



City of Phoenix

To: Mayor and Council
Executive Team

Date: April 30, 2009

From: Karen Peters
Government Relations Director

Subject: FEDERAL UPDATE: APRIL 24 – APRIL 30, 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.

APRIL 24 – APRIL 30, 2009

Congressional Budget Resolution Passes

The \$3.5 trillion budget resolution moves forward. House and Senate Democrats reached a budget deal on Monday night that allowed both chambers to vote on budget resolutions this week. The House and Senate versions of the budget closely resemble the spending blueprint offered by the White House including the major priorities of reforming the nation's healthcare, energy and education systems, reducing the deficit and cutting income taxes for middle-class Americans. The final sticking point between House and Senate negotiators is the inclusion of a statutory "pay-as-you-go" or "pay-go" provision requiring any new spending be offset with new revenues or spending cuts in other programs.

Passage of the budget bill is the second step in the process – the first being the President's budget request. Each year Congress must develop a "budget resolution" setting aggregate limits on spending and targets for federal revenue. The limits set by the budget resolution, along with the "pay-go" rule, apply to all tax or spending legislation developed by individual committees as well as to any amendments offered on the House or Senate floor. Next comes the work of the Appropriations Committees to fit their bills within the confines of the \$3.5 trillion limit.

Transportation ARRA Hearing

Senator Murray (D-WA) had a transportation subcommittee oversight hearing on the American Recovery and Reinvestment Act (ARRA) implementation today. Transportation Secretary LaHood testified before the subcommittee. When asked about the implementation of the \$1.5b discretionary surface grant program, Secretary LaHood responded that criteria will be released next week and will include a criterion to encourage legacy projects with prioritization for sustainable plans and projects. He also said that the U.S. Department of Transportation would be looking at modes of transportation not specifically addressed by recovery dollars. This is the discretionary fund from which the City plans to apply for \$200m for the Sky Train project.

“Normal Retirement Age” Developments

On Monday, April 27 the city’s lobbyists met with Ms. Jeannine Markoe Raymond, Director of Legislative Affairs for the National Association of Retirement Administrators, to discuss the status of the May 2007 Internal Revenue Service (IRS) ruling regarding “normal retirement age” and other legislation that might impact Phoenix. Ms. Raymond stated that she has discussed the IRS’s October 10, 2008 notice, which provides a two-year delay of implementation of the 2007 rule, with Congressman Earl Pomeroy’s (D-ND) staff. Congressman Pomeroy played a key role last year in persuading the IRS to delay the implementation date from January 2009 to January 2011. Ms. Raymond reminded the Congressman’s staff that the delay was approved in order to give government plans the time to adhere to the new rule. City staff and the lobbying team have discussed the possibility of pursuing a legislative fix during the 111th Congress, but it is not clear at this point whether a legislative fix is necessary because there may be an opportunity to work with the new Administration to settle this issue by rule. Staff will work on a legislative solution so that if an administrative solution is not possible there is a fall back option.

Biden Flu Gaffe

White House Press Secretary Robert Gibbs issued an apology Thursday for Vice President Joe Biden’s comments that he wouldn’t recommend taking a commercial flight or riding in a subway car because swine flu virus can spread in confined places. Biden’s office later sought to clarify his remarks by saying he was only urging sick people to avoid planes and trains. FYI – the new official name is the **H1N1 Flu**...

