



**111th Congress, Second Session
March 29, 2010**

Build America Bonds Program – The Small Business and Infrastructure Act of 2010 (H.R. 4849) passed the House of Representatives by a vote of 246 to 182 on March 24th. The Build America Bonds program, if passed into law, would extend the popular program through April 1, 2013. In summary, the bill would:

- Lower the current direct federal subsidy rate of 35% of interest costs. In 2011, the rate would drop to 33%; in 2012, 31 percent; and in 2013 to 30%;
- Extend the Recovery Zone Bond program for an additional year and make allocations based on state unemployment rates;
- Exempt interest from certain tax-exempt bonds from the Alternative Minimum Tax for an additional year;
- Extend the Temporary Assistance for Needy Families Block Grant's Emergency Contingency Fund through Sept. 30, 2017; and
- Provide \$2.5 billion for the ECF extension and allow states to draw down the equivalent of 30 percent of their TANF funds for FY 2011.

Climate Change Legislation Stalled – The chance of enacting legislation this year to seriously reduce greenhouse gas emission appears unlikely. Most recently, Senator Dorgan, Chair of the Energy Appropriations Subcommittee stated that a cap-and-trade bill such as the Waxman-Markey bill, H.R. 2454, which passed the House earlier this year, was “probably dead on arrival.” The prospect for a compromise bill by Senators Kerry, Graham, and Lieberman also appears dim.

Health Care Reform – Health care reform (H.R. 3590) became law (PL 111-148) on March 23rd. Using budget reconciliation rules, which limit debate to twenty hours and require only a simple majority for passage, the Senate approved the Health Care and Education Affordability Reconciliation Act of 2010 (H.R. 4872) by a vote of 56 to 43. The House then again passed the bill

which included technical amendments. The Reconciliation Act eliminated the special deals for Nebraska and Florida and raises Medicaid reimbursement rates to the Medicare rate for primary care physicians in 2013 and 2014. This is intended to help ensure access to care for the expanded Medicaid population. The incremental cost of the increase would be fully funded by the federal government.

The provisions of the bill also include:

- Extending insurance coverage to approximately 32 million people who are not currently covered;
- Creating state-based “exchanges” (marketplaces for individuals who lack employer provided insurance);
- Expanding Medicaid eligibility to all individuals with incomes of up to 133 percent of the federal poverty level;
- Providing a \$250 rebate for those who fall into the prescription drug “donut hole”;
- Imposing new regulations for insurance companies for cancelling clients, allowing for children up to 26 years of age to be covered by parents, and eliminating lifetime limits or annual limits on coverage (effective six months after enactment)
- Requiring individuals to obtain health insurance by 2015 or pay fines;
- Penalizing employers of more than 50 employees whose employees obtain subsidies to purchase insurance coverage through the exchanges;
- Beginning in 2018, imposing a tax on plans costing \$10,200 p/p or \$27,500 p/family;
- Increasing payroll contributions for individuals earning more than \$200,000 and couples making more than \$250,000;
- Creating a 2.9% tax on medical devices;
- Imposing a fee on health insurers beginning in 2014 and increasing annually through 2018 and adjusted in 2019 to account for growth in health insurance premiums;
- Imposing a fee on brand-name drugs; and

- Reducing federal matching payments to states for Medicaid disproportionate share (FMAP) from 2014-2019 by \$14.1 billion.

The expansion of coverage is estimated at \$940 billion from 2010 through 2019 but should be offset by other provisions. Health Care Reform is anticipated to reduce the deficit by \$138 billion from 2010 to 2019.

Jobs Bill – On Thursday, March 18, 2010, President Obama signed the Hiring Incentives to Restore Employment (HIRE) Act intended to lower the persistent 10% unemployment rate. The law provides incentives for employers who hire and retain workers, as well as \$13 billion in tax breaks for private-sector businesses that hire unemployed workers this year. The new legislation waives the 6.2% Social Security payroll tax until December 31, 2010, for each new worker a company hires, as long as that worker has been unemployed for at least 60 days. There is also a tax credit of up to \$1,000 for each qualified new hire the company retains on its payroll for at least 52 consecutive weeks. Small businesses may write off \$250,000 of the cost of new equipment purchased this year, rather than having to depreciate the cost over time. The bill extends the nation's Surface Transportation programs until December 31, 2010 and restores, in this fiscal year, \$8.7 billion in transportation contract authority to states that was rescinded in FY09. A new bill to authorize surface transportation programs will not likely be taken up in this Congress.

NACo Legislative Conference – The 2010 NACo Legislative Conference occurred May 6-10th and that three county commissioners, Jacobs, Jones and Lieberman, attended the conference. All three commissioners also had the opportunity to participate in Capitol Hill meetings on issues of priority for Broward County. Of additional note was an Immigration Reform policy position statement that NACo adopted incorporating an acknowledgment of a need for flexibility with respect to immigration as a result of Haiti's earthquake.

Large Urban County Caucus Fly In – April 13-15, the Large Urban County Caucus (LUCC) will have its annual Fly-In. As Chair of LUCC, Commissioner Lieberman will sponsor an event to bring attention to the issue of 3% Withholding and Maintenance of Federal Entitlement Benefits for the Unconvicted.

Senate Banking Regulation – Banking Committee Chairman Dodd announced his decision to release a proposal to overhaul the nation's financial regulations and begin the committee's work on the bill the week of March 22 without Republican support. Sen. Dodd said he hoped to have a committee vote on the bill before Congress recesses on March 26th. Senate Majority Leader Reid said he hopes the Senate will act on a bill by Memorial Day. Congress and the administration have been trying to assemble an overhaul of regulations since last summer to prevent a recurrence of the 2008 financial meltdown. The House passed its version of a bill in December. The proposal includes a mechanism for take over and dismantling large, failing firms and forcing the financial industry to cover the costs, and the creation of a "systemic risk" council that includes the Treasury and the Federal Reserve to look out for firms and practices that could pose a risk to the entire financial system. It also empowers shareholders to have advisory votes on executive pay and to nominate directors for the boards of public companies through company proxy ballots. A major stumbling block includes differences over a Consumer Financial Protection Agency. President Obama made such an independent agency a central provision in the bill.

Senate Passes Aviation Reauthorization Bill – The Senate on March 22 passed by a vote of 93-0 its version of the FAA Reauthorization bill. The House had already passed its bill (H.R. 915) last year and an effort will now be made to conference the two versions. In a broad sense, there are key similarities as both provide additional funding to the Airport Improvement Program. However, there are at least three issues that the House and Senate disagree over and which, ultimately, may reduce the likelihood of a final bill.

The House bill has a controversial labor provision that makes it easier for FedEx employees to unionize to put them on a more even level with competitor UPS. The House bill also includes a section that would impose additional infrastructure, equipment, and aircraft rescue and firefighter personnel requirements on airports. Lastly, the House bill increases the maximum passenger facility charge that an airport can levy from \$4.50 to \$7.00.