RSC
Republican Study Committee

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Legislative Bulletin……..…...……June 4, 2002

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H.R. 4073—To amend the Microenterprise for Self-Reliance Act of 2000 and the Foreign Assistance Act of 1961 to increase assistance for the poorest people in developing countries under microenterprise assistance programs under those Acts, and for other purposes (Smith, Chris)

Order of Business: The bill is scheduled to be considered on Tuesday, June 4, 2002, under a motion to suspend the rules and pass the bill.

Summary: H.R. 4073 amends Public Law No: 106-309 (which passed the House by voice vote on 4/13/99 and on 10/5/00) to allow "microenterprise households," in addition to microentreprenuers themselves, to get loans through international assistance programs. Microenterprenuers are people who receive very small loans to begin a small business often in their homes. Under current law, only one person in the household was eligible for the grant. This bill allows an entire household to be considered as eligible for a loan, because it is often the entire household that contributes to the success of the home-run business. The bill also amends this law to define "very poor" as those people living either in the bottom 50% of the poverty line set by their government or on less than the equivalent of $1 per day. H.R. 4073 also broadens eligibility to the entire household in micro-loans and credit programs in the Foreign Assistance Act.

The bill also reauthorizes and increases the Foreign Assistance Act's microenterprise development grants for two additional years at $175 million for FY03 and $200 million for FY04 (previous levels were $155 million per year for FY01 and FY02) and also creates a new reporting requirement for USAID to report by 2004 on methods and results of these programs.

Cost to Taxpayers: H.R. 4073 authorizes $175 million in FY2003 and $200 million in FY2004 for grants and credits to microenterprise development programs, or programs that would provide access to financial services to poor persons in developing countries. CBO estimates that implementing H.R. 4073 would cost $328 million over the FY2003-FY2007 period, subject to appropriation.

Does the Bill Create New Federal Programs or Rules?: The bill reauthorizes one program set to expire this year, amends some currently authorized programs to allow more people to qualify for funding, and creates a new USAID reporting requirement.

Constitutional Authority: The International Relations Committee (in Report No. 107-453) finds constitutional authority under Article I, Section 8, Clause 18 of the Constitution (making all laws necessary and proper for carrying into execution powers vested by the Constitution in the government of the United States).

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H.R. 3983 — Maritime Transportation Antiterrorism Act of 2002 (Don Young)

Order of Business: The bill is scheduled to be considered on Tuesday, June 4th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 3983 would establish a port security program to be carried out primarily by the Department of Transportation (DOT), acting through the U.S. Coast Guard, for the purpose of enhancing the security at U.S. ports. The bill focuses on the security of facilities at U.S. and foreign ports, as well as vessels using such facilities.

Provisions of the legislation include:

- Requires the Secretary to conduct vulnerability assessments for each port that DOT believes is at high risk of a terrorist act. The results of the vulnerability assessments will be used to implement a national maritime transportation antiterrorism planning system, consisting of a national plan, area plans, as well as vessel, facility, and port terminal plans;
- Requires the Secretary to develop a National Maritime Transportation Antiterrorism Plan for deterring acts of terrorism directed at maritime transportation, and individual plans for areas at risk of attack. The plan must include:
    1) Provisions assigning duties and responsibilities among federal agencies and departments;
    2) Procedures for coordination between the Coast Guard and the National Maritime Antiterrorism Coordinators;
    3) A system of surveillance and notification to state and federal agencies of catastrophic emergencies and threats, and;

4) Procedures for the identification of a catastrophic emergency or threat of a catastrophic emergency. ("Catastrophic emergency" is defined in the bill as "any event caused by a terrorist act in the United States or on a vessel on a voyage to or from the United States that causes, or may cause, substantial loss of human life or major economic disruption in any particular area.")

The Secretary must also designate the areas where Area Maritime Transportation Antiterrorism Plans must be in place and designate a Coast Guard official to serve as the National Maritime Antiterrorism Coordinator for the area;

- Requires National Maritime Antiterrorism Coordinators to develop and submit to the Secretary an Area Maritime Transportation Antiterrorism Plan for his or her area. The plan must "be adequate to deter a terrorist act in or near the area to the maximum extent practicable" and be integrated with other area antiterrorism and security plans. Plans are also required to be updated by the Coordinator every five years;
- **Requires owners and operators of port facilities or vessels that the Secretary "believes may be involved in a catastrophic emergency" to develop antiterrorism plans. A vessel or facility required to submit a plan may not operate after January 1, 2003, unless the plan has been approved by the Secretary and the vessel/facility is in compliance with the plan;**
- Establishes a system of transportation security cards issued by DOT that are required to enter secure areas at port facilities, as determined by an antiterrorism plan. The Secretary may deny cards to individuals who pose a terrorism security risk;
- Requires the Secretary to establish maritime antiterrorism teams "to safeguard the public and protect vessels, ports, facilities, and cargo on waters subject to the jurisdiction of the United States from terrorist activity" and "to deter, protect against, and rapidly respond to threats of terrorism."
- **Authorizes grants to ports to implement antiterrorism plans or interim measures required by the Coast Guard. Authorizes the appropriation of $83 million a year over the FY 2003–2005 period. Requires that federal funds do not exceed 75 percent of the total cost of the project, except those projects under $25,000;**
- **Requires the Secretary to make assessments of foreign ports that vessels entering U.S. ports might visit, including in the assessment recommended actions that such ports should take to enhance security and actions that the United States might take if foreign ports fail to maintain effective antiterrorism measures, including denying the entry of foreign vessels into U.S. ports. The Secretary must examine such items as screening of baggage and cargo and security measures at port and aboard the vessel;**
- Requires DOT to develop and maintain an antiterrorism cargo identification and screening system by June 30, 2003 (currently U.S. Customs has this responsibility);
- Requires each commercial vessel seeking to enter the U.S. to submit a passenger and crew manifest to DOT; and
- Allows natural gas to be included in the Deepwater Port Act, which establishes a system for permitting and licensing deepwater terminals. Currently, only oil facilities are included.

It is also expected that the motion to suspend the rules for H.R. 3983 will include a $5.9 billion authorization in Coast Guard funding. The Coast Guard Authorization bill (H.R.

3507) passed the House by voice vote on December 20, 2001, but the Senate has not acted on the legislation (for additional information see the December 19, 2001 RSC Legislative Bulletin at http://www.house.gov/burton/RSC/LB121901A.PDF)

Cost to Taxpayers: CBO estimates that implementing H.R. 3983 would cost $240 million over the 2003–2007 period and $3 million a year thereafter. This funding is in addition to $93.3 million in competitive port security grants included in the Department of Defense Appropriations Act of Fiscal Year 2002.

CBO also notes that H.R. 3983 includes both intergovernmental and private sector mandates, but cannot determine whether the costs of those mandates exceed the thresholds included in the Unfunded Mandates Reform Act.

Does the Bill Create New Federal Programs or Rules?: Yes, the bill creates a new port security program as described above.

Constitutional Authority: The Committee on Transportation, in House Report 107-405, cites Article I, Section 8, but fails to cite a specific clause.

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H.R. 4466—National Transportation Safety Board Reauthorization Act of 2002 (Young, Don)

Order of Business: The bill is scheduled to be considered on Tuesday, June 4, 2002, under a motion to suspend the rules and pass the bill.

Note: On February 14, 2001, by a 404-4 vote, (http://clerkweb.house.gov/cgi-bin/vote.exe?year=2001&rollnumber=15) the House passed H.R. 554, a bill to establish a National Transportation Safety Board program of assistance to families of passengers involved in rail passenger accidents. This bill, which is still awaiting Senate action, is folded into H.R. 4466. To see the RSC Legislative Bulletin on H.R. 554 go to http://www.house.gov/burton/RSC/LB214.PDF

Summary: H.R. 4466 would reauthorize the National Transportation Safety Board (NTSB) through fiscal year 2005. The FY99 authorization for NTSB, which was the last year it was authorized, was $46.6 million. H.R. 4466 increases the authorized levels to $73.3 million in FY03, $85 million for FY04 and $90 million for FY05.

The bill also requires the NTSB to offer the same services to the families of passengers involved in a significant rail accident that they provide to families of passengers involved in an aviation accident. These services include notification to families, "emotional care," and mental health and counseling services. These services are provided by a non-profit (designated by NTSB) with experience in disasters and postrauma communications. Lawyers

could not have unsolicited contact with rail-accident victims and families before 45 days after the accident, according to H.R. 4466.

The bill would prohibit states from blocking the NTSB or agencies designated to provide counseling services from providing support to families of the victims of passenger rail accidents. The bill also would limit the liability of passenger rail carriers when they provide certain information regarding passenger lists and reservations.

H.R. 4466 also amends a section of law to allow appeals (in non-deadly accidents) for owners or operators of aircraft, when NTSB determines there's been an aircraft accident. "Incidents" have different ramifications than "accidents," and this provision will ensure that there is an appeals process to NTSB determinations.

H.R. 4466 adds an annual Treasury reporting requirement to Congress (which expires in 2007) on the status of Board-recommended safety regulations and also a new one-time study to identify the adverse effects associated with carry-on baggage.

Cost to Taxpayers: Over the FY2003-FY2005 period, H.R. 4466 would authorize the appropriation of approximately $248 million for NTSB activities and $13 million for the NTSB training academy. H.R. 4466 would also authorize the appropriation of amounts necessary to maintain an emergency fund of $6 million at all times. CBO estimates that implementing H.R. 4466 would cost $261 million over the FY2003-FY2006 period.

Does the Bill Create New Federal Programs or Rules?: Yes, the bill creates a new service system for victims and family of rail accidents, creates an appeals process for aircraft accident designations, and new reporting requirements as detailed above, in addition to reauthorizing the NTSB for an additional three years.

Constitutional Authority: The Transportation and Infrastructure Committee (in report #107-470) finds constitutional authority under Article I, Section 8 of the Constitution (Powers of Congress) but fails to cite a specific clause.

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H.R. 4823—Holocaust Restitution Tax Fairness Act (Shaw)

Order of Business: The bill is scheduled to be considered on Tuesday, June 4th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 4823 would make permanent the current-law exclusion from federal income tax for restitution payments (and applicable interest) received by Holocaust victims or their heirs or estates on or after January 1, 2000. A restitution payment could come from any source—foreign or domestic—as long as such payment is payable by reason of the recipient's status as a person who was "persecuted on the basis of race, religion, physical or mental

disability, or sexual orientation by Nazi Germany, any other Axis regime, or any other Nazi-controlled or Nazi-allied country."

This exclusion from federal income tax is set to expire on January 1, 2011.

Additional Background: The exclusion from federal income tax for Holocaust restitution payments was implemented as part of the Bush tax-cut package (H.R. 1836; Public Law 107-16) signed into law on June 7, 2001. In order to comply with reconciliation procedures under the Congressional Budget Act of 1974 (i.e. section 313 of the Budget Act, under which a point of order may be lodged in the Senate), the tax-cut bill included a "sunset" provision, under which the law expires at the end of 2010.

Cost to Taxpayers: According to the Joint Committee on Taxation (in document JCX-49-02), implementation of H.R. 4823 would save taxpayers **$3 million** in FY2012 (and therefore a total of $3 million over the FY2002-FY2012 period).

Does the Bill Create New Federal Programs or Rules?: The bill would make permanent a provision in current tax law set to expire after December 31, 2010.

Constitutional Authority: Though a committee report citing constitutional authority is unavailable, Article I, Section 8, Clause 1 grants Congress the power to "lay and collect Taxes, Duties, Imposts and Excises…," and the 16th Amendment grants Congress the power to "lay and collect taxes on incomes, from whatever source derived,…."

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H. R. 4800—To repeal the sunset of the Economic Growth and Tax Relief Reconciliation Act of 2001 with respect to the expansion of the adoption credit and adoption assistance programs (Camp)

Order of Business: The bill is scheduled to be considered on Tuesday, June 4, 2002 under a motion to suspend the rules and pass the bill.

Summary: A provision in the 2001 tax bill, The Economic Growth and Tax Relief Reconciliation Act (H.R. 1836), increased the adoption tax credit from $5,000 to $10,000 for all adoptions (domestic and foreign) and increased the employer adoption assistance exclusion to $10,000.

In order to comply with Senate procedural rules, the tax cut set the adoption credit as expiring or "sunsetting" after December 31, 2010. H.R. 4800 would repeal the sunset affecting the adoption tax credit so that the adoption tax credit provisions will be permanent.

If H.R. 4800 is not enacted, then beginning in 2011:

- The adoption tax credit will be cut overnight from a maximum of $10,000 to $5,000.

- Families who adopt special needs children will no longer receive a flat $10,000 credit. Instead, they will be limited to a maximum of $6,000.

- The credit will no longer be permanent – it will have to be extended each year.

- Families claiming the credit may be pushed into the Alternative Minimum Tax.

- The income caps will fall from $150,000 to $75,000 so that fewer families will be eligible for the credit.

Additional Information: Families have been able to claim the $10,000 tax credit for qualifying adoption expenses beginning with expenses which occur or are legally considered incurred in 2002, and the credit can be applied against tax liability over five years or, beginning in 2002, whenever the family reaches the $10,000 cap, whichever occurs first.

The Internal Revenue Service outlines "qualifying adoption expenses" as "reasonable and necessary adoption fees, court costs, attorney fees, traveling expenses (including amounts spent for meals and lodging) while away from home, and other expenses directly related to, and whose principal purpose is for, the legal adoption of an eligible child."

Licensed private adoption agencies charge fees ranging anywhere from $4,000 to $30,000. Independent adoptions can cost anywhere from $8,000 to $30,000.

As of 9/30/01, 565,000 children were in publicly funded foster care waiting to be adopted (even more were in the private system). Cutting the adoption tax credit will make it more difficult to move children out of foster care and into permanent homes.

Sources: Offices of Rep. Dave Camp (R-MI) and Rep. Jim DeMint (R-SC)
(http://www.demint.house.gov/Legislation/HopeForChildren.htm)

Cost to Taxpayers: The Joint Committee on Taxation (JCT) estimates that **H.R. 4800 will save U.S. taxpayers $52 million in FY2011 and $348 million in FY2012**. CBO and the JCT estimated that the adoption tax credit that was part of the tax bill would save U.S. taxpayers $47 million in fiscal year 2002, $973 million over the 2002-2006 period, and about $2.6 billion over the 2002-2011 period.

Does the Bill Create New Federal Programs or Rules?: The bill would make permanent a tax credit for adoption currently set to expire after December 31, 2010.

Constitutional Authority: A Ways and Means Committee Report citing constitutional authority is unavailable.

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H.R. 2941 — Brownfields Redevelopment Enhancement Act (Gary Miller)

Order of Business: The bill is scheduled to be considered on Tuesday, June 4th, under a motion to suspend the rules and pass the bill.

Summary: H.R. 2941 includes several findings regarding the redevelopment of brownfields, including that such development could "generate more than 550,000 additional jobs and up to $2,400,000,000 in new tax revenues for cities and towns," that a "lack of funding for redevelopment is a primary obstacle impeding the reuse of brownfield sites" and "redevelopment of brownfield sites and reuse of infrastructure at such sites will protect natural resources and open spaces." The bill also notes "grants under the Brownfields Economic Development Initiative of the Department of Housing and Urban Development provide local governments with a flexible source of funding to pursue brownfields redevelopment through land acquisition, site preparation, economic development, and other activities."

H.R. 2941 amends Title I of the Housing and Community Development Act of 1974 by authorizing the Department of Housing and Urban Development to make Brownfields Economic Development Initiative (BEDI) grants to "eligible public entities" (defined in current law as "any unit of general local government, including units of general local government in nonentitlement areas") for the environmental cleanup and development of brownfields. Grants would be made only for activities specified in current law: (1) acquisition of real property or the rehabilitation of real property; (2) housing rehabilitation; (3) economic development activities; (4) construction of housing by nonprofit organizations for homeownership; (5) the acquisition, construction, reconstruction, or installation of public facilities; or (6) public works and site or other improvements. The bill also eliminates the requirement that local governments obtain section 108 loan guarantees as a condition to receiving BEDI funding. Grants are authorized at such sums for fiscal years 2003 to 2007.

H.R. 2941 also allows the use of Community Block Grant Development funds for "environmental cleanup and economic development activities related to brownfields projects in conjunction with the appropriate environmental regulatory agencies."

In addition, the bill establishes a new pilot program "to develop, maintain, and administer a common loan pool for economic development loans to eligible public entities." From this pool, loans would be made to eligible public entities for brownfield redevelopment with selection made on either a competitive or non-competitive basis, as determined by the Secretary of Housing and Urban Development. Appropriations are authorized at such sums as may be necessary.

Finally, H.R. 2941 allows Community Development Block Grant funds to be used for "renewal communities" and includes mine-scarred lands as eligible brownfields sites.

Additional Background: The Environmental Protection Agency defines brownfields as "abandoned, idled or under-used industrial and commercial facilities where expansion or

redevelopment is complicated by real or perceived environmental problems." There are an estimated 500,000 such sites across the country.

Cost to Taxpayers: CBO estimates that implementing H.R. 2941 would cost $96 million over the next five years, subject to appropriations: $65 million for brownfield development grants and $31 million for the loan pool pilot program.

Does the Bill Create New Federal Programs or Rules?: The bill expands the use of the Brownfields Economic Development Initiative and establishes a new loan pool pilot program, as described above.

Constitutional Authority: The Committee on Financial Services, in House Report 107-448, cites Article 1, Section 8, Clause 1 (relating to the general welfare of the United States) and Clause 3 (relating to the power to regulate interstate commerce).

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