget (OMB) this week to advocate for the project's funding. Senator Bill Nelson in particular has been very active in his support of the Deep Dredge as he has reached out to the U.S. Army Corps of Engineers and the Office of Management and Budget within the Executive Office of the President over the last few days and weeks. Additionally, OMB Director Jacob Lew is scheduled to meet with the House Committee on the Budget, in which Rep. Debbie Wasserman Schultz serves, on Tuesday, February 8th.

NACO MEETING AND 3% WITHHOLDING REQUIREMENT

OIA participated in NACo's Washington Representatives legislative briefing this week. Chris Braddock, Senior Director for Procurement Policy at the U.S. Chamber of Commerce, who OIA has been working with on the efforts to repeal the 3% percent withholding requirement, was the featured speaker. Two bills were introduced last week, S. 89, introduced by Senator Vitter (LA) and S. 164, introduced by Scott Brown (MA). Sen. Amy Klobuchar (MN) will be the lead Democrat on this bill. Neil Bradley, Policy Director for House Majority Leader Eric Cantor also spoke during the meeting mainly focusing on Republican priorities for the 112th Congress. Mr. Bradley indicated that Mr. Cantor was in favor of repealing the withholding requirement. This will be helpful as Rep. Wally Herger (CA) and Rep. Earl Blumenauer (OR) plan to introduce companion legislation next week.

FAA AUTHORIZATION

The Senate continued debate on the Federal Aviation Administration reauthorization bill, with Senate Majority Leader Harry Reid calling the reauthorization of federal aviation programs a vehicle for job creation. The bill would authorize a transition to a modern-satellite-based air traffic control system and strengthen passenger rights. Since the last authorization expired in 2007, the FAA has been operating under a series of short-term extensions. Senate Majority Leader Reid agreed to an open rule for the bill, which allows for any amendment to be offered including those not related to aviation. This prompted two amendments pertaining to the health care law to be introduced. This means it could take weeks to pass the bill in the Senate. There could also be amendments related to the Passenger Facility Charge (PFC) Program, which allows the collection of fees for every enplaned passenger at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

The ranking Republican on the Senate Commerce, Science and Transportation Committee, Senator Kay Bailey Hutchinson of Texas, said she will oppose the final bill unless it is amended to allow more long-distance flights into and out of Washington's Reagan National Airport. Several issues, including the dispute over long-distance flights at Reagan, have delayed any long-term reauthorization. In the House, the Transportation & Infrastructure Committee will hold a hearing on the FAA bill next week and Chairman Mica indicated the FAA reauthorization bill will be the first bill passed by the Committee.

PRESIDENT'S BUDGET

President Obama's proposed budget for fiscal 2012 will be submitted to Congress on February 14th. Anticipated items to be included in the budget are a five-year freeze on non-security spending and investment in science programs, infrastructure and education. Additionally, Defense Secretary Robert Gates has called for a scaling back of the Pentagon's non-war budget by \$78 billion over the next five years.

At the same time the President releases his budget, Senate Republicans are expected to push for a return to fiscal year 2008 spending levels through legislation that would cut federal spending for the 2011 fiscal year. Republicans are pushing for at least 5 percent cuts of the Senate's operating budget to match earlier cuts made by House Republicans. To meet the 2008 budget of \$129 million, committees face a potential overall cut of 8.1 percent. The separately funded Senate Appropriations Committee faces a 10.6 percent cut, from \$15.8 million to \$14.2 million. The government is currently operating at fiscal 2010 levels under a continuing resolution set to expire March 4th. Jeff Sessions (AL), the ranking Republican on the Senate Budget Committee, has proposed a cut of 15 percent to the Senate's overall budget. A bill introduced by Johnny Isakson (GA) would direct unused funds in the Senate accounts to be designated at the end of each year to deficit reduction. The bill is co-sponsored by thirteen Republicans and Democrat Ben Nelson of Nebraska.

HOUSE BUDGET CAPS

House Republicans announced fiscal year 2011 budget cuts. Budget Chairman Paul Ryan limited discretionary spending to \$1.055 trillion, cutting \$32 billion from this year's budget. The budget allocation caps non-security spending at \$420 billion, down \$44 billion from the previous year, and allows \$635 billion in security spending, up from \$627 billion last year but less than the amount requested by President Obama. The cuts are expected to be included in Appropriations Chairman Harold Rogers's spending bill that will fund the government through the 2011 fiscal year, after the continuing resolution currently funding the government expires on March 4th. Rogers's bill will likely be taken up by the House the same week that President Obama releases his budget for fiscal year 2012. House leaders plan to allow amendments to Rogers's bill, potentially creating deeper cuts than those proposed. The Obama Administration and Democrats are unlikely to agree to the deep cuts.

EARMARKS

The Senate Appropriations Committee announced that it will ban earmarks from any bills for the next two years. Committee Chairman Daniel Inouye (HI), a longtime supporter of earmarks, agreed that his panel would accept the moratorium after consulting Senate Majority Harry Reid (NV) and the realization that the political environment is not conducive to the funding process. The move comes after President Obama announced that he would veto any legislation that contains earmarks and Speaker John Boehner outlawed earmarks in the House. The ban will prevent senators from sending money back to their home states in spending bills. Senate Democrats plan to revisit the issue next year.

HEALTH CARE LAW

U.S. District Court Judge Roger K. Vinson of Florida issued his ruling in a suit brought by 26 states challenging the constitutionality of the health care reform law under the Commerce Clause. As part of his ruling, Judge Vinson declared the entire law unconstitutional on the grounds that the government can't require Americans to buy insurance. Republicans praised the ruling while the Obama Administration characterized the ruling as a decision that won't hinder the overall implementation of the law. Instead of severing the individual mandate that requires Americans to have health insurance, Judge Vinson found the law in its entirety to be void. The law does not include a severability clause, which would allow the rest of the law to stand if one part is declared unconstitutional. Vinson rejected the argument that the Medicaid expansion, set to begin in 2014, is also unconstitutional.

In wake of the Florida Court's ruling, the GOP continued its efforts to repeal the 2010 health care reform law in the form of amendments to the Federal Aviation Administration reauthorization bill currently before the Senate. Minority Leader Mitch McConnell offered the recently passed health care repeal from the House as an amendment to the bill. Senate Democrats successfully halted the repeal effort with a budget point of order against McConnell's amendment, arguing it would add an estimated \$230 billion to the federal deficit, as determined by the Congressional Budget Office. Republicans argued that the health care reform law would in fact add to the deficit. Along with McConnell's amendment, the Senate voted to pass an amendment offered by Democratic Senator Debbie Stabenow of Michigan to repeal the 1099 tax reporting requirement included in the health reform law. The 1099 provision requires businesses to submit reports to the IRS on all cumulative purchases from individual vendors over \$600. Both parties and President Obama say the provision should be eliminated for being overly burdensome. The amendment to repeal the tax reporting requirements will now go to the House.

ENERGY EFFICIENT TAX INITIATIVES

This week, President Obama proposed new energy efficient tax initiatives. The President announced the Better Building Initiative which aims to reduce the energy consumption of commercial buildings by up to 20 percent over ten years. The initiative will provide incentives to owners and private investors to upgrade commercial buildings to be more energy efficient. As a result, it is estimated that businesses will save \$40 billion in energy costs annually. It is expected that the President's budget proposal, to be released on February 14th, will change an existing tax deduction to a tax credit for commercial owners who make energy specific improvements, such as installation of efficient lighting and heating and cooling systems.

President Obama will also propose a loan guarantee program with the Energy Department to allow energy efficiency improvements at hospitals, school and commercial buildings. Additionally, the President will propose new grants for state and local governments that update current efficiency standards and promote upgrades.

DEMOCRATIC NATIONAL CONVENTION

The Democratic National Committee announced that Charlotte, North Carolina will host the 2012 Democratic National Convention during the week of September 3, 2012. Charlotte beat out St. Louis, Minneapolis and Cleveland for hosting honors. The choice signals President Obama's plans to aggressively campaign in North Carolina. President Obama narrowly carried the swing-state in the 2008 election.

CONGRESSIONAL CALENDAR

The House returns from a constituent work week on Tuesday, February 8th and remains in session for two weeks until the President's Day holiday. The Senate will continue legislative work during the same time period.