Congressional Outlook

Week of March 4th

The House and Senate postponed Monday's votes in advance of the latest round of bad weather to hit Washington. Today, President Obama unveiled his proposed spending plan for fiscal year 2015. Both House and Senate Budget committees have hearings set for Wednesday.

The Senate is expected to take up competing bills to combat military sexual assault. The Senate also is expected to put the brakes on the partisan sniping and consider a bipartisan child-care development block grant bill that is expected to pass.

House Republicans, after abruptly ending action last week on a measure to address skyrocketing flood-insurance premiums, believe they have resolved internal differences enough to proceed with a revision on Wednesday geared toward attracting some Democratic support. The House Judiciary Committee was scheduled to hold a hearing Tuesday to consider whether to empower states to tax online purchases, but that hearing has been postponed due to the weather. The Senate passed an online-sales-tax bill last year, and Chairman Bob Goodlatte (R-VA) has said he would consider legislation as long as it meets certain conditions. Finally, the House GOP continues to target the Affordable Care Act, with the Rules Committee scheduling a Tuesday hearing to set floor action on a bill to eliminate the individual-mandate tax penalty under Obamacare.

Week in Review

Chairman Camp Releases Tax Reform Blueprint

House Ways and Means Chairman Dave Camp (R-MI) released a blueprint to restructure the U.S. tax code and to eliminate dozens of tax breaks to pay for reductions in the corporate and individual rates. Though it is unlikely to become law this year, the plan is a blueprint that
Proposal Highlights:

- Currently there are seven individual income tax rates ranging from 10% to 39.6%. Camp would reduce them to three: 10%, 25% and 35%. The highest bracket would essentially apply to the income that today is subject to the 39.6% bracket – income over $400,000 for singles and $450,000 for married couples filing jointly.
- Corporations would have a top rate of 25 percent, down from 35 percent.
- A 10 percent surtax on municipal bond interest and employer-provided health insurance.
- Reduced mortgage interest deduction: The mortgage interest deduction currently is allowed on mortgages up to $1 million. Under Camp's proposal the cap would be lowered to $500,000.
- The plan includes new restrictions on the tax-free gains homeowners enjoy when they sell their home.
- No more state and local income tax deduction: Taxpayers are allowed today to deduct their state and local income taxes on their federal return. That would no longer be allowed under the proposal.
- Senator Charles Schumer (D-NY), a senior Member of the Senate Finance Committee, called Camp's plan "dead on arrival" because it would eliminate the state and local tax deduction, which is important to residents of high-tax states such as New York and California.
- Expands the child credit. The per-child tax credit would be increased to $1,500 from $1,000 and would be allowed for kids up to the age of 18, versus 17 today. But again the credit would phase out for very high income filers.
- Repeals breaks for student loan interest, moving expenses, and accelerated depreciation.
- U.S. multinational companies would have lighter taxes on their future profits earned outside the country. Under the plan, they would pay a one-time tax on assets they've accumulated outside the U.S. under the current system, with the proceeds dedicated to the Highway Trust Fund.
- Some breaks, such as the tax exemption for credit union income, were untouched.

Obama's Infrastructure Plan

In a speech last week in St. Paul, Minnesota, President Obama outlined his proposal for a four-year, $302 billion transportation reauthorization bill (to replace the current two-year "MAP-21" law due to expire on September 20, 2014). His proposal will include policies and reforms that would expedite repairs to roads, bridges and other infrastructure that need immediate attention. To help pay for the investment, President Obama is proposing a one-time corporate tax change that will generate $150 billion.

The proposal provides $206 billion for highways ($199 billion for highway construction and $7 billion in highway safety improvements), which represents a 22 percent increase in funding each year over the current bill. The proposed bill also includes $63 billion to fund an expected shortfall in the Highway Trust Fund, which is projected to hit dangerously low levels as soon as August 2014.

The bill increases average transit spending by 70 percent annually for a total of $72 billion over four years to fund light rail, street cars, and buses.

House to Vote on Amended Flood Insurance Affordability
Act

After postponing a vote on the revised Homeowner Flood Insurance Affordability Act (H.R. 3370) last week, the House revealed yet another version of amended language for the bill. The revised language was developed after a week of negotiations between House leaders and looks to apply rate increase caps under the National Flood Insurance Program to individual properties rather than national averages. The revised bill is currently set for consideration under the suspension on Wednesday, March 5 and will require a 2/3 vote to pass. The Senate passed its version of the Homeowner Flood Insurance Affordability Act (S. 1926) in late January. If H.R. 3370 is approved by the House, differences between the two bills will still need to be negotiated between the two chambers.

Senate Sends Drought Information Bill to the President

The Senate last week approved H.R. 2431, which reauthorizes and extends the National Integrated Drought Information System (NIDIS) through 2018, which sends the measure to President Obama for his signature. The House bill authorizes $13.5 million for the program.

Groups Seek SRF Mandate for Climate Resiliency in Future Projects

Some state officials and environmentalists are urging policymakers to include a climate change resiliency mandate in all federal infrastructure programs, including the Environmental Protection Agency's (EPA's) state revolving funds (SRFs) for water infrastructure, arguing that only projects designed to withstand the more extreme weather associated with climate change should be funded.

Some agencies have taken steps to encourage resiliency in federally funded infrastructure, according to a recent report from the Center for American Progress, which cited some Superstorm Sandy disaster recovery funding that was made available for resiliency in certain projects.

House Approves Property Right Takings Legislation

Last week the House passed 353-65 the "Private Property Rights Protection Act, H.R. 1944, which would overturn the Supreme Court's 2005 Kelo v. City of New London decision upholding the city's seizure of a private residence to make way for a multi-million dollar development, stating that "economic development" was a "public use" allowable under government condemnation laws. The bill, which would make it more difficult for these condemnations to occur for economic development purposes, faces an uncertain future in the Senate as similar bills have not been taken up in the past.

New Shaheen Portman Energy Efficiency Bill Reintroduced

Sens. Jeanne Shaheen (D-NH) and Rob Portman (R-OH) reintroduced a new version of their energy efficiency bill (S. 2074) last week. It is a significant step to return their energy bill to the Senate floor, and several additions to the bill were made to gain the 60-votes needed to overcome any filibusters. The last time the bill was considered on the Senate floor (September 2013), Republicans pushed for votes on controversial amendments, including EPA climate rules and unrelated health care law changes, which halted all Senate action on the bill. This time, the
sponsors have included versions of 10 previously offered amendments in the base text of the new bill. A total of seven Republicans and seven Democrats are signed on as sponsors or co-sponsors to at least one of those amendments. It remains to be seen if this approach will garner enough support to clear procedural hurdles and gain enough votes to obviate other Senators' interests in pushing other floor amendments to the legislation, including Sen. Tom Udall (D-NM) who offered an amendment to the last bill that adds a water efficiency technology program to the mix.

Meanwhile, the House plans to vote this week on H.R. 2126, the "Energy Efficiency Improvement Act," from Rep. David McKinley (R-WV) and Rep. Peter Welch (D-VT). The bill will come to a vote under suspension of the rules, a procedure that requires a two-thirds majority for the bill to pass and is typically reserved for uncontroversial measures.

The base of H.R. 2126 is the "Better Buildings Act," which would establish a federal Tenant Star program designed to boost efficiency in leased buildings. It has been amended to include the bulk of several other efficiency bills that promote efficiency in federal data centers, modify efficiency requirements for grid-connected water heaters and establish energy benchmarking requirements in buildings. Most provisions in the House bill are also included in the latest Shaheen Portman bill.

WRDA Conference Close to Finish Line

According to Senate Environment and Public Works Committee Chair Barbara Boxer (D-CA), most of the more problematic issues with the Water Resources Development Act (WRDA) conference have been resolved, and hopes are that the conference will be completed in short order. Sen. Boxer indicated that both House and Senate Committee leadership have met every week to help push the conference committee along.

House Letter Circulated Supporting a WIFIA in WRDA

Reps. Mike Doyle (D-PA) and Tim Murphy (R-PA) are currently seeking signatures from other House Members on a letter to send to the House conferees negotiating the Water Resources Development Act (WRDA), urging them to include language in the final bill creating a "robust" Water Infrastructure Finance and Innovation Authority (WIFIA) pilot program for EPA, along the lines of the pilot the Senate included in its bill.

In a "Dear Colleague" letter asking lawmakers for signatures, Doyle and Murphy say they are not endorsing the Senate language but merely stating "strong support for including some form of WIFIA in the final measure." The WRDA conference is in its final stages and is said to be close to completion.

House Passes Bill to Control Unfunded Mandates

The Unfunded Mandates Information and Transparency Act of 2013, H.R. 899, passed the House last Thursday with a 234-176 vote. The bill expands the 1995 Unfunded Mandates Reform Act to improve the quality of the deliberations of Congress with respect to proposed federal mandates by providing Congress and the public with more complete information about the effects of such mandates and by ensuring that Congress acts on such mandates only after focused deliberation on their effects. It also enhances the ability of Congress and the public to identify federal mandates that may impose undue harm on consumers, workers, employers, small businesses, and state, local, and tribal governments.

Regulatory Reform Bill Passes House
Last Thursday, the House approved H.R. 2804, the Achieving Less Excess in Regulation and Requiring Transparency Act (ALERRT Act), by a vote of 236-179. According House Judiciary reports, excessive regulation means higher prices, lower wages, fewer job opportunities, and a less competitive America. The ALERRT Act ensures less unneeded regulation; smarter, less costly regulation when regulation is needed; and transparency about new regulations and costs. In a White House Statement of Administration Policy, the Administration admonishes the bill and promises its veto stating the measure would impose unneeded and costly analytical and procedural requirements on agencies that would prevent them from performing their statutory responsibilities. It would also create needless regulatory and legal uncertainty, increase costs for businesses and State, local and tribal governments, and impede common-sense protections for the American public.

A Budget This Year?

As President Obama and the White House lay out their budget framework for government spending on Tuesday, the House and Senate are taking different approaches on whether to do their own detailed budget plans for the fiscal year that begins October 1. Last week, Speaker Boehner said House Republicans under Budget Committee Chairman Paul Ryan would write a balanced-budget plan of their own, and that the package would be brought to the floor for a vote. A day later, Senate Budget Committee Chairwoman Patty Murray announced the upper chamber would not be doing its own version, as the budget deal negotiated by Ryan and Murray set limits for both fiscal years 2014 and 2015.

Congressional Schedule

Tuesday, March 4th

- House Judiciary Committee hearing on "Exploring Alternative Solutions on the Internet Sales Tax Issue." (rescheduled)
- House Transportation and Infrastructure Committee's Coast Guard and Maritime Transportation Subcommittee hearing on "Maritime Transportation Regulations: Impacts on Safety, Security, Jobs and the Environment, Part 2," focusing on the impacts of federal environmental regulations on maritime transportation.

Wednesday, March 5th

- House Transportation and Infrastructure Committee hearing on "The Panel on Public-Private Partnerships - Overview of Public-Private Partnerships for Highway and Transit Projects."
- House Energy and Commerce Committee's Health Subcommittee hearing on "Reauthorization of the Satellite Television Extension and Localism Act."
- House Budget Committee hearing on "The President's FY2015 Budget."
- Senate Finance Committee hearing on "The President's FY2015 Budget."

Thursday, March 6th

- House Small Business Committee's Contracting and Workforce Subcommittee hearing on "Obamacare and the Self-Employed: What About Us?“
- Senate Judiciary Committee markup of S.1675, the "Recidivism Reduction and Public Safety Act of 2013.
- Senate Banking, Housing and Urban Affairs Committee hearing on "Moving Ahead for Progress in the 21st Century (MAP-21) Act" reauthorization.
- Senate Commerce, Science and Transportation Committee’s Surface Transportation and Merchant Marine Infrastructure, Safety, and Security Subcommittee hearing on "Enhancing our Rail Safety: Current Challenges for Passenger and Freight Rail."