



Vol. I, No. I, January 2002

Capitol View is published by the Legislative Group of Venable, Baetjer, Howard & Civiletti, LLP, 1201 New York Avenue, NW, Suite 1000, Washington, DC 20005. www.venable.com. It is not intended to provide legal advice or opinion. Such advice may only be given when related to specific fact situations.

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Congressional Wrap-Up

The agenda of the First Session of the 107th Congress was, of course, profoundly affected by the events of September 11. The most immediate legislative action was the adoption by Congress, with only one dissenting vote, of a resolution authorizing the President to “use all necessary and appropriate force” against nations or organizations that committed the terrorist attacks or harbored those that did so. On September 18 the President signed into law an emergency supplemental appropriations bill which provided \$40 billion for national security, military action and reconstruction in response to the September 11 attacks. Congress also passed legislation to provide \$15 billion in loan guarantees and cash grants to help the airline industry weather the effects of the attacks and establish a victims’ compensation fund, administered by a special master, to award restitution to the victims or to their survivors. Legislation designed to enhance aviation security was signed into law on November 19. It required airport baggage screeners to be federal employees, authorized additional air marshals on flights, mandated hardened cockpit doors

and required machine screening of all luggage for explosives by 2003. The Justice Department was given significant new authority to confront the terrorist threat in legislation that strengthened money-laundering laws and enhanced the government’s ability to conduct wiretaps and searches.

In addition to the terrorist related measures, the Congress passed the following major pieces of legislation in the first session:

Tax Cuts. On June 7, the President signed a bill which provided rebates to taxpayers of \$300 for individuals and \$600 for married couples. It also lowered income tax rates, phased out estate taxes, provided relief from the “marriage penalty,” increased the child tax credit and provided more favorable tax treatment for retirement savings and education. In total this measure cut taxes by \$1.35 trillion. It contains an automatic “sunset” provision of December 31, 2010.

Ergonomics. In the final days of the Clinton Administration, the Occupational Safety and Health Administration issued ergonomic regulations which required businesses to institute training programs designed to prevent



injuries caused by on-the-job repetitive motions and, in some cases, redesign work areas to reduce such injuries. In March Congress passed a resolution under the Congressional Review Act preventing the implementation of these regulations.

Brownfields. Shortly before adjourning for the year, Congress enacted legislation to establish a five-year program to assist states in reclaiming and cleaning up abandoned and polluted industrial sites. The bill also protects small businesses from Superfund liability.

Education. Congress reauthorized the Elementary and Secondary Education Act originally enacted in 1965. The Leave No Child Behind Act of 2001 authorizes \$22.1 billion in funding for federal elementary and secondary education programs in FY 2002, a 27% increase over last year. It requires states to establish performance standards for schools and mandates that schools failing to meet those standards would be subject to reorganization. States must provide parents with annual reports on school performance and statewide progress. The bill also requires that students in grades three to eight be tested annually in math and reading.

Base Closings. As part of the \$343.3 billion defense authorization bill, the Congress agreed to the Defense Department's request for a new commission to order another

round of military base closings. However, in order to postpone the pain of this politically difficult program, the Commission would not start the process until after the Presidential and Congressional elections in 2004.

United Nations Dues. Congress enacted legislation to pay off \$582 million in back dues the United States owes to the United Nations. This is the second of three installments for paying off the debt. The legislation had been stalled in the House but was approved after the Bush Administration stated its passage would be helpful in building an international coalition against terrorism.

Looking Ahead

The Congress convenes for the second session on Wednesday, January 23, 2002 at noon. Members will confront a variety of contentious issues left unresolved in the first session. Senate Majority Leader Daschle opposes the Administration's economic stimulus package and has stated that the tax cuts enacted in the first session "probably made the recession worse." Daschle supports a stimulus package composed of a "jobs creation tax credit" and a "bonus depreciation" for investments of 40% for six months and 20% for the next six months.

In addition to economic issues, Congress will be considering a comprehensive energy policy, campaign finance reform, presidential authority to negotiate trade agreements, bankruptcy reform, a patients' bill of rights, stem cell research, cloning, deregulation of broadband internet service, and some form of protection for the insurance industry from catastrophic losses caused by terrorist attacks. It will also work its way through the annual appropriations process. Committees in both the Senate and House have already begun investigations into the Enron calamity. Subpoenas have been issued and hearings are scheduled. Obviously a busy session lies ahead. A more detailed discussion of these upcoming issues will appear in the next newsletter.

State of the Union

The President is scheduled to deliver the State of the Union address on January 29.

Coming Next Month

Report on the State of the Union Address

Tax Legislative Forecast

Updates on Energy, Port Security, National Security