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## Legislative Bulletin……………………..……………..March 27, 2007

**Contents:**



## Summary of the Bills Under Consideration Today:

**Total Number of New Government Programs**: 4

**Total Cost of Discretionary Authorizations**: at least $137 million over five years

**Effect on Revenue**: $43 million increase over five years

**Total Change in Mandatory Spending**: $0

**Total New State & Local Government Mandates**: 0

**Total New Private Sector Mandates**: 0

**Number of *Bills* Without Committee Reports:** 4

**Number of *Reported* Bills that Don't Cite Specific Clauses of Constitutional Authority:** 0

## H.R. 1562—Katrina Housing Tax Relief Act (*Rangel, D-NY*)

**Order of Business**: The bill is scheduled to be considered on Tuesday, March 27th, under a motion to suspend the rules and pass the bill. **NOTE**: because of conservative concerns on this legislation (see below), reports indicate that this bill might be amended before it comes to the House floor later today. The RSC will provide an updated summary of the bill, as appropriate.

**<u>Summary, as reported from the Ways & Means Committee</u>**: H.R. 1562 would extend and expand certain tax laws applicable to the areas affected by Hurricane Katrina, which were enacted in the Gulf Opportunity Zone Act of 2005. H.R. 1562 would also raise revenue by changing the "collection due process procedures" for employment taxes. Highlights of the bill are as follows:

- Extends the special low-income housing credit rules that were implemented for the areas devastated by Hurricanes Katrina, Rita, and Wilma in 2005. The cap on low-income housing credits had been increased for the hurricane-affected states for 2006 through 2008. H.R. 1562 would extend the higher cap for two years (through the end of 2010). The bill would extend to the end of December 2010 the time by which the housing must be completed to still qualify for the credit (and the usual requirement that 10% of expected costs be expended in the first year would be waived for projects in 2006, 2007, and 2008). And the bill would extend the Gulf Opportunity Zone's designation as a "difficult to develop area" through the end of 2010 (which has implications for increasing the amount of credits available for investors in projects in the area).

- Allows the proceeds of Mortgage Revenue Bonds to be used to refinance an existing mortgage if repairs or reconstruction costs total at least 25% of the owner's adjusted basis in the property. (Generally, current law does not allow the proceeds of Mortgage Revenue Bonds to be used to refinance existing mortgages.)

- Allows low-income (Community Development Block Grant—CDBG) housing projects to receive additional categories of federally-subsidized loans without facing a reduction in tax credits. (Under current law, low-income housing projects which receive certain federally-subsidized loans must either accept a lower credit rate or make an offsetting reduction in the property's basis).

- Directs the Comptroller General to report to Congress on the practices employed by state and local governments in allocating and using tax incentives provided by this bill and the Gulf Opportunity Zone Act of 2005.

- Raises revenue by changing "collection due process procedures" with regards to employment tax liabilities. Currently, the IRS is allowed to seize a taxpayer's physical property given a federal tax lien (for underpayments of employment taxes). Prior to seizing the property, however, the IRS has to notify the taxpayer that they have a right to a collection due process hearing. **<u>H.R. 1562 would allow the IRS to seize property without *first* giving the taxpayer a hearing.</u>** The IRS would still have to send warning notices, and the hearing would still have to be offered—but not necessarily before the property seizure.

- Increases the corporate estimated tax payments due in the summer of FY2012 for corporations with assets of at least $1 billion. This provision does not yield a net tax increase; it merely requires a higher quarterly payment of corporate estimated taxes in the summer of 2012, and a correspondingly lowered estimated payment thereafter. Last year's tax reconciliation bill (Public Law 109-222) included a similar tax-payment shift. That is, under current law, the estimated payments due in the summer of FY2012 have to be 106.25% of what would otherwise be paid (100% = one quarter of the year's estimated tax payment due). H.R. 1562 would increase that amount from 106.25% to 106.45%, requiring businesses to pay even more of their taxes early. (Note: a larger tax shift for these same large corporations was included as part of the small business tax bill last month—H.R. 976—as well as the supplemental appropriations bill this month—H.R. 1591.)

**Additional Background**: To see the RSC Legislative Bulletin for the Gulf Opportunity Zone Act of 2005, as it was signed into law, see this webpage: http://www.house.gov/hensarling/rsc/doc/LB_121605_gulfopptax.pdf.

**Committee Action**: On March 19, 2007, the bill was referred to the Ways & Means Committee, which, two days later, marked up the bill and ordered it reported to the full House by voice vote.

**Possible Conservative Concerns**: Some conservatives have expressed concerns about the provision allowing the IRS to seize property (related to delinquent employment tax payments) *before* the taxpayer has a chance to present his case at a hearing. Rep. Sam Johnson (R-TX) and Rep. Tom Reynolds (R-NY) wrote that, "In our view, the proposed modification to the collection due process ("CDP") procedures for employment tax liabilities removes an important layer of formal due process protection by eliminating the guarantee that taxpayers receive a statutory CDP hearing before the IRS can issue a levy. In our view, this elimination of a guaranteed pre-levy hearing constitutes an inappropriate and unfair erosion of taxpayer rights, denying 'mom-and-pop' stores along Main Street, USA a formal opportunity to correct inadvertent errors or bring to light possible IRS mistakes before any government seizure of their property."

Some conservatives may also be concerned at the inclusion, once again, of a provision shifting corporate estimated tax payments, forcing some corporations to pay more of their tax burden earlier.

**Administration Position**: A Statement of Administration Policy (SAP) was not available at press time.

**Cost to Taxpayers**: The Joint Committee on Taxation estimates that the bill, as reported from committee, would reduce revenues by $1 million in FY2007, increase revenues by $49 million in FY2008, increase revenues by $43 million over the FY2008-FY2012 period, and increase revenues by $5 million over the FY2008-FY2017 period. CBO estimates that the bill would authorize less than $500,000 for a study.

**Does the Bill Expand the Size and Scope of the Federal Government?**: The bill would allow the federal seizure of private property in certain cases, without first allowing the taxpayer to present his case at a hearing.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?**: No.

**Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?**: Although an earmarks/revenue benefits statement required under House Rule XXI, Clause 9(a) was not available at press time, and there's no accompanying committee report, the earmarks rule (House Rule XXI, Clause 9(a)) does not apply, by definition, to legislation considered under suspension of the rules.

**Constitutional Authority**: House Report 110-66 was not available at press time.

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## H.R. 1132 - National Breast and Cervical Cancer Early Detection Program Reauthorization Act of 2007 *(Baldwin, D-WI)*

**Order of Business**: The bill is scheduled to be considered on Tuesday, March 27, 2007, under a motion to suspend the rules and pass the bill.

**Summary**: H.R. 1132 would reauthorize the National Breast and Cervical Cancer Early Detection Program at $1.25 billion over five years. The bill would extend from 2000 to 2020, the life of the Coordinating Committee at the Centers for Disease Control and Prevention (CDC), which coordinates activities of agencies directed at reducing the rate of mortality from breast and cervical cancer in the United States.

Under current law, the Department of Health and Human Services (HHS) provides grants to states through the National Breast and Cervical Cancer Early Detection Program to provide breast cancer screenings (Mammograms) and cervical cancer screenings (Pap Test). States are required to use 60 percent of the funding on actual screenings, and the remaining 40 percent is for education, training, and administrative expenses. H.R. 1132 would direct the Department of Health and Human Services (HHS) to establish a new federal demonstration project within this program, which would allow HHS to waive the 60 percent requirement for up to five states that meet certain requirements and conditions. This would allow these states more flexibility to use additional funds for outreach, in order to bring in more women to be screened. This flexibility could not be used to increase the number of salaried employees. The bill would sunset HHS's waiver authority on September 30, 2012.

**Committee Action**: H.R. 1132 was introduced on February 16, 2007, and referred to the House Committee on Energy and Commerce, which took no official action.

**Cost to Taxpayers**: According to CBO, the bill would authorize $225 million in FY 2008, and $1.25 billion over five years.

**Does the Bill Create New Federal Programs or Rules?**: No.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?**: No.

**Constitutional Authority**: A committee report citing constitutional authority is unavailable.

House Rule XIII, Section 3(d)(1), requires that all committee reports contain "a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution" *[emphasis added]*.

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## H.R. 477 — Stroke Treatment and Ongoing Prevention Act
## *(Capps, D-CA)*

**Order of Business**: The bill is scheduled for consideration on Tuesday, March 27, 2007, under a motion to suspend the rules and pass the bill.

**Summary**: H.R. 477 would authorize the creation of **a new federal education and information campaign** to promote stroke prevention and increase the number of stroke patients who seek immediate treatment. The bill would also authorize $25 million over five years for the CDC **to maintain the Paul Coverdell National Acute Stroke Registry and Clearinghouse**, which would develop and collect specific data points and appropriate benchmarks for analyzing care of acute stroke patients.

H.R. 477 would authorize $20 million over five years for the Department of Health and Human Services (HHS) **to establish a new grant program** for public and nonprofit entities to plan, develop and enhance approved residency training programs for health professions in emergency medicine, to improve stroke and traumatic injury prevention, diagnosis, treatment, and rehabilitation. H.R. 477 would also authorize $50 million over five years for the **creation of a new, federal, five-year pilot grant program** for public and nonprofit entities to improve stroke patient outcomes by coordinating health care delivery through telehealth networks. The bill directs HHS to conduct a study on the results of the telehealth stroke treatment grant program and submit a report to Congress evaluating the program and providing recommendations on whether similar telehealth grant programs could be used to improve patient outcomes in other public health areas.

**Possible Conservative Concerns: Some conservatives may be concerned that H.R. 477 authorizes $95 million over five years for the creation of three new federal programs related to strokes. In addition, the CDC currently maintains an entire division devoted to heart disease and stroke prevention. You can view their site here.**

**Committee Action**: H.R. 477 was introduced on January 16, 2007, and referred to the Committee on Energy and Commerce, which took no official action.

**Cost to Taxpayers**: A CBO score of H.R. 477 is unavailable. However, the bill authorizes $95 million over five years for the creations of several new programs.

**Does the Bill Expand the Size and Scope of the Federal Government?**: Yes. The bill creates three new federal programs.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?**: No.

**Constitutional Authority**: A committee report citing constitutional authority is unavailable.

House Rule XIII, Section 3(d)(1), requires that all committee reports contain "a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution" *[emphasis added]*.

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## H.R. 727 — Trauma Care Systems Planning and Development Act of 2007 (*Green, D-TX*)

**Order of Business:** The bill is scheduled for consideration on Tuesday, March 27, 2007, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 727 would require the Department of Health and Human Services (HHS) conduct and support trauma care research, **provide federal grants** to develop and foster such research, and establish trauma care programs in rural areas, among other things. The specific provisions are as follows:

- Requires the Health and Human Services (HHS) to: 1) conduct and support trauma care research, training, evaluations, and demonstration projects; 2) foster the development of modern trauma care systems though information sharing among agencies and individuals involved in such care; 3) compile and disseminate information on the experiences of state and local agencies and private entities providing trauma care and emergency medical services (with special consideration given to the "unique needs of rural areas"); 4) provide technical assistance to state and local agencies to enhance their capability to implement and sustain trauma care medical services; 5) sponsor workshops and conferences; and 6) promote data collection of trauma information in a consistent and standardized manner.
- Allows HHS to make grants, and enter into cooperative agreements and contracts, to carry out the aforementioned provisions;
- Allows HHS to make grants to public and nonprofit private entities to carry out research and demonstration projects to improve emergency medical services in rural areas, to include developing innovative uses of communications technologies, and developing curricula to training emergency medical personnel, among other requirements;

- Allows HHS to make grants to states, political subdivisions, or a consortium of either, for the purpose of enhancing access and development of trauma care systems; stipulates certain requirements that must be met in order to receive a grant under this provision (consistent with the above mentioned HHS requirements to foster research and education); also stipulates that grants will be provided with preference given to those applicants utilizing national standards and performance evaluations of trauma centers;
- Requires that states receiving grants must provide matching non-federal contributions toward the cost of the program for the first three years, and $2 in non-federal funds for every $1 in federal funds in the fourth years and beyond;
- Requires certain modifications to state plans for emergency medical services (in order to receive grants), such as 1) meeting national standards and requirements of the American College of Surgeons for the designation of level I and level II trauma centers; 2) tracking and providing certain statistics on the number and type of trauma patients treated; 3) providing for appropriate transportation and transfer policies to ensure patient delivery to trauma centers within and outside of the jurisdiction of such systems; and 4) conducting public education activities concerning injury prevention and obtaining access to trauma care;
- Requires HHS to update, within one year of enactment, the model plan for the designation of trauma centers and for triage, transfer and transportation policies that may be adopted for guidance by the state;
- Requires states receiving grant payments to submit to HHS a state plan for the provision of emergency medical services, including any changes to the trauma care component and any plans to address deficiencies in the trauma care component;
- Authorizes to be appropriated $12 million for FY 2008 and $42 million for FY 2009 – FY 2012 to carry out the above mentioned provisions of this Act.;
- Allows HHS to make grants to public and nonprofit private entities for planning and developing approved residency training programs in emergency medicine, provided that the entity agrees that the program will provide education and training in identifying and referring cases of domestic violence;
- Authorizes to be appropriated $400 million for each fiscal year FY 2008 – FY 2012 ($2 million total) for the above mentioned residency training program grants.

**Committee Action:** H.R. 727 was introduced on January 30, 2007, and referred to the Committee on Energy and Commerce, which took no official action.

**Cost to Taxpayers:** CBO confirms that implementing H.R. 727 would authorize $12 million in FY 2008, and $46 million over the FY 2008-FY 2012 period.

**Does the Bill Expand the Size and Scope of the Federal Government?:** Yes. As noted above, the bill expands federal grants to state and local entities for medical and trauma care.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?:** No.

**Constitutional Authority:** A committee report citing constitutional authority is unavailable.

House Rule XIII, Section 3(d)(1), requires that all committee reports contain "a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution." *[emphasis added]*

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