



Legislative Bulletin.....February 11, 2014

Contents:

H.R. 3578 — To ensure that any new or revised requirement providing for the screening, testing, or treatment of an airman or an air traffic controller for a sleep disorder is adopted pursuant to a rulemaking proceeding, and for other purposes

H.R. 3448 — Small Cap Liquidity Reform Act of 2013

H.R. 3193 — Consumer Financial Protection and Soundness Improvement Act of 2013

Amendments to H.R. 3193

H.R. 3578 - To ensure that any new or revised requirement providing for the screening, testing, or treatment of an airman or an air traffic controller for a sleep disorder is adopted pursuant to a rulemaking proceeding, and for other purposes (LoBiondo, R-NJ)

Order of Business: H.R. 3578 is scheduled to be considered on Tuesday, February 11, 2014, under a motion to suspend the rules and pass the bill, which requires a two-thirds majority vote for passage.

Summary: [H.R. 3578](#) requires the Secretary of Transportation to follow formal rulemaking procedures for all requirements that relate to the screening, testing, or treatment of pilots and air traffic controllers for a sleep disorder.

Additional Background: In November 2013, the Federal Aviation Administration announced a significant change to its medical certification policy. This change was not done with benefit of public comment that is a requirement of formal rulemaking procedure. The Committee Report prepared by the House Committee on Transportation and Infrastructure can be viewed [here](#).

Committee Action: The bill was introduced on November 11, 2013, and favorably reported by the Committee on Transportation and Infrastructure by [voice vote](#) on December 4, 2014.

Administration Position: No Statement of Administration Policy was available.

Cost to Taxpayers: According to the Congressional Budget Office [cost estimate](#) “any federal spending to pursue required rulemakings under the bill would not exceed \$500,000 in any given year or over five years.”

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment?: No.

Does the Bill Delegate Any Legislative Authority to the Executive Branch?: No.

Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority: According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution.” Congressman LoBiondo’s statement in the Congressional Record can be viewed [here](#).

RSC Staff Contact: Scott Herndon, Scott.Herndon@mail.house.gov, 202-226-2076

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

H.R. 3448 - Small Cap Liquidity Reform Act of 2013 (Duffy, R-WS)

Order of Business: H.R. 3448 is scheduled to be considered on Tuesday, February 11, 2014, under a motion to suspend the rules and pass the bill, which requires a two-thirds majority vote for passage.

Summary: [H.R. 3448](#) creates an optional pilot program to allow certain emerging growth companies the ability to choose to have their stocks listed in \$0.05 or \$0.10 increments wherever they are quoted and traded.

Additional Background: Current law requires stock “tick sizes”, stock price variations, to be listed in increments of \$.01 or less for all stocks listed on U.S. Securities exchanges. Testimony submitted to the House Committee on Financial Services ([Committee Report page 4](#)) has stated that “inadequate tick sizes (the smallest increment by which a stock can be bought or sold) have eroded the economic infrastructure required to support small cap stocks. Inadequate tick sizes leave insufficient revenue to pay for needed visibility (research and sales) and liquidity (capital commitment) that support investment in small capitalization stocks once they are public. Fewer IPOs means fewer U.S. jobs.”

According to the [Securities and Exchange Commission](#), an “emerging growth company” is “defined in the Securities Act and the Exchange Act as an issuer with ‘total annual gross revenues’ of less than \$1 billion during its most recently completed fiscal year.”

H.R. 3448 was identified by the House Committee on Financial Services as part of its Jobs 2.0 series of bills. A [press release](#) by the Committee states that “H.R. 3448 sponsored by Mr. Duffy and Mr. Carney will make small companies more attractive to investors and, in turn, produce higher rates of capital formation and jobs.”

The Committee Report on H.R. 3448 can be viewed [here](#).

Committee Action: H.R. 3448 was introduced on November 11, 2013, and favorably reported by the House Committee on Financial Services by a [vote of 57-0](#) on November 14, 2013.

Outside Groups in Support: [Biotechnology Industry Organization \(BIO\)](#)

Administration Position: No Statement of Administration Policy was available.

Cost to Taxpayers: According to the Congressional Budget Office (CBO) [cost estimate](#) “implementing H.R. 3448 would have an insignificant effect on gross spending by the Securities and Exchange Commission (SEC) to establish a pilot program that would change the minimum increment that the price of a stock could change (the tick size) for certain securities.”

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: Yes. See CBO [cost estimate](#) for details.

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment?: No.

Does the Bill Delegate Any Legislative Authority to the Executive Branch?: No

Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority: According to the sponsor, Congress has the power to enact this legislation pursuant to the following: Article I, Section 8: To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.” Congressman Duffy’s statement in the Congressional Record can be viewed [here](#).

RSC Staff Contact: Scott Herndon, Scott.Herndon@mail.house.gov, 202-226-2076

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

H.R. 3193 — Consumer Financial Protection and Soundness Improvement Act of 2013 (Duffy, R-WS)

Order of Business: H.R. 3193 is scheduled to be considered on Tuesday, February 11, 2013, subject to a rule.

Summary: [H.R. 3193](#) changes the structure and name of the Consumer Financial Protection Bureau (CFPB). Under this bill, the Director of the CFPB is replaced with a five-member bipartisan commission that will be called the Financial Product Safety Commission (the “Commission”). The members of the Commission have to be approved with the advice and consent of the Senate and will serve staggered terms. Instead of receiving its funding directly from the Federal Reserve, the Commission will be subject to the appropriations process. In addition, the bill also requires the pay for all employees of the Commission to be set according to the General Schedule for Federal Employees. The bill would provide important privacy protections by requiring the Commission to obtain a consumer’s consent before collecting non-public personal information on the consumer.

Additional Background: H.R. 3193 combines five bills (H.R. 3193, H.R. 3519, H.R. 2385, H.R. 2446, and H.R. 2571) that passed out of the House Committee on Financial Services on November 21, 2013. A Committee Memorandum on the bills included in H.R. 3193 can be found [here](#).

The CFPB was created by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”).

This bill subjects the newly composed and renamed Financial Product Safety Commission to the annual appropriations process. This would place the Commission on similar footing as other financial regulatory agencies such as the Securities and Exchange Commission and the Commodity Futures Trading Commission. The appropriation process would result in increased Congressional oversight of the Commission. Currently, the CFPB is funding solely through transfers from the Federal Reserve.

Subjecting the Financial Product Safety Commission to the appropriations process could result in a savings over current funding levels.

The House Committee on Financial Services Committee Memorandum that discusses several of the bills included in H.R. 3193 is available [here](#).

Committee Action: The bills that are incorporated in H.R. 3193 passed out of the House Committee on Financial Services on November 20, 2013.

Outside Groups in Support:

American Bankers Association
Credit Union National Association
Financial Services Roundtable
Independent Community Bankers of America

Mortgage Bankers Association
National Association of Federal Credit Unions
National Installment Lenders Association

Administration Position: The Executive Office of the President issued a [Statement of Administration Policy](#) (SOP) in opposition to H.R. 3193. The SOP states that “the President’s senior advisors would recommend that the President veto any bill, including H.R. 3193, that makes the Nation's economy more vulnerable to another devastating financial crisis by undermining the core reforms included in Wall Street Reform.”

Cost to Taxpayers: According to the Congressional Budget Office (CBO) [cost estimate](#) of this bill reduces direct spending by \$6.2 billion from 2014-2024. However, the estimate also states “in addition to reducing direct spending, H.R. 3193 would authorize the appropriation of \$300 million in each of fiscal years 2014 and 2015 to carry out the statutory authorities of the Financial Product Safety Commission. CBO estimates that implementing this provision would cost \$525 million over the 2014-2019 period, subject to appropriation of the necessary amounts. Although spending for the agency beyond 2015 would not be authorized by H.R. 3193, CBO estimates that continued operations over the 2014-2024 period would cost about \$6 billion, subject to appropriation of the necessary amounts. CBO has not prepared an intergovernmental or private-sector statement for H.R. 3193.”

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: CBO did not prepare an intergovernmental or private-sector mandate for H.R. 3193.

Does the Bill Contain Any Federal Encroachment into State or Local Authority in Potential Violation of the 10th Amendment?: No.

Does the Bill Delegate Any Legislative Authority to the Executive Branch?: No.

Does the Bill Contain Any Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority: According to the sponsor, “Congress has the power to enact this legislation pursuant to the following: Article I, Section 8: To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.” Congressman Duffy’s statement in the Congressional Record can be viewed [here](#).

RSC Staff Contact: Scott Herndon, Scott.Herndon@mail.house.gov, 202-226-2076

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

Amendments to H.R. 3193 — Consumer Financial Protection and Soundness Improvement Act of 2013 (Duffy, R-WS)

1. **Rigell (R-VA):** This [amendment](#) requires the Commission to conduct regulatory flexibility analysis for each proposed rule or regulation. This analysis must include an assessment of whether the proposed rule or regulation will impair the ability of individuals or small businesses to have access to credit. In addition, the Commission must submit a report to Congress on each analysis conducted and also make that report available to the public. The Commission is required to use existing resources to implement the requirements of this amendment.
2. **DeSantis (R-FL):** This [amendment](#) repeals the exclusive rulemaking authority of the Consumer Financial Protection Bureau.
3. **Stivers (R-OH), Walz (D-MN):** This [amendment](#) creates an inspector general for the Financial Product Safety Commission. The inspector general would be Senate-confirmed and independent. The President would be required to appoint the Inspector General no later than 60 days after enactment of the act.
4. **Moore (D-WS):** This [amendment](#) expresses the sense of Congress that “Congress acknowledges and honors the tremendous work of the Bureau of Consumer Financial Protection in protecting and providing relief to consumers from instances of unfair, deceptive, and abusive practices in financial markets.”

RSC Staff Contact: Scott Herndon, Scott.Herndon@mail.house.gov, 202-226-2076

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

###