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KEYSTONE PIPELINE DIVIDE SHOWS U.S. HIGHWAY DEAL ELUSIVE

By Jeff Plungis

Bloomberg Businessweek

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Congressional negotiators are clashing over TransCanada Corp. (TRP)'s Keystone XL oil pipeline, underscoring the U.S. political challenge in reaching a multiyear surface transportation plan for the first time since 2005.

House Republicans made expedited approval of the pipeline, which would transport Canadian oil through Nebraska to the Gulf Coast, a priority yesterday at a conference committee meeting as they linked energy security to transportation.

"This is a jobs and infrastructure bill," said Representative Fred Upton, a Michigan Republican who's chairman of the House Energy and Commerce Committee. "Keystone is the ultimate jobs and infrastructure project."

The meeting provided the first public display of attempts by House and Senate lawmakers to agree on a bill the construction industry and state highway officials say is vital to planning and financing U.S. road, bridge and transit projects. The Republican-controlled House and Democrat-led Senate passed in March an extension of transportation programs through June 30, the ninth short-term bill since the last multiyear policy legislation expired in 2009.

A new transportation agreement is important because the roads portion of the U.S. Highway Trust Fund, which pays for highway and bridge projects, will become insolvent in the fiscal year that begins in October, according to the Congressional Budget Office. U.S. Transportation Secretary Ray LaHood has said he doesn't expect lawmakers to reach a deal before the U.S. presidential election in November. 'No Lines'

Senator Barbara Boxer, who was elected chairman of the conference, said members would have to work through six sets of issues including financing, highway safety, the Keystone pipeline and regulation of coal ash.

The Senate bill is a good working document as it's paid for, does away with projects sponsored by individual lawmakers and streamlines environmental reviews for projects, the California Democrat said.

"I heard no lines in the sand," Boxer said, after each of the 47 conference-committee members spoke.

The key elements for House approval will be reforms to ensure U.S. highway money is spent more efficiently, no new taxes, no lawmaker-designated projects, and reduced regulation to get initiatives approved faster, said John Mica, chairman of the House Transportation and Infrastructure Committee.
Keystone Support

On Keystone, Richard Durbin of Illinois, a member of the Senate's Democratic leadership, told conferees there was already a smaller Keystone pipeline in his home state approved under the federal process. Nebraska still needs six months to nine months to complete permitting, he said.

"The suggestion is if you pass the bill today, gas prices go down tomorrow," Durbin said. "Not true."

Mica, the Florida Republican who was elected co-chairman of the conference, said in an interview he was pleased with the number of senators who supported the Keystone project.

"I didn't realize they had 58 votes in the Senate," Mica said. "There were 67 Democrats and 293 votes on our side. It was a cornerstone of our legislation. There's very strong support."

The Senate passed a two-year, \$109 billion plan in March with bipartisan support. The House failed several times to round up the Republican votes needed to pass a five-year, \$260 billion proposal and has refused to consider the Senate bill.

The House passed on April 18 another extension, through Sept. 30, that added language to force the Federal Energy Regulatory Commission to approve the Keystone pipeline and throw regulation of coal ash back to the states.

Environmental Reviews

The conference committee includes eight House Republican freshmen, a bow to the influence first-term lawmakers hold in that chamber. Representative Steve Southerland, a Florida Republican, invoked the European debt crisis to urge lawmakers to not fund transportation projects on credit.

"The American people have an expectation that this will be paid for," Southerland said.

Both chambers agree on shortening the time it takes for government to complete environmental reviews and to reduce the number of transportation programs.

The House's language puts a 270-day time limit for reviews that now can take years. It also would enable transportation planners to waive reviews at times, limit consideration of more environmentally friendly alternatives and issue default approvals when regulators take too long to complete their work, said Deron Lovaas, federal transportation director with the Natural Resources Defense Fund.

Permit Application

The pipeline project would create about 20,000 temporary construction jobs, according to TransCanada. The number of employees needed to operate and maintain the pipeline may be as few as 20, according to the U.S. State Department, or as many as a few hundred, according to TransCanada.

TransCanada submitted a new State Department permit application on May 7. The Business Roundtable, a group representing chief executive officers of the largest U.S. corporations including Procter & Gamble Co. (PG) (PG) and Boeing Co. (BA) (BA), backed the pipeline in a letter to conferees May 7.

The White House said in a statement that it opposes the House bill for Keystone language that it said circumvents an established process for determining whether crossborder pipelines are in the national interest.

The House advocates a provision to stop the Environmental Protection Agency from regulating coal ash, a toxic residue that results from coal production.

A 2008 spill of more than 5 million cubic yards of coal ash slurry in Kingston, Tennessee, prompted the EPA to propose regulating the byproducts of burning coal as hazardous material.

The bills are S. 1813, H.R. 7 and H.R. 4348.

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HIGHWAY CONFERENCE GETS OFF TO A SLOW START

By Keith Laing
The Hill
May 8, 2012

The committee of lawmakers appointed to negotiate a new federal highway bill met for the first time Tuesday, with members of the panel pledging bipartisanship but not straying far from their party's starting lines.

After being selected as chairman of the transportation conference because House leaders were at the helm of the last round of bicameral negotiations on road and transit funding, Sen. Barbara Boxer (D-Calif.) pointed to the 74 votes the Senate's version of the transportation bill received when it came up in March.

"If Sens. Boxer and Jim Inhofe can agree on a bill, we can all agree on a bill," Boxer said to members of the 47-member transportation conference committee in making the case for her chamber's two-year, \$109 billion transportation bill. Inhofe (R-Okla.) is the conservative ranking member of the panel.

Boxer's counterpart in the lower chamber, House Transportation and Infrastructure Committee Chairman Rep. John Mica (R-Fla.), just as quickly made clear that the 33 members of the House on the transportation conference had no intention of rolling over and taking the Senate version of the highway bill.

"We can't just continue to do throw money at problems," Mica said. "We tried that on the stimulus bill."

Boxer noted that it has been seven years since the last transportation conference was held in Congress.

She also acknowledged the low expectations of a deal given the fact that the talks are being held in an election year, saying "many pundits have predicted gloom and doom when it comes to this bill ... but they were wrong in the past."

Mica also took issue with prognostications from observers, saying the recently approved funding for the Federal Aviation Administration was proof a deal on highway funding was possible.

"I think this can be done and I think it's important that we do get it done," Mica said.

Mica said Republicans on the conference committee were willing to work with Democrats on finding common ground on transportation funding, but he added "we're going to have to pay for this and pay for this responsibly.

"We're not going to raise taxes," Mica said. "Anyone who wants to raise taxes, you're on the wrong committee."

Other members of the panel similarly drew partisan lines on the controversial Keystone XL oil pipeline. Language mandating approval of the cross-country pipeline was added to the highway bill by the House, but is not included in the Senate's version of the measure.

The pipeline was rejected earlier this year by President Obama, who has called frequently for Congress to pass a transportation bill but has issued a veto threat over the Keystone provision.

Sen. Orrin Hatch (R-Utah) said both the highway bill and the Keystone approval would both help address unemployment in the nation.

"This highway bill is touted as a jobs bill and there is no question that Keystone would create jobs," he said.

However, Rep. Jerrold Nadler (D-N.Y.) countered that the only way the conference committee would come to consensus is for Republicans to "work in a bipartisan manner and abandon some of the poison pills that have been discussed, such as the Keystone pipeline and environmental streamlining provisions.

"There is bipartisan support for some common sense streamlining measures, but the language attached to the House bill goes too far and undercuts NEPA," Nadler said.

Other provisions discussed by the conference committee Tuesday included public transit funding, the classification of ash from coal plants, harbor dredging and the restoration of the Gulf Coast from the 2010 BP oil spill.

On the public transit funding, Sen. Chuck Schumer (D-N.Y.) pledged that he and other members of the conference committee from New York would insist on preserving it.

"There are many of us on this committee who are going to fight for it," he said of public transportation that Republicans in the House tried to eliminate before passing their version of the highway bill.

Despite the fact that the GOP already relented on transit funding well before Tuesday's conference meeting, Schumer told rural members of the panel that public transportation was "as important as roads are to many of you" to his constituents.

Even with that as a backdrop, both Boxer and Mica expressed optimism at the end of Tuesday's meeting.

"I'm very pleased that everyone has had an opportunity to participate and that we have had a beginning open conference here," Mica said in his closing remarks. "Everyone has contributed and everyone has a little bit of different ideas, and I think the important thing is that we blend them and we maintain our principles."

"What I heard here today -- I heard no lines in the sand and I heard a lot of passion on certain issues," Boxer added. "But we didn't hear the rhetoric. We just heard you speak to the heart about what is most important."

Boxer pledged to do whatever was necessary to "improve the Senate bill," a nod to her preferred outcome of the conference.

But she quickly added: "On the issues we've all expressed our views on one-side or the other, listen, we're going to work together to get this done."

Originally published here: <http://thehill.com/blogs/transportation-report/highways-bridges-and-roads/226219-highway-conference-gets-off-to-slow-start>

CONGRESS REVS UP TALKS ON 'HIGHWAY BILL'

By Sean Lengell
Washington Times
May 9, 2012

House and Senate negotiators met Tuesday for the first time to hammer out a massive new long-term spending bill to keep federal highway, rail and transit programs running.

The Senate in March passed a two-year, \$109 billion "highway bill" with wide bipartisan support. But the move to renew surface transportation funding stalled in the House, where Republicans rejected their leadership's five-year, \$260 billion version before the measure could even get to the floor for a vote.

"We must rebuild our nation," said Rep. Nick J. Rahall II of West Virginia, the top Democrat on the House Transportation and Infrastructure Committee. "We cannot let our hard heads get in the way of hard hats."

The bipartisan highway bill conference committee, which includes 14 senators and 33 House members, faces an end-of-June deadline, when a temporary three-month spending extension expires.

Without a new bill, many federally funded transportation construction and infrastructure projects would halt, a move that would adversely affect an estimated 1.8 million construction-related jobs. The government could also lose about \$110 million a day in uncollected gas and diesel taxes.

Surface transportation spending bills typically are among the most nonpartisan in Congress, as Democrats and Republicans alike pack them with pet spending projects for their home districts and states. But the highly charged partisan nature that increasingly has gripped Capitol Hill has seeped into deliberations on this year's version.

A key sticking point is a Republican push to include a provision for the construction of the Keystone XL oil pipeline, which would bring oil from the tar sands of Alberta, Canada, to the Gulf Coast. It has strong support from business and labor groups but is opposed by leading environmental groups.

"Approving the Keystone pipeline is an opportunity to address high gasoline prices, put Americans to work and reduce America's dependence on unfriendly Middle East oil," said House Natural Resources Committee Chairman Doc Hastings, Washington Republican. "While the president has repeatedly refused to act, Congress must."

Most Democrats in both chambers are adamant on leaving Keystone out of the measure, saying it's unrelated. Rather, they are pushing for a compromise based on the Senate bill, which doesn't include the controversial pipeline.

"Failure is not an option for us, not when 70,000 of our bridges are deficient, not when 50 percent of our roads are below standard, and not when construction businesses and workers are suffering," said Sen. Barbara Boxer, California Democrat, who was named chairman of the conference committee and who co-wrote the Senate bill.

But House Transportation and Infrastructure Committee Chairman John L. Mica, Florida Republican and conference committee co-chairman, warned against raising taxes to pay for upgrading the nation's crumbling infrastructure.

"We've got to do more with less," he said. "If you want to pay for it with [increased] taxes, you're on the wrong committee."

The public meeting was reserved for members' opening statements, with the real negotiations expected to take place behind closed doors in the coming weeks. But Mrs. Boxer, who said she may call another public meeting in "20-some days," said she was pleased with the nonconfrontational tone of the panel's initial gathering.

"I heard no lines in the sand," said the senator, who then added, "I'm going to do everything to complete the Senate bill."

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BIG TOBACCO & BIG GOVERNMENT TOGETHER AGAIN

By Timothy P. Carney

The Washington Examiner

May 8, 2012

Altria Group Supports Enactment of Tobacco Industry Regulation

**Richmond, Va.
June 22, 2009**

Today Altria Group called President Obama's signing of legislation giving the Food and Drug Administration regulatory authority over tobacco products an important and historic achievement. The company has supported tough but reasonable federal regulation of tobacco products for more than eight years.

"We have consistently advocated for federal regulation that recognizes the serious harm caused by tobacco products, that helps ensure tobacco companies do not market tobacco products to children and that also acknowledges that tobacco products are and should remain legal products for adults," said Michael E. Szymanczyk, Altria Group's chairman and CEO. "We believe a comprehensive regulatory framework, implemented thoughtfully, can provide significant benefits to adult consumers."

Cigarettes are taxed at a higher rate than cigars and pipe tobacco. So cigarette companies are lobbying to change this -- by trying to hike taxes on their competitors, according to Peter Suderman at Reason.

Suderman is right to use the term "not-so-odd couple" to describe "cigarette companies and public health advocates, both of which agree that pipe tobacco should be taxed at the higher rate."

You see, Big Tobacco has aligned for over a decade with those who want more government control over tobacco.

You may recall the massive tobacco settlement of the late 1990s. I explained in my 2006 book, *The Big Ripoff*, how Big Tobacco supported that settlement as a way to protect the biggest companies from smaller competitors.

Also, Philip Morris, the biggest tobacco company, lobbied for and benefitted from Obama's 2009 tobacco regulation bill.

It's a nifty trick. Get really big. Make state budgets dependent on your profitability, then work with government to kill new competitors.

Originally published here: <http://campaign2012.washingtonexaminer.com/blogs/beltway-confidential/big-tobacco-big-government-together-again/527706>

YOUR VIEW: SOULD THE GOVERNMENT RAISE TAXES ON PIPE TOBACCO

Post by My Suburban Life (IL)

May 8, 2012

Western suburbs — Should the government raise taxes on pipe tobacco and cigars?

Congress increased the tax on cigarettes and roll-your-own tobacco three years ago. Now, there are indications that smokers are using pipe tobacco to roll their own cigarettes and cigars to avoid the costly taxes. Should the government raise taxes on pipe tobacco and cigars?

Leave a comment below, or e-mail your thoughts to us at opinions@mysuburbanlife.com..

Originally published here: <http://www.mysuburbanlife.com/streamwood/highlight/x43411178/Your-view-Should-the-government-raise-taxes-on-pipe-tobacco-and-cigars>