



City of Phoenix

To: Mayor and Council
Executive Team

Date: April 2, 2009

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: MARCH 27 – APRIL 2, 2009

This memorandum provides an update of the past week's federal activities – Congressional action, lobbying and national meetings. Please let me or Tom Remes know if you have any questions or need further information on specific legislation or issues.

MARCH 27 – APRIL 2, 2009

Fiscal Year 2010 Budget Resolution Advances

The House passed a \$3.6 trillion FY 10 Budget Resolution this evening with a 233-196 vote, mostly along party lines. The Budget Resolution provides spending authority to the Appropriations Committee. Arizona Congressman Harry Mitchell, (D – 5th Dist.) voted against the resolution, saying the measure does not extend key tax cuts. Despite his nay vote, H.Con.Res. 85 passed 233-196. Mitchell was one of only 20 Democrats to vote against the resolution. The House Budget Resolution must be reconciled with a Senate version, which is currently still under debate.

Budget Resolutions – CDBG and LIHEAP

The House Budget resolution, among other things, authorizes full funding for the Community Development Block Grant (CDBG) program as provided in the President's FY 10 budget. The Senate Budget resolution does not specifically request full funding but does call for "increased funding for the CDBG program." The Appropriations Committee will have final say in the overall funding level for the CDBG program but having authorization in the Budget Resolution bodes well. The House and Senate Budget Resolutions do not include specific language on the formula.

Congressmen James Oberstar (D-MN), Ed Markey (D-MA) and John McHugh (R-NY) have circulated a Dear Colleague letter that requests full funding (\$5.1 billion) in FY 10 for the Low Income Home Energy Assistance Program (LIHEAP). Congressman Grijalva and Congresswoman Giffords have signed on as co-sponsors. The federal lobbying team has reached out to our LIHEAP partners to request that they talk to their respective delegations in New Mexico, California, Washington, Nevada and Oregon.

The Budget "Reconciliation" Process

The House Budget Resolution would allow use of a controversial parliamentary maneuver – budget reconciliation – to fast-track passage of health care and education legislation. Under budget reconciliation, the Senate can pass bills with only 51 votes, rather than 60

votes. The procedure was originally designed as a deficit-reduction tool to force committees to produce spending cuts or tax increases called for in the budget resolution. However, it was used to enact tax cuts several times during the George W. Bush Administration, resulting in increased projected deficits. This practice has since been barred by House and Senate rules adopted in 2006 at the same time as the PAYGO (Pay-As-You-Go) rule.

What is a reconciliation bill? A reconciliation bill is a single piece of legislation that usually includes multiple provisions, all of which affect the federal budget — whether on the mandatory spending side, the tax side, or both. A reconciliation bill, like the budget resolution, cannot be filibustered on the Senate floor, so it only requires a majority vote to pass.

How does the reconciliation process work? If Congress decides to use the reconciliation process, language known as a “reconciliation directive” is included in the budget resolution. The reconciliation directive instructs a committee to produce legislation by a specific date that meets certain spending or tax targets. If they fail to produce this legislation, the Budget Committee Chair generally has the right to offer floor amendments to meet the reconciliation targets for them, a threat which usually produces compliance with the directive. The Budget Committee then packages all of these bills into one bill that goes to the floor for an up-or-down vote, with only limited opportunity for amendment. After the House and Senate resolve the differences between their competing bills, a final conference report is considered on the floor of each house and then goes to the President for his signature or veto.

Information taken from The Center on Budget and Policy Priorities (www.cbpp.org)

Inclusion of a reconciliation directive in the House Budget Resolution is drawing harsh criticism from Republicans, particularly in the Senate, who argue that it will shut them out of the process of crafting major legislation. The Senate budget resolution does not contain reconciliation language, but Senate Majority Leader Harry Reid (D-Nev.) has not ruled it out.

House Energy and Commerce Committee Releases Draft Climate Change Legislation

On Tuesday, March 31 the House Energy and Commerce Committee released, “The American Clean Energy and Security Act of 2009.” The legislation has four titles: 1) Clean Energy; 2) Energy Efficiency; 3) Reducing Global Warming Pollution; and 4) Transitioning to a Clean Energy Economy.

Under the Clean Energy title, the draft legislation establishes a new low-carbon transportation fuel standard to promote advanced biofuels and other clean fuels. It also provides grants or loans to States and cities for large scale vehicle electrification demonstration projects. Eligible activities include:

- (1) Assisting persons located in the regional deployment area, including fleet owners, in the purchase of new plug-in electric drive vehicles by offsetting in whole or in part the incremental cost of such vehicles above the cost of comparable conventionally fueled vehicles;
- (2) Supporting the use of plug-in electric drive vehicles by funding projects for the deployment of:
 - (A) Electrical charging stations for plug-in electric drive vehicles, including battery exchange, fast charging infrastructure, and other services, in public or private

locations, including street parking, parking garages, parking lots, homes, gas stations, and highway rest stops; and/or

(B) Smart Grid equipment and infrastructure to facilitate the charging and integration of plug-in electric drive vehicles.

(3) Such other projects as the Secretary determines appropriate to support the large-scale deployment of plug-in electric drive vehicles in regional deployment areas.

The city's federal lobbyists are reviewing the 600-plus page legislation and will provide a summary to Government Relations of key provisions that may impact the City.

More Time for Earmarks

Rumor has it that the earmark computer (better known as the earmark database member request system) in the Appropriations Committee broke down on Thursday. The new deadline for earmarks has been extended until 5:00 p.m. on Saturday instead of close of business tomorrow.

Former Illinois Governor Blagojevich Indicted

Today the U.S. Attorney's Office in Chicago indicted Rod Blagojevich on corruption charges. The 19 federal corruption charges – 16 are felony charges – including racketeering conspiracy, wire fraud, extortion conspiracy, attempted extortion, and making false statements to federal agents. Mr. Blagojevich could face as much as 25 years in prison and a \$1 million fine if convicted.

