



Legislative Bulletin.....June 26, 2002

Contents:

H.Res. 450 — Relating to the Consideration of the Senate Amendment to H.R. 3009 (Trade Bill)

Order of Business: The resolution is scheduled to be considered on Wednesday, June 26th.

Summary: H.Res. 450 provides that H.R. 3009, the Andean Trade Promotion and Drug Eradication Act, and the Senate amendment thereto be taken from the Speaker's table and agreed to with an amendment (described below) and that the House shall be considered to have insisted on its amendment and requested a conference with the Senate.

Amendment Summary:

Items Included That Have Already Passed the House:

- The Bipartisan Trade Promotion Authority Act of 2001 (H.R. 3005), as passed by the House on Dec. 6, 2001. by a vote of 215 to 214 <http://clerkweb.house.gov/cgi-bin/vote.exe?year=2001&rollnumber=481>
- Incorporates into the Trade Promotion Authority bill the language from the English Resolution (H.Con. Res. 262) expressing Congressional concerns regarding WTO dispute settlement panels and the WTO Appellate Body, and the standard of review contained in Article 17.6 of the Antidumping Agreement, as passed by the House Nov. 7, 2001 by a vote of 410-4 <http://clerkweb.house.gov/cgi-bin/vote.exe?year=2001&rollnumber=432>
- The Andean Trade Preference and Drug Eradication Act (H.R. 3009), as passed by the House on Nov. 16, 2001 by voice vote. RSC Analysis: <http://www.house.gov/burton/RSC/LB111601.PDF>
- Includes language requiring that for apparel made with U.S. fabric to qualify for benefits under the Caribbean Basin Initiative and the Andean Trade Preferences Act, all dyeing and finishing of that fabric must take place in the United States, as added to the House-passed Supplemental appropriations bill as part of the rule which passed the House on May 22, 2002 by a vote of 216-209 (with 3 voting present) <http://clerkweb.house.gov/cgi-bin/vote.exe?year=2002&rollnumber=194>

- The Customs Border Security Act (H.R. 3129), as passed by the House on May 22, 2002 by a vote of 327-101 <http://clerkweb.house.gov/cgi-bin/vote.exe?year=2002&rollnumber=193> RSC Analysis: <http://www.house.gov/burton/RSC/Lb522a02.pdf>

Items That Have Not Passed the House:

- **Extends the Generalized System of Preferences** (H.R. 3010) as reported by the Committee on Ways & Means on Oct. 16, 2001. Specifically, H.R. 3010 would extend the period in which preferential treatment provided to certain products of countries under the Generalized System of Preferences (GSP) is in effect. Under current law, GSP treatment expired on September 30, 2001. The bill would allow imports under the program to enter the United States free of duty until December 31, 2002. Any imports made after September 30, 2001, and before the date of enactment would be eligible for duty-free treatment and refunds of any duty paid. In October of last year, the Congressional Budget Office estimates that enacting the bill would reduce revenues by \$332 million in 2002 and by \$419 million over the 2002-2003 period.
- **Trade Adjustment Assistance Extension and Expansion:** On December 6, 2001, the House agreed to a bill to extend the TAA program through FY 2003, extend benefits for another 26 weeks (for a total of 52 weeks), and increasing the program to 104 weeks for those who require remedial education. The amendment proposed today, contains the same provisions except that it extends the program through 2004 and adds the following:

Secondary Workers: Extends benefits to so called “upstream” workers who are employed at a firm that meets each of the following criteria:

- 1) Significant number of workers have become or are threatened to become totally or partially separated at a firm that is a supplier to a firm that employed workers already covered by TAA;
- 2) The component parts provided by the supplier are direct components of the article that is the basis for eligibility for the primary provider;
- 3) The component parts have either a dedicated usage for the primary firm and there are no other reasonably available purchasers or the component parts add at least 25% of value to the primary article;
- 4) The loss of business with the primary firm contributed importantly to the workers separation or threat of separation; and
- 5) Petition for certification must be filed within 6 months of the certification for primary workers.

While the Senate proposal is much more expansive, this would appear to be the first time that the House will have voted to expand TAA benefits to secondary workers.

Health Care Tax Credit: Adds a health care tax credit for individuals covered by TAA and those who are 55 and over and are receiving benefits from the Pension Benefit Guaranty Corporation (PBGC). The Tax Credit would be structured as follows:

- Individual must not have coverage under Medicare, Medicaid, S-CHIP, or be enrolled in subsidized coverage where at least 50% of the cost of the coverage is paid by an employer.
- 60% advanceable and refundable tax credit
- Limited to 12 months
- Phased-out for individuals with adjusted gross income in excess of \$20,000 (\$40,000 for families)
- The credit could be used to buy insurance on the private market
- Individuals using the tax credit would not have to exhaust COBRA coverage (currently 18 months) and individual insurers may not reject an individual buying health care with the tax credit (i.e. guaranteed issue)

While the House has not previously voted to provide a healthcare tax credit to TAA and PBGC beneficiaries (PBGC does not currently cover health care), the House has voted twice to provide a similar tax credit (including guaranteed issue) to dislocated workers as a part of the second and third economic stimulus bills.

The Senate bill provides a 70% credit but it effectively can only be used for COBRA coverage.

- **WTO Payments:** Authorizes the payment of judgments to avoid sanctions from certain WTO dispute settlement cases.
- **Customs Duties:** Requires that Customs collect duties from importers on a monthly basis and prohibition on deferral of duties beyond the specified duty collection period.

Cost to Taxpayers: While a CBO cost estimate is not available, the House amendment would increase both direct spending and spending subject to appropriations. In particular, the new TAA expansion would increase spending beyond what the House has previously proposed for similar legislation.

Constitutional Authority: While the resolution contains multiple legislative items, because it is a resolution, House Rules do not require that the Committee provide a statement of Constitutional authority.

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