

DAILY NEWS CLIPS

FEDERAL NEWS CLIPS

May 31, 2012

CONGRESS FLUMMOXED BY CAN'T-MISS BILLS

By Jake Sherman and John Bresnahan

Politico

May 30, 2012

The wish list seemed too simple to screw up.

President Barack Obama asked Congress to pass bills to keep student loan interest rates from doubling, prevent domestic abuse and fund the nation's highway system.

But never underestimate Congress's ability to fumble a can't-miss play.

Now, the slate of issues that lawmakers thought would be a cinch are stuck in a legislative morass, fitting perfectly into Obama's election-year argument that Congress is a band of incompetents who can't even agree on curbing domestic violence or shielding college students from ballooning loan payments.

Lawmakers are already hearing from voters that failing to pass a student loan bill will be another hit to their families' strained finances. But two competing, partisan versions of the legislation failed in the Senate last week. And Republican aides now say they're privately working on fallback plans — including looking for new ways to pay for it — while trying to figure out how to blame Democrats such as Senate Majority Leader Harry Reid of Nevada and Sen. Chuck Schumer of New York if a deal isn't reached.

If Congress can't get it done, it could cost the average student up to \$1,000 a year in added payments.

The Violence Against Women Act, meanwhile, is caught up in a constitutional bind. The Senate legislation included a spending increase, but all revenue measures have to originate in the House. So the legislation is stuck on pause, while both sides take swipes at each other over which is more anti-women.

The highway bill isn't looking much better. Top aides are less than pleased with a conference committee's progress negotiating the highway measure. That means it's likely — once again — that Congress will have to pass a short-term stopgap to fund the nation's infrastructure projects. That would be a serious blow to both House Republicans and Senate Democrats, who say a long-term bill is needed to instill certainty in the nation's economy.

The clock is ticking. Highway funding will begin to run dry, and student loan interest rates will double on July 1. The House is in sessions for only 13 days in June.

The Senate is on recess this week, flung across the globe in locations like Malaysia, New York and Israel. Reid and Schumer are on a West Coast fundraising swing.

Meanwhile, in Washington on Wednesday, the House spent part of the day trying to pass a bill that would make abortion based on gender illegal.

With the campaign season heating up, pessimism on whether Congress will come through is growing. Top aides privately admit that reaching an agreement on the student loan bill is an uphill climb — although House Speaker John Boehner (R-Ohio) and other top congressional leaders say it's a top priority.

Still, back-channel, bipartisan negotiations have yet to begin, several aides and lawmakers say.

"I agree with that," House Minority Whip Steny Hoyer (D-Md.) said when asked about the time crunch. "The answer is I have not heard as of today, so I don't know the status of that."

Meanwhile, finger-pointing is under way.

"On each issue, the House has acted and passed a solution based on our principles," said Michael Steel, a spokesman for Boehner. "Frankly, it is the Senate Democratic leadership that has failed to deliver for the president and the American people again and again."

Steel noted that Republicans are "considering various strategies to highlight the fact that the House has passed a bill and the Senate hasn't, so if we get close to the deadline, and the president tries to blame 'congressional leaders' for a student loan rate increase, it will be crystal clear he is talking about Senate Democratic leaders like Harry Reid and Chuck Schumer — not House Republicans."

But Adam Jentleson, Reid's spokesman, countered that the GOP "brand has been decimated by the crystallization of public opinion recognizing that Republicans do nothing but block legislation for partisan reasons."

"Now, what they're trying to do is be a little more clever about blame game while still preventing important legislation from actually passing," Jentleson said.

In fairness, there are a few green shoots. A bill to reform the Food and Drug Administration recently passed the Senate and the House. Both chambers agreed to legislation reauthorizing the Export-Import Bank, a huge plus for U.S. exporters like Boeing. A federal flood insurance bill also looks likely to sail through the lower chamber this week.

VAWA — the domestic abuse bill — seems to be engendering the least amount of heartache among top decision makers on Capitol Hill. The legislation has already technically expired, but the programs are funded through Sept. 30.

And it's possible, of course, that Republicans and Democrats will reach an eleventh-hour deal to prevent student loan rates from jumping to 6.4 percent from 3.4 percent before ditching town for the July recess. Both the House and Senate appropriations committees have made solid progress on their 2013 spending bills.

Both sides are quick to point out that in principle, they want to find a solution. But the Senate hasn't passed anything, and the House's proposal to pay for it — gutting a fund in Obama's health care law — is unpalatable to Democrats. If Republicans have to back off, they'll get heat from their right flank.

"That's a good place to have it paid for," Rep. Ted Poe (R-Texas) said. "The president does what he has to do; the Senate does what it has to do; I don't think we should make decisions based on what the president may or may not do in the future."

Rep. Thomas Reed (R-N.Y.) said "less than five" constituents recently asked him what Congress was doing to prevent a rate increase. His freshman colleague Rep. Randy Hultgren (R-Ill.) got a similar query.

"I heard about it when I was home — pile on top of it not having a job plus having interest rates going up; it's poor timing," Hultgren said.

He, unlike Poe, seems eager to strike a deal.

"If there's a compromise position, yes, let them offer it," he said, adding that there seem to be "more questions than answers."

Originally published here: <http://www.politico.com/news/stories/0512/76894.html>

CLOSE TAX LOOPHOLE FOR RYO CIGARETTES

Letter to the Editor by Dennis Cook, Chairman, Illinois Young Republicans
The Madison Record (IL)
May 30, 2012

I am writing to alert your readers to yet another tax loophole our government allows enabling retailers to install Roll Your Own (RYO) cigarette manufacturing machines and then claim that no one is the manufacturer of the cigarettes in order to bypass federal and state laws.

As chairman of the Illinois Young Republicans, we are for free market economic policies. But without H.R. 4134, this tax code loophole is creating economic distortions in the marketplace, not to mention undermining important laws such as fire safety standards for cigarettes.

RYO cigarette manufacturing machines make packs of cigarettes within minutes. Consumers leave a store with cartons of cigarettes, no different than if they went in to purchase a regular carton of cigarettes, yet don't have to pay the \$1 per pack FET passed by Congress in 2009, will not have to pay the newly passed state excise tax increase on cigarettes, payments agreed upon under the state settlement agreements or the proper sales taxes on the higher sales price if excise taxes had been included.

By allowing the retailers to sell the cigarettes without the proper labeling and at unfairly low prices, it creates a business model that threatens the livelihoods of traditional retailers and drains state tax revenues leading to a bigger budget deficit for the State of Illinois.

In addition, these RYO cigarettes do not comply with state fire standards for cigarettes, do not display the Congressionally mandated Surgeon General warning labels and do not meet other FDA regulatory criteria for cigarettes.

I urge your readers to contact their Congressional leaders and ask them to vote for H.R. 4134 to close the tax loophole and uphold safety regulations.

Originally published here: <http://www.madisonrecord.com/arguments/244340-close-tax-loophole-for-ryo-cigarettes>

PHILIP MORRIS ‘LIGHT’ CIGARETTE CLASS ACTION THROWN OUT

By Bob Van Voris
Bloomberg
May 30, 2012

A class action against Altria Group Inc. (MO)'s Philip Morris over "light" cigarettes was thrown out on appeal by the Minnesota Supreme Court, which said the claims in the lawsuit were barred by a 1998 settlement.

The court ruled today that the settlement, in a separate case filed by the state's attorney general in 1994, barred claims by smokers under Minnesota's consumer protection law. The dismissed suit was filed in 2001 by Gregory Curtis on behalf of all smokers who had bought Philip Morris's Marlboro Lights in Minnesota since 1971.

"We conclude that the 1998 settlement agreement entered into by the state AG and Philip Morris expressly released and barred respondents' consumer protection claims," Justice Christopher Dietzen wrote in an opinion today.

Curtis claimed Philip Morris misled consumers into believing that "light" cigarettes were less harmful than regular cigarettes. Altria, based in Richmond, Virginia, is the biggest U.S. cigarette maker.

The case is Curtis v. Altria Group Inc., A10-215, Minnesota Supreme Court (St. Paul).

Originally published here: <http://www.bloomberg.com/news/2012-05-30/philip-morris-light-cigarette-class-action-rejected-on-appeal.html>