



WASHINGTON UPDATE

May 2007

110th Congress' First 100 Days

After 100 days in power, the Democratic Congress has enacted only one major piece of legislation. That is likely to change soon as House and Senate leaders set out to resolve differences on a number of important issues over the coming weeks.

The House got off to a fast start passing its "Six for '06" campaign agenda items in the first 100 hours. But the progress on those bills has slowed in the Senate and some are awaiting a House-Senate conference to resolve differences between the two chambers. While 17 measures have been signed into law this year, the only major piece of legislation to make it to President Bush's desk was the catch-all spending bill for leftover fiscal 2007 appropriations.

Lobbying and ethics reform has taken a relative back seat as the debate over the Iraq War occupies much of the leadership's attention. In addition to ironing out differences on the \$120 billion-plus war supplemental funding bill and the fiscal 2008 budget resolution, Democratic leaders hope to soon send bills to the president enacting a higher minimum wage, adopting the 9/11 commission recommendations, restricting the presidential ability to appoint U.S. attorneys without Senate oversight, expanding embryonic stem-cell research, and giving Medicare the authority to negotiate prescription drug prices. Many provisions of these pending bills have significant policy implications and high price tags.

How many the president actually will sign is another matter entirely. President Bush already has vowed to veto several pieces of legislation, including authorization of federally funded stem cell research and the 9/11 Commission recommendations. The President has vowed to veto the future war supplemental if Democrats include a timeline for withdrawal and include considerable earmarked funds for unrelated programs. War-related expenditures will be needed, however, and several recent reports indicate a need for substantial additional spending to replace military hardware that is worn out or that will eventually be given to the Iraqi government as it assumes greater responsibility for its national security.

Perhaps more than any other bill, the minimum-wage hike was seen as a slam dunk for Democrats, particularly since the president is apt to sign it. However, the bill has stalled amid bickering between the House and Senate over the size of an accompanying package of business tax breaks. The Senate bill includes \$8.3 billion in tax breaks, while the House reluctantly passed a measure with \$1.3 billion in breaks following a House Ways and Means hearing in which Chairman Charlie Rangel (D-N.Y.) savaged the Senate bill for not sufficiently targeting small businesses.

Farm Bill in the 110th Congress:

The Farm Security and Rural Investment Act of 2002 (P.L. 107-171), the most recent omnibus farm bill, has many provisions set to expire in 2007, so reauthorization has begun in the first session of the 110th Congress. The heart and most contentious element of every farm bill is farm income and commodity price support policy – namely, the methods and level of support the federal government provides. The levels of federal support are particularly important to rice, corn, and barley producers. Questions of equity (who should get what and how much), program cost, conformance with World Trade Organization (WTO) trade obligations, and the effects on U.S. competitiveness in the global marketplace are among the considerations. The scope and direction of a new farm bill may be shaped by such factors as financial conditions in the agricultural economy, competition among varying interests, use of commodities to produce renewable energy, international trade obligations, and – possibly most important – a tight limit on federal funds. Beer Institute staff is closely monitoring the Farm Bill as the reauthorization process inches forward.

Federal Excise Rollback Legislation:

While the brewing industry remains one of the few job creators in the manufacturing sector at this critical point in our country's history, it also continues to be one of the most highly taxed U.S. industries. As the new 110th Congress began its work in January, BI staff met with new potential lead sponsors for the Rollback legislation. Congressmen Earl Pomeroy and Phil English have introduced H.R. 1610 in the House and have already signed on nearly 50 cosponsors. Colorado Senator Ken Salazar has agreed to introduce the rollback legislation in the Senate. The Senator is currently working with Beer Institute staff to recruit original cosponsors as he prepares the legislation for introduction. The BI is committed to keeping the momentum we have built over the last few years strong and will continue to focus its efforts on reducing this highly regressive tax. Given the potential for significant additional federal spending, the rollback legislation also serves as a defensive measure against future excise tax increases.