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Rich Gold
Practice Group Leader
Public Policy & Regulation Group

202.457.7143
rich.gold@hklaw.com

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President Obama Proposes Job Creation Bill

Last night, President Obama addressed a joint session of Congress to reveal his plan for the American Jobs Act. The $447 billion proposal combines tax cuts and spending investments to encourage job creation in the small business sector, send teachers and first responders back to work and improve school and road infrastructure. The American Jobs Act is estimated to cost more than half of the President's previous economic stimulus package, which cost $787 billion.

Tax cuts to businesses and workers account for more than half of the president's package. A few of those provisions include:

- cutting payroll taxes in half for the first $5 million in wages for employers
- temporarily eliminating employer payroll taxes on wages for new workers or raises for existing workers
- providing tax credits for hiring the long-term unemployed, those who have been off the job for over six months
- extending current Social Security payroll tax cuts for workers through 2012

The other spending pieces of President Obama's proposal include:

- $35 billion to prevent teacher and first responder layoffs
- $25 billion to upgrade public school infrastructure
- $5 billion to modernize community colleges
- $50 billion for immediate transportation infrastructure investments
- $10 billion to create a national infrastructure bank that leverages private and public capital
- $15 billion to rehabilitate vacant property in neighborhoods with high concentrations of foreclosures

- $49 billion to extend unemployment benefits
- $5 billion to help low-income youth and adults find work training and jobs

President Obama proposes paying for the American Jobs Act by tasking the joint deficit reduction committee, nicknamed the Super Committee, to increase their deficit reduction target. The panel is mandated to reduce the deficit by at least $1.2 trillion over 10 years or face across-the-board spending cuts in 2013. The administration intends to provide legislative language for the American Jobs Act next week.

Congress Returns to Several Expiring Bills

Congress convened this week with a long to-do list. With the new fiscal year beginning October 1, 2011, several bills are approaching deadlines for extensions and reauthorizations.

Federal Aviation Administration

Lawmakers must pass a reauthorization or approve another temporary extension of the Federal Aviation Administration (FAA) bill that funds construction programs, by September 16, 2011. The current extension was approved in early August after a two-week partial shutdown of the FAA. Approximately 4,000 employees were furloughed and airport construction grants were suspended. Senate Majority Leader Harry Reid (D-NV) expressed the need to pass a reauthorization, or at the very least, extend the FAA reauthorization bill through the end of the year. House Transportation and Infrastructure Chairman John Mica (R-FL) is expected to introduce another extension of federal aviation funding today. The extension will last until December 31, 2011, and will include retroactive back pay for FAA employees furloughed in July through August. The bill will also reduce budget authorizations for each FAA account by 5 percent from current FY11 levels, per the funding levels set by the appropriations committees.

Highway Transportation Bill and Gas Tax

The current surface transportation bill, SAFETEA-LU, expires on September 30, 2011. With chances being slim of Congress passing a reauthorization before the end of the month, the Senate Environment and Public Works (EPW) Committee cleared a clean extension on September 8, 2011, that will continue highway spending and federal gas tax collections through January 31, 2012. House Transportation and Infrastructure Chairman John Mica (R-FL), along with House leadership, have said they will support an extension – but only one. If the short extension is successful, a lot of work will be required in four months to conciliate the very differing House and Senate versions of a multi-year extension. The Senate is proposing a two-year surface transportation reauthorization at current funding levels. The House is supporting a six-year bill with a 30 percent cut to transportation funds, which Democrats and most transportation industry representatives consider unacceptable.

National Flood Insurance Program

The Senate Banking Committee voted September 8, 2011, to reauthorize the government's flood insurance program, due to expire at the end of this month. The bill passed by the committee would extend the National Flood Insurance Program for another five years. Although steps have been taken to avoid a lapse in program funding, it may take more time than is available to reconcile differences with the House and Senate versions of the reauthorization.

Appropriation Bills Advance as CR Talks Begin

On September 7, 2011, the Senate set spending allocations for FY12 that matched the $1.043 trillion discretionary spending cap established in the debt limit law. The budgetary limit is $7 billion less than current spending levels but is higher than the spending allocations adopted by the House earlier in the year. The FY12 House budget resolution in April set a $1.019 trillion cap.

The House and Senate have been moving spending bills quickly through committee. With only 10 legislative days remaining in FY11, however, it is unlikely that all 12 spending bills will be implemented before October 1. (A district work period is set for September 26 through September 30.) House Majority Leader Eric Cantor (R-VA) has announced that the House will vote on a stopgap spending measure, also known as a continuing resolution (CR), the week of September 19. Rep. Cantor did not specify a length for the CR, only stating it will fund the government through "late fall."

FY12 Appropriations Progress		
Appropriations Bills	**House Status**	**Senate Status**
Agriculture, Rural Development, FDA	Passed House Floor June 16 (report)	Passed Full Committee Sept. 7 (report)
Commerce, Justice, Science	Passed Full Committee July 13 (report)	Full Committee Sept. 15, 2 p.m.
Defense	Passed House Floor July 8 (report)	Full Committee Sept. 15, 2 p.m.
Energy and Water	Passed House Floor July 15 (report)	Passed Full Committee Sept. 7 (report)
Financial Services	Passed Full Committee June 23 (report)	Full Committee Sept. 15, 2 p.m.
Homeland Security	Passed House Floor June 2 (report)	Passed Full Committee Sept. 7 (report)
Interior, Environment	Passed Full Committee July 12 (report)	--
Labor, Health & Human Services, Education	Subcommittee Sept. 9, 9:30 a.m.	--
Legislative Branch	Passed House Floor June 22 (report)	Full Committee Sept. 15, 2 p.m.
Military Construction, Veterans Affairs	Passed House Floor June 14 (report)	Passed Senate Floor July 20 (report)
State, Foreign Operations	Passed Subcommittee July 27	--
Transportation, Housing & Urban Development	Passed Subcommittee Sept. 8	--

* Bills and report language are hyperlinked above

Super Committee Deadlines Set Path Forward

The Super Committee held its first meeting September 8, 2011, to adopt the rules that will govern upcoming debt discussions. Since the debt limit law established annual caps on discretionary spending, the panel is expected to focus on finding savings in mandatory spending programs such as Medicare, Medicaid and Social Security. The panel is also likely to consider changes in the tax code that could address the deficit by generating revenue. Below is a list of deadlines for the Super Committee specified by the Budget Control Act that will guide congressional action over the next few months.

- **September 30, 2011** – End of the federal government's fiscal year and when current funding for the government runs out. It is expected that the initial $400 billion increase in the debt ceiling will have been exhausted. President Obama must then request the additional $500 billion increase in the debt ceiling (subject to a vote of disapproval by Congress, which he can override).
- **October 14, 2011** – The deadline for House and Senate Committees to submit recommendations for deficit reduction to the Super Committee.
- **November 23, 2011** – The deadline for a majority of the Super Committee members to agree to send recommendations to Congress. If there is no agreement, a $1.5 trillion mix of discretionary and defense cuts are automatically triggered but do not take effect until January 15, 2012.
- **December 2, 2011** – If there is an agreement by a majority of the Super Committee members, the deadline for recommendations to be sent to Congress for an expedited vote.
- **December 9, 2011** – The deadline for House and Senate Committees of jurisdiction to consider the report and recommend, disapprove, or do nothing with its findings. No amendments to the recommendations are permitted.
- **December 23, 2011** – The deadline for the House and Senate to hold a vote on the recommendations. A simple majority will be required in both chambers, and if it fails, the triggered cuts in discretionary and defense spending will take effect on January 15, 2012.
- **January 15, 2012** – The date at which the automatic cuts to discretionary spending, defense spending, and certain entitlement programs will take place if a bill is not passed.

Holland & Knight will continue to monitor progressing legislation and Super Committee negotiations. Please contact your local Holland & Knight representative with any questions.

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Holland & Knight's Public Policy & Regulation Group uses its in-depth understanding of governmental operations and political perspectives to help advance our clients' strategic objectives and solve problems. As advocates for our clients, we are committed to helping shape public policy decisions through careful, strategic positioning combined with a deep understanding of our clients' evolving needs. Our team offers depth, diversity and a bipartisan approach that adapts well to changes in the political climate.

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