



Legislative Bulletin.....December 8, 2003

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Summary of the Bills Under Consideration Today

Total Number of New Government Programs: 3

Total Cost of Discretionary Authorizations: In excess of **\$2.92 Billion** over 5 years

Total Amount of Revenue Reductions: \$20 million

Total Increase in Mandatory Spending: None

Total New State & Local Government Mandates: One in Veterans bill

Total New Private Sector Mandates: Several in Veterans bill.

Expansion of Federal Crimes: 1

S. 811—American Dream Downpayment Act (Senator Allard)

Order of Business: The bill could be considered on Monday, December 8th, subject to unanimous consent. The Senate passed S. 811 by unanimous consent on November 24, 2003. The House passed a similar bill (H.R. 1276) by voice vote on October 1, 2003. To view the RSC Legislative Bulletin on H.R. 1276, visit this website:

<http://johnshadegg.house.gov/RSC/LB10103.pdf>

Summary of S. 811 (major differences from H.R. 1276 indicated in red bold or strikethrough): S. 811 would allow the Secretary of Housing and Urban Development

(HUD) to make grants to participating jurisdictions for downpayment assistance toward the purchase of single-family housing (primary residence) by first-time, low-income families (under the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12821)). **Up to 20% of any grant could be used for home repairs identified in a home inspection as part of a home purchase or completed within one year of purchase to bring a home up to health and safety codes. No family could receive assistance above \$10,000 or 6% of the purchase price of the home (whichever is greater). Grants could not go to organizations affiliated with or financed by real estate agents or companies.**

The downpayment grant program would be administered under HUD's Home Investment Partnerships Program (HOME), which is an existing grant program that helps communities expand the supply of standard, affordable housing for low- and very-low-income families. S. 811 would authorize \$200 million for each of fiscal years 2004 ~~and 2005~~ **through 2007** for downpayment assistance grants. **The downpayment assistance program would sunset after 2007.**

~~An eligible jurisdiction could also use the grant funds for downpayment assistance to uniformed employees (such as policemen, firemen, and sanitation workers) or teachers who are employees of the participating jurisdiction (or an agency or school district serving such jurisdiction), subject to certain income limitations (detailed in the bill).~~

For a jurisdiction to be eligible to receive the grant funds, it would have to:

- submit to HUD a plan for conducting targeted outreach to residents and tenants of public housing, trailer parks, and manufactured housing, and to other families assisted by public housing agencies (so that such families could receive downpayment assistance); and
- ensure the suitability of families provided downpayment assistance to actually undertake and maintain homeownership.

~~Eligible families could not have incomes greater than 115% of the area median income.~~ To see income limits for a specific area, visit this website:
<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/2003/index.cfm>

The HUD Secretary would be directed to establish the formulas under which grants are allocated and reallocated **based on the percentage of the national total of low-income households residing in rental housing in the jurisdiction**, and the downpayment grants would not come from funds provided generally under the HOME Program.

By June 30, 2006, the GAO would have to submit to Congress a state-by-state analysis of the impact of the downpayment assistance grants.

S. 811 also creates additional programs beyond what H.R. 1276 would have created, as follows.

Elderly Housing for Intergenerational Families Program (mirrors S. 381—Sen. Landrieu and H.R. 2628—Rep. Capuano).

S. 811 would direct the Secretary of Housing and Urban Development to establish a new grant program for assistance with intergenerational housing (i.e. households headed by an elderly person with children living there). Funds could go only to private nonprofit organizations for expanding the supply of intergenerational dwelling units (i.e. units designed to meet special needs of children and elderly people).

S. 811 would authorize \$10 million for this new program, which would sunset five years after enactment of this bill. Within three years of enactment, the Secretary would have to report to Congress on the effectiveness of this program. Additionally, the Secretary would have to jointly study, with the Census Bureau, the housing needs of intergenerational families (and report to Congress within a year of enactment).

The Secretary would be charged with training HUD personnel on intergenerational family issues.

FHA Multifamily Loan Limit Adjustments (mirrors S. 1714—Sen. Corzine and H.R. 1985—Rep. Gary Miller, which passed the House on October 7, 2003).

Under current law, the Federal Housing Administration (FHA) is authorized to insure private loans used to finance certain multifamily homes, subject to certain appropriation provisions. S. 811 would increase the current limit on the value of loans that FHA can guarantee in certain high-cost areas of the country under six different loan guarantee programs. (High-cost housing markets include such cities as Boston, San Francisco, and Los Angeles.)

Under current law, the HUD Secretary may increase the loan limitations in the National Housing Act by 110%. S. 811 would allow the Secretary to increase the limitations to 140% of the amount specified—and 170% in high-cost areas. Under the bill, the FHA would also be able to insure loans at higher levels in other parts of the country--but on a project-by-project basis.

HOPE VI Reauthorization (mirrors H.R. 1614—Rep. Leach).

S. 811 would reauthorize the HOPE VI program (for revitalization of public housing in severely distressed areas) through September 30, 2006, revise the selection criteria for the program, and adjust the definition of “severely distressed public housing.” The HOPE VI program, the authorization for which expired in 2002, is authorized at “such sums.” The Congressional Budget Office, in a cost estimate for H.R. 1614, reports that the authorization for HOPE VI amounts to over \$600 million a year.

Additionally, S. 811 would create a new “Main Street Projects” grant program, which would be aimed at revitalizing or redeveloping historic or traditional commercial areas in smaller communities (as defined in the bill). Up to 5% of funds appropriated for the HOPE VI program could be used for Main Street grants (with no single grant exceeding \$1 million).

[Community Development Block Grants \(mirrors H.R. 2422—Del. Bordallo\).](#)

Lastly, S. 811 would make Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands eligible for up to \$7 million in existing community development block grants (no new money).

Additional Background: According to the House Financial Services Committee in regards to H.R. 1276, each low-income family would be given an average of \$5,000 toward downpayment and closing costs. More than 500 states and local jurisdictions would be eligible to receive the grant funding.

Existing federal housing programs include:

1) HUD's formula-based programs and Section-8 housing contract renewals total about \$30.2 billion and are spread across the following programs:

- Community Development Block Grant (CDBG) Program
- Economic Development Loan Guarantee (Section 108)
- HOME Investment Partnerships Program
- Housing Choice Voucher Contract Renewals
- Competitive Allocation Area Voucher Funding Program
- Public Housing Operating Fund
- Public Housing Capital Fund Program (CFP)
- Indian Housing Block Grant (IHBG) Program
- Native Hawaiian Housing Block Grant (NHHBG) Program
- Emergency Shelter Grants (ESG) Program
- Housing Opportunities for Persons With AIDS (HOPWA)—Formula
- Fair Housing Assistance Program (FHAP)
- Federal Housing Administration (FHA) Homeownership Programs
- Indian Home Loan Guarantees (Section 184)
- Native Hawaiian Housing Loan Guarantee Fund (Section 184A)
- Title VI Loan Guarantee Program

2) HUD also maintains several competitive grant programs (valued at about \$2.0 billion), including (but not limited to):

- Housing Opportunities for Persons With AIDS (HOPWA)--Technical Assistance
- Fair Housing Initiatives Program (FHIP)
- Housing Counseling Program (HCP)
- Operation Lead Elimination Action Program (LEAP)
- HOPE VI Revitalization Grants
- HOPE VI Demolition Grants
- Lead Hazard Reduction Demonstration Program
- Predevelopment Grants—Section 202 Supportive Housing for the Elderly
- Community Development Block Grant for Indian Tribes and Alaskan Native Villages
- Permanent Housing and Special Efforts for Subpopulations Technical Assistance (PHASES TA)

➤ Collaborative Initiative to End Chronic Homelessness (CIECH)

For additional information from HUD, visit this website:

<http://www.hud.gov/offices/adm/grants/nofa/guidebook/guidebk03.doc>

Committee Action: On May 7, 2003, the House Subcommittee on Housing and Community Opportunity marked up and forwarded the bill to the full House Financial Services Committee by voice vote. On May 21st, the Committee marked up and favorably reported the bill to the full House by voice vote.

Administration Position: This downpayment assistance portion of this bill mirrors a Bush Administration initiative and is accounted for in the President's FY2004 budget. To read the testimony of HUD Secretary Mel Martinez before the Financial Services Committee's Housing Subcommittee, go to this website:

<http://financialservices.house.gov/media/pdf/040803mm.pdf>

The Administration proposed eliminating funding for the HOPE VI program in its FY2004 budget because the program has accomplished its objectives already and because there remains a "multi-billion-dollar pipeline of unspent funds" that could be used for certain efforts that HOPE VI now covers. For more information on the Administration's position on HOPE VI, visit this webpage: <http://www.hud.gov/offices/cfo/reports/04estimates/pihrev.pdf>

Despite this proposed elimination of HOPE VI funding, the Administration is reportedly supporting passage of S. 811.

Cost to Taxpayers: As it passed the Senate, S. 811 would authorize appropriations of \$820 million in FY2004 and a total of \$2.676 billion over the FY2004-FY2007 period. Of this four-year amount, only \$400 million had been previously authorized by the House under H.R. 1276.

Does the Bill Create New Federal Programs or Rules?: Yes—new federal grant programs for downpayment assistance, **for intergenerational housing assistance, and for main street projects.**

Constitutional Authority: The House Financial Services Committee, in House Report 108-164, cites constitutional authority in Article 1, Section 8, Clause 1 (**general** welfare of the United States), and Clause 3 (regulate interstate commerce). **NOTE:** This legislation affects the **specific** welfare of certain individuals—not the general welfare of the United States.

Outside Groups: The Heritage Foundation expressed concerns about the provisions of this bill: <http://www.heritage.org/Research/Budget/wm378.cfm>

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S. 1680—Defense Production Act Reauthorization of 2003 (Senator Shelby)

Order of Business: The bill could be considered on Monday, December 8th. S. 1680 originally passed the Senate by unanimous consent on September 30, 2003. The House passed an amended version on October 15th. On November 21st, the Senate concurred in the House amendment with an amendment by unanimous consent. The final amended version is what is coming to the House floor today.

Summary (major differences from the House-passed version indicated in red bold or strikethrough): S. 1680, as amended, would extend the Defense Production Act of 1950 (50 U.S.C. App. 2166(a)) through September 30, 2008. [It expired on September 30, 2003.] The Defense Production Act of 1950 authorizes the President to prioritize and allocate contracts with private industry for the purpose of promoting the national defense and allows the government to guarantee financing for the recapitalization of private industry consistent with national security requirements.

The bill would alter the definition of “national defense” in the Defense Production Act to include the phrase “critical infrastructure protection and restoration.” “Critical infrastructure” would be defined as “any systems and assets, whether physical or cyber-based, so vital to the United States that the degradation or destruction of such systems and assets would have a debilitating impact on national security, including, but not limited to, national economic security and national public health or safety.”

The bill would increase the budget authority (from \$106 million in fiscal year 2003 to \$200 million in fiscal year 2004) for the Department of Defense’s (DoD) ongoing program to recapitalize the nation's industrial base for radiation-hardened electronics. Within six months of enactment, DoD would have to update Congress on the state of this program.

S. 1680 would also clarify the President’s authority to conduct investigations related to assessments on the capabilities of the U.S. industrial base to support the national defense.

DoD would have to report to Congress within one year on the extent to which contracts under the Defense Production Act have been contracts with minority- and women-owned businesses. Among other things, this report would have to include:

- the ethnicity of the majority owners of such minority- and women-owned businesses;
- a description of the types of barriers in the contracting process that limit contracting opportunities for minority- and women-owned businesses; and
- recommendations for legislative or administrative action for increasing opportunities for contracting with minority- and women-owned businesses and removing barriers to such increased participation.

Within ~~a year~~ **eight months** of this bill’s enactment, the Secretary of Commerce would have to report to Congress on the net impact, in the defense trade, of foreign sales and related foreign contracts that have been awarded through offsets, industrial participation agreements,

or similar arrangements on domestic prime contractors and at least the first three tiers of domestic subcontractors during the five-year period beginning on January 1, 1998. **[Senate amendment provides additional details for this reporting requirement but does not alter the substance of said requirement.]**

The bill would call upon the President to designate a chairman of an interagency team comprised of the Secretary of Commerce, Secretary of Defense, U.S. Trade Representative, Secretary of Labor, and Secretary of State to consult with foreign nations on limiting the adverse effects of offsets in defense procurement without damaging the economy or the U.S. defense industrial base or defense preparedness. The team would have to report annually to Congress and make policy recommendations.

Additional Background: The Senate Banking Committee points out that over the years, the Act's authorities have been expanded to include crises resulting from natural disasters and from man-caused events not necessarily related to an armed attack on the United States.

Committee Action: The original Senate-passed bill was referred to the House Committee on Financial Services on October 1, 2003, but the Committee did not consider the bill.

Administration Position: The Department of Defense testified before the Senate Banking Committee in favor of reauthorizing the Defense Production Act through September 30, 2008 (four years later than the extension in the *original* Senate-passed bill):
http://banking.senate.gov/03_06hr/060503/sega.pdf

Cost to Taxpayers: CBO reports that expenditures for the authorities under the Defense Production Act has varied so widely from year to year that it is difficult to predict how much will be authorized for FY2004. The bill explicitly authorizes \$200 million for the radiation-hardened electronics program, and CBO estimates that the authorization for purchase guarantees and other such provisions of the Act for FY2004 would be \$68 million (the Administration request).

Does the Bill Create New Federal Programs or Rules?: The bill would expand what could be covered under the Defense Production Act.

Constitutional Authority: Senate committee reports are not required to contain constitutional authority statements, though presumably the authority for this legislation comes from Article I, Section 8, Clause 1 (the power to provide for the common defense).

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H.R. 1006—Captive Wildlife Safety Act (McKeon)

Order of Business: The bill could be considered on Monday, December 8th, subject to unanimous consent. The House passed the bill on November 19th by a vote of 419-0. On

November 24th, the Senate amended and passed the bill by unanimous consent. The amended bill now returns to the House.

Summary (major differences from the House-passed version indicated in red bold):

H.R. 1006, as amended, would make it a federal crime to traffic any live lions, tigers, leopards, cheetahs, jaguars and cougars (or any hybrid of such species). People exempted from this provision would be people who have expertise, knowledge, and experience with respect to the care of the relevant species in captivity and who:

- are licensed and inspected by the Animal and Plant Health Inspection Service **or any other federal agency** with respect to that species;
- represent a State college, university, or agency, State-licensed wildlife rehabilitator, or State-licensed veterinarian;
- represent an accredited wildlife sanctuary that cares for prohibited wildlife species; or
- have custody of the animal solely for the purpose of transporting the animal to an exempted person.

The bill would explicitly authorize \$3 million for each of fiscal years 2004-2008.

Nothing in this bill would preempt any state law.

Additional Background: The following is provided by the House Resources Committee:

In 1900, Congress enacted legislation to support the efforts of states to protect their game animals and birds by prohibiting the interstate shipment of wildlife killed in violation of state or territorial law. This was the first federal law ever to address wildlife protection nationwide. Since that time, the Lacey Act has been amended several times with the most significant changes occurring with the Lacey Act Amendments of 1981. Today, the Lacey Act makes it unlawful to import, export, transport, sell, buy, or possess fish, wildlife or plants taken, possessed, transported, or sold in violation of any federal, state, foreign or Native American tribal law, treaty or regulation....This law makes trafficking in virtually any illegally acquired wildlife a federal crime. It is also illegal to mislabel wildlife shipments, bring injurious species into the country and import live wildlife under inhumane conditions. Those who knowingly violate the Lacey Act face maximum penalties of up to five years in prison and fines as high as \$250,000 for individuals and \$500,000 for organizations.

Committee Action: On July 15, 2003, the House Resources Committee marked up and ordered the bill favorably reported to the full House.

Administration Position: **The Department of the Interior opposes the bill.** The testimony from the U.S. Fish and Wildlife Service can be found at this webpage:

<http://resourcescommittee.house.gov/108cong/fish/2003jun12/hogan.htm>

Cost to Taxpayers: H.R. 1006, as amended, would authorize appropriations of \$3 million for each of fiscal years 2004-2008.

Does the Bill Create New Federal Programs or Rules?: The bill would expand the applicability of federal criminal law, as it relates to animal trafficking.

Constitutional Authority: The Resources Committee, in House Report 108-269, cites constitutional authority in Article I, Section 8, but does not cite a specific clause.

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H.R. 622 — Coconino/Tonto National Forest Land Exchange Act (Renzi)

Order of Business: The bill could be considered on Monday, December 8th, subject to unanimous consent.

The House passed H.R. 622 on April 1 by voice vote. The Senate amended and passed the bill by unanimous consent on November 24. The Senate amendments were all technical changes.

Summary: H.R. 622 requires 157 acres of non-federal land adjacent to the Montezuma Castle Monument and 108 acres of private land in the Coconino National Forest to be exchanged for 222 acres of federal land in the Tonto National Forest. The land to be exchanged must be of equal value or equalized as determined by the Secretary of the Interior.

In addition, the bill requires 495 acres of non-federal land within the Tonto National Forest to be exchanged for 108 acres of federal land known as “Diamond Point Exchange – Federal Land.” The land to be exchanged must be of equal value or equalized, as determined by the Secretary of the Interior. Once the land is exchanged, all special-use cabin permits on the federal land are to be terminated.

The land exchanges must take place subject to valid existing rights, including easements, rights-of-way, and utility lines. The land will become part of either the Tonto or Coconino National Forests.

Additional Background: According to the bill, the lands to be acquired are “desirable for Federal acquisition to protect important riparian values along Beaver Creek and the scenic backdrop” for the Montezuma Castle National Monument in Yavapai County, Arizona and to “protect important public values near Double Cabin Park” and “increase National Forest Management efficiency and promote public access, use, and enjoyment of the area.”

Legislation similar to H.R. 622 (H.R. 4919) passed the House in the 107th Congress on September 24, 2002, by voice vote. The Senate did not consider the bill.

Committee Action: The bill was referred to the Committee on Resources on February 5, 2003, but was not considered.

Cost to Taxpayers: CBO estimated that H.R. 622 would not significantly affect the federal budget.

Does the Bill Create New Federal Programs or Rules?: The bill authorizes several land exchanges, as described above.

Constitutional Authority: A committee report citing constitutional authority is not available.

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H.R. 1012 —Carter G. Woodson Home National Historic Site Establishment Act of 2003 (*Norton*)

Order of Business: The bill could be considered on Monday, December 8th, subject to unanimous consent.

H.R. 1012 passed the House on May 14 by voice vote. The Senate amended and passed the bill on November 24 by unanimous consent. The Senate amendment removed the bill's findings and made some technical changes.

Summary: H.R. 1012 authorizes the Secretary of the Interior to purchase or sign a long-term lease for the Carter G. Woodson Home and three adjoining houses in Washington, D.C. (at 1538 Ninth Street, Northwest) and designate the area as a National Historic Site. The Secretary may acquire the lands “from willing owners by donation, purchase with donated or appropriated funds, or exchange.” The bill does not define “willing owners.”

The Secretary may enter into an agreement with The Association for the Study of African-American Life and History to allow it to use a portion of the historic site for administrative purposes. Under the bill, the Secretary also may enter into cooperative agreements “with public and private entities for the purpose of fostering interpretation of African-American heritage in the Shaw area of Washington, D.C.” Within three years of funds being appropriated, the Secretary shall prepare a general management plan for the historic site.

Additional Information: In 1915, Dr. Carter G. Woodson founded the Association for the Study of Negro Life and History (later renamed The Association for the Study of African-American Life and History). Dr. Woodson was the son of slaves who earned a Ph.D. degree from Harvard University.

The Carter G. Woodson Home was designated as a National Historic Landmark in 1976 for its national significance in African-American cultural heritage. A June 2002 National Park Service study of the Home found it suitable for designation as a unit of the National Park System, so long as property adjacent to the home is available for National Park Service administrative, curatorial, access, and visitor interpretative needs.

Committee Action: H.R. 1012 was introduced on March 17, 2003, and referred to the House Resources Committee. The committee did not consider the legislation.

Cost to Taxpayers: H.R. 1012 authorizes “such sums as are necessary to carry out this Act,” subject to appropriations. CBO estimated that H.R. 1012 (as amended by the Senate) would cost the federal government \$9.5 million over the next five years.

Does the Bill Create New Federal Programs or Rules?: Yes, the bill authorizes the purchase or lease of property to be administered by the federal government and requires the Secretary to prepare a general management plan within three years of funds being made available. **According to the General Services Administration as of September 30, 2000, the federal government owns 23.2% of the District of Columbia.**

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H.R. 100— Servicemembers Civil Relief Act (Smith, Chris)

Order of Business: The bill is could be considered on Monday, December 8, 2003 subject to unanimous consent.

Note: The House passed a slightly different version of H.R. 100 on May 7, 2003, 425-0 (Roll No. 163) <http://clerk.house.gov/cgi-bin/vote.exe?year=2003&rollnumber=163>. The Senate substituted the text of S. 1136 into H.R. 100 and passed it by unanimous consent on November 21, 2003. The House is considering the Senate-passed version.

Summary: H.R. 100 amends and modifies the Soldiers' and Sailors' Civil Relief Act of 1940, which provides for financial protection and temporary suspension of certain judicial proceedings and the maintenance of certain rights for servicemen on active duty. The amendments made in H.R. 100 would apply to any case not finalized by the date of enactment.

- Title I: establishes that military servicemen, reservists called up, and those on active duty, may suspend judicial proceedings that they are involved in.
- Title II: For default judgments against servicemen, courts shall grant stays of proceedings for a minimum of 90 days. For civil suits, the court may stay the action for not less than 90 days, and additional stays may be requested. If refused, the court is required to appoint counsel to represent the serviceman (in his absence). For fines and penalties under contracts, the bill stipulates that penalties shall not accrue while on active duty. If the person on active duty is a co-defendant, proceedings may go forth against the other parties. The bill exempts the time of service from any statute of limitations, except it specifies that it does not apply to IRS laws (for example, the time requirement for qualifying for the capital gains tax exemption for home sales is not affected by H.R. 100).

Interest Rate Cap on Debts Incurred. If a serviceman had (or jointly with his spouse had) an interest rate higher than 6% on debts he incurred before he entered the military, interest shall not be assessed higher than 6% per year during military service. Interest at a rate higher than 6% “is forgiven” (in other words, the mortgage company or the credit

card company cannot charge an active duty serviceman more than 6% interest, regardless of the interest agreed to in their contract.)

- Title III-Except by court order, a landlord may not evict a renting serviceman or his family during the period of military service, as long as the rent does not exceed **\$2,400 (House bill had \$1,700)** per month in 2003 (adjusted annually). This is an increase over the current-law amount of \$1,200 per month. Violation of this is subject to a federal misdemeanor or imprisonment of not more than one year. A court may stay an eviction notice, and may grant the landlord such relief as equity may require. The Secretary concerned may garnish a serviceman's pay to fulfill this court order. Similar procedures are established for servicemen who lease, for those who have mortgages, and for those who have liens for storage.
- Title IV-**Life Insurance**. Under current law, a serviceman may apply to the Department of Veterans Affairs (VA) for protection to prevent a life insurance policy from being terminated for nonpayment of the premiums. If VA determines the serviceman is entitled to protection, then it will guarantee the payment of the premiums and attempt to collect any amounts paid by VA from the serviceman. Section 402 would increase the maximum value of a life insurance policy that is eligible for protection from cancellation for nonpayment of premiums from \$10,000 to an amount not exceeding \$250,000 or equal to the Servicemens' Group Life Insurance limit (which is currently \$250,000), whichever is higher.
- Title V: The bill stipulates that a property may not be sold to pay for a tax assessment, except by court order. A court may stay such order for not more than 180 days after the serviceman is released. The rights to federal land such as mining and mineral leasing may not be forfeited due to military service. Certain conditions are laid out in H.R. 100 if the serviceman is disabled in the line of duty. Servicemen under 21 years of age are entitled under the changes in the bill to the same rights as those over 21.

Income Taxes. Federal, state or local taxes due during or before deployment shall be deferred not more than 180 days after release from military service, if the ability to pay is affected by the military service. No penalty may be assessed due to these circumstances. The bill also limits a state's ability to increase the tax liability of a servicemember's spouse.

The bill has various other administrative items, including the power of attorney while a serviceman is declared missing; premium payment suspension for professional liability protection for providers of health-care or legal services who are called up (i.e. malpractice insurance); health insurance reinstatement without a waiting period (as long as the condition has not been determined by the VA to be a disability incurred or aggravated in the line of duty); and maintaining voting rights.

The Senate bill adds a new section at the end of the bill that states, "If the trade or business of a servicemember has an obligation or liability for which the servicemember is personally liable, the assets of the servicemember not held in connection with the trade or

business may not be available for satisfaction of the obligation or liability during the servicemember's military service.” The section also states, that “upon application to a court by the holder of an obligation or liability covered by this section, relief granted by this section to a servicemember may be modified as justice and equity require.”

Committee Action: The bill was introduced on January 7, 2003 and reported by voice vote from the Committee on Veterans' Affairs with amendment on April 30, 2003. It passed the House on May 7, 2003. The Senate substituted the text of S. 1136 into H.R. 100 and passed it by unanimous consent on November 21, 2003.

Cost to Taxpayers: CBO estimated that implementing the Senate version of H.R.100 would **cost \$3 million in 2004 and \$12 million over the 2004-2008 period, subject to appropriation (\$1 million and \$8 million, respectively, over the House-passed cost). It appears the difference of cost is due to the continued deployment of a larger number of reservists than CBO estimated when the House passed the bill in May.** The Senate-passed H.R. 100 contains several private-sector mandates (the House-passed bill had one) and an intergovernmental mandate (\$20 million annually mostly in lost income tax revenue). CBO does not have sufficient information to estimate the costs of two other private-sector mandates in the bill, though the mandates it can assess would not exceed the thresholds as defined in the Unfunded Mandates Reform Act.

CBO notes that almost all of the cost would result from payments made by VA to guarantee life insurance protection. According to VA, the costs of providing this additional protection would be \$186,000 a year for every 10,000 reservists called to active duty. According to the Department of Defense, as of October 1, 2003, there were about 170,000 reservists mobilized to fight the war with Iraq and support the global war on terrorism. CBO estimated that the number of reservists on active duty will decline to about 180,000 in 2004 and about 100,000 by 2008. If the number of reservists called to active duty were to remain at current levels over the 2004-2008 period, then the estimated costs would be correspondingly higher. CBO also estimates that VA's cost to administer this guarantee would increase somewhat—but by less than \$100,000 a year.

Does the Bill Create New Federal Programs or Rules?: The bill amends current law and adds new provisions regarding military personnel on active duty.

Constitutional Authority: The VA Committee’s House Report 108-081 found constitutional authority in Article I, Sec. 8, Clause 1 (provide for the common defense); Art. I, Sec. 8, Cl. 11 (to declare war) and Art. I, Sec. 8, Cl. 12 (to raise and support armies).

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