

## **Congressional Closeup** by Carl Osgood

### **Terrorism Insurance Bill Runs Into Problems**

On Nov. 16, House Financial Services Committee Chairman Michael Oxley (R-Ohio) felt compelled to appear before reporters to re-affirm his commitment to the Terrorism Risk Protection Act, a bill he introduced on Nov. 1. Oxley said that the bill is "about our economy and making certain that our economy runs smoothly." He warned that if it is not passed, "there will be a severe credit crunch in the United States."

Alongside Oxley was John LaFalce (D-N.Y.), the committee's ranking Democrat, who complained that the bill is overloaded with items, such as tort reform provisions, that have nothing to do with the issue at hand.

Also creating problems for the bill was a provision that would have repealed the tax charged to insurers for the reserves they use to cover declared terrorism losses. The bill passed the Financial Services Committee by a unanimous vote on Nov. 7, but the tax provision was under the jurisdiction of the Ways and Means Committee, which promptly deleted it on Nov. 16. Oxley said that the provision was a "critically important" part of the bill, because the bill seeks to "provide the incentive for these companies to set up reserves so that they can essentially reinsure themselves." The Ways and Means Committee replaced the tax provision with language requiring the Treasury Department to conduct a study of the tax issues involved.

In the Senate, Banking Committee Chairman Paul Sarbanes (D-Md.) had introduced an identical bill, with bipartisan support, but it has bogged down because of disagreements over whether to include limits on punitive damages. Commerce, Science, and Transportation Committee Chairman Ernest F. Hollings (D-S.C.) is also

claiming jurisdiction over part of the bill, and is reportedly drafting his own version, which could complicate the picture even further.

### **Aviation Security Bill Is Signed By President**

On Nov. 16, the House, by a vote of 410-9, and the Senate, by voice vote, sent to President George Bush, a compromise aviation security bill, which Bush signed at Ronald Reagan Washington National Airport on Nov. 19. The compromise was the result of negotiations between House and Senate conferees who were under tremendous pressure to find an agreement. That pressure came from not only the White House, but also almost daily news of security breaches at major airports around the country.

The compromise, in which both sides claimed victory, sets up a Transportation Security Administration within the Department of Transportation, which will be responsible for security of all modes of transportation. The bill provides for enhanced cockpit security, the deployment of Federal air marshals, and improved airport perimeter security. The bill also includes a provision which limits liability for losses stemming from the Sept. 11 attacks.

While there were many differences between the House and Senate versions, it was the passenger-screening issue that threatened the compromise. The agreement, apparently brokered by House Transportation and Infrastructure Committee Chairman Don Young (R-Ak.), allows for the full Federalization of passenger and baggage screening, with the exception of a pilot program for five airports. Under the pilot program, five airports will be able to hire private screening compa-

nies, but only if they meet strict conditions, including American ownership and the same employee standards as those applying to the Federal workers.

### **Bioterrorism Issue Remains On Front Burner**

On Nov. 15, Sens. Edward Kennedy (D-Mass.) and Bill Frist (R-Tenn.) introduced a bill to provide additional money to states to shore up their public health systems against bioterrorism. Kennedy said that the money "will be available to improve hospital readiness, equip emergency personnel, enhance state planning, strengthen the ability of the public health agencies to detect and contain dangerous disease outbreaks." The bill creates a strategic pharmaceutical reserve "to ensure that we have the medicines and the vaccines stockpiled to respond to bioterrorist attacks." It also includes a provision intended to improve the safety of the nation's food supply.

Kennedy minced no words when describing the condition of the U.S. public health system. He said, "Seventeen anthrax cases stretched our health-care system to the breaking point. A larger attack could be a disaster for whole communities." He called his bill "an important down payment on preparedness, but we must make sure that our commitment to achieving full readiness is sustained in the time to come."

At the same time that Kennedy was making his announcement, Health and Human Services Secretary Tommy Thompson was testifying before the House Energy and Commerce Committee on bioterrorism preparedness. Every Democrat at the hearing made an issue of the inadequate measures the Bush Administration is taking with regard to public health. Henry Wax-

man (D-Calif.) complained that the Administration proposal under-funds the Atlanta-based Centers for Disease Control and Prevention, and relies on moving CDC and public health professionals "from job to job." He added, "This is not an issue of being unable to afford all the things we need to do to protect the public health. What we have is a conscious decision that we ought to use our money for tax cuts . . . rather than have the money available to do the kinds of things that will protect all of the American people when we have a public health emergency."

Committee Chairman Billy Tauzin (R-La.) announced, during his opening remarks, that the committee is working on draft legislation to improve bioterrorism preparedness. However, the Democrats haven't been satisfied to wait for a GOP bill, and have already produced one of their own, which provides \$3.5 billion for bioterrorism preparedness.

## So-Called Stimulus Bill Stalls In Senate

On Nov. 14, Senate Majority Leader Tom Daschle (D-S.D.) brought to the Senate floor the Democrats' answer to the economic crisis. The bill includes about \$44 billion in tax breaks and assistance for the unemployed, plus a package of \$15 billion to address homeland security needs. The \$15 billion package, however, was in violation of the fiscal year 2001 budget resolution, and therefore would have required 60 votes, or three-fifths, to pass the Senate. That Daschle would only be able to muster 51 votes was a foregone conclusion, even before the Senate began debate. The homeland defense package originally included an additional \$5 billion in infrastructure spending, but Daschle stripped

that out in an attempt to placate the GOP, an action which had no effect whatsoever.

Senate Appropriations Committee Chairman Robert Byrd (D-W.V.), who, along with Majority Whip Harry Reid (D-Nev.), co-sponsored the homeland defense package, began the debate with a discussion of the Preamble of the Constitution. Byrd noted that the clause "provide for the common defense," means "to provide for the defense of our homeland." He added that the clause "promote the general welfare," doesn't mean "promote the welfare of the rich," a veiled reference to the GOP tax-cut plan, but rather, that "promote" means "to push forward, to lift up, to advocate." He made the point that this is what the GOP is blocking by their opposition to the bill.

Both sides are under pressure to do something quickly. Various pundits, and the Bush Administration, are warning that a stimulus bill must be passed soon, before it's too late. Of course, by "too late," they generally mean "before the economy rebounds." Pete Domenici (R-N.M.) has proposed a payroll tax holiday for December as the fastest way to get more money, about \$40 billion, into the pockets of consumers. On another track, Treasury Secretary Paul O'Neill said that a plan proposed by a group of centrist Democrats offers "a basis" for a deal. The plan would combine elements of both the GOP and Democratic plans, but would exclude the Byrd/Reid homeland defense provision.

## Cash Deal Splits New York Delegation

Two weeks of rare unity among the New York Congressional delegation ended on Nov. 16, when New York

Republicans accepted a deal from the White House for \$1.5 billion in immediate assistance for New York City, and a promise that the rest of New York City's needs would be met later. Rep. James Walsh (D-N.Y.) admitted that the \$1.5 billion didn't even come close to fulfilling the \$20 billion commitment that the White House had made, but he called it a "significant step." "This agreement keeps us, if not within the letter of the law, within the spirit of the law. When you negotiate, you take what you can get," he said.

New York GOP lawmakers had been threatening to vote with the Democrats on the package, which stems from the second \$20 billion that the Congress had voted up in response to the Sept. 11 attacks on the World Trade Center and the Pentagon. Democrats, however, were furious. "If you can't get the money through a law," said Rep. Jose Serrano (D-N.Y.), "how are you going to get it through a promise?"

In a related action, the House Appropriations Committee rejected, by a vote of 34-31, a Democratic proposal to add \$7.2 billion in funding for counter-terrorism and domestic security measures. The committee also defeated an extra \$6.5 billion for the Pentagon and intelligence agencies proposed by John Murtha (D-Pa.). Like the money for New York, these two measures would have been added to the \$20 billion emergency spending package. The GOP voted against both measures, in line with President Bush's threat to veto any emergency spending above the \$40 billion total.

The battle is not over. The House had been scheduled to take up the defense bill on Nov. 17, but Democrats forced a postponement, hoping that Republicans would come under pressure, during the Thanksgiving holiday, to provide additional money.