CFA CFAnews

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Consumers Score Gains in 1986 Elections

Consumers were big winners in the 1986 elections, according to a CFA analysis.

Based on congressional voting records and other information, CFA has drawn the following conclusions:

- *The 13 new senators are significantly more pro-consumer than their predecessors.* Consumers can look forward to "clearly better representation" from seven of thirteen new senators. One new senator is not expected to be as pro-consumer as his predecessor, and five represent no change.

The biggest turnaround will occur in Nevada, where Democratic Rep. Harry Reid will replace retiring Republican Sen. Paul Laxalt. "Reid has a lifetime consumer rating of 80 percent on CFA's annual voting record, while Laxalt averaged just 9 percent during his Senate career," CFA Legislative Representative Alan Fox said.

CFA endorsed nine candidates for the Senate, and five were elected.

- *Several key Senate committees will be led by pro-consumer chairs.* Incoming committee chairs Ernest Hollings (Commerce), William Proxmire (Banking), Patrick Leahy (Agriculture), and Joseph Biden (Judiciary) have consumer records significantly better than their predecessors.

"All of these committees have jurisdiction over issues of great importance to consumers. In the 100th Congress, consumers' interests are more likely to protected in these committees," Fox said.

The consequences of these changes may be even greater than the numbers suggest. On the Commerce Committee, Sen. Hollings has led the fight against attempts to limit consumers' ability to seek redress when they are seriously injuried by defective products. With the Commerce Committee under his leadership, this high priority issue for CFA and other consumer organizations may be laid to rest.

During the tenure of Jake Garn as chairman of the Banking Committee, no significant consumer legislation has been adopted by the committee. This year, the House passed initiatives in the areas of check-hold limits, deposit account disclosure and credit card disclosure, only to see the legislation die in the Senate. Under new Chairman William Proxmire, these issues will get the attention they deserve.

- *The new House members include several pro-consumer leaders.* "Only six candidates defeated incumbent members of the House this fall," Fox said, "Three of the six successful challengers were endorsed by CFA."

CFA endorsees Ben Campbell (D–Colo.), Louise Slaughter (D–N.Y.) and David Price (D–N.C.) defeated incumbents to win House seats.

Two other new members with consumer records far better than the incumbents they defeated are:

Mike Espy (D–Miss.), the former head of the state Attorney General's Consumer Protection Division.

James McClure Clarke (D–N.C.), who recorded a 67 percent record in his two years in Congress and defeated an incumbent with an 8 percent record.

Two other CFA-endorsed candidates won seats previously held by the other party. Jim Jontz (D–In.) and Liz Patterson (D–S.C.) are both experienced state legislators who can be expected to be effective early in their Congressional careers. Jontz has been regarded as one of the top consumer advocates in the Indiana legislature and Patterson was one of several candidates who campaigned strongly on CFA's endorsement.

Two other CFA-endorsed nonincumbent candidates were elected. Peter DeFazio (D–Ore.) has been a strong advocate for utility consumers, initiating the state's Consumer Utility Board petition drive and James Bilbray (D–Nev.) replaces Senator-elect Harry Reid.

"Several other new House members ran on consumer issues and will be looked to for leadership in the future," Fox said. All 77 incumbent House members endorsed by CFA were reelected.

Changes in U.S. Senate Membership and Committee Chairs

State	New Member	CFA Rating	Departing Member	CFA Rating
NV	Harry Reid	80	Paul Laxalt	9
SD	Tom Daschle	70	James Abdnor	20
WA	Brock Adams	84	Slade Gorton	36
GA	Wyche Fowler	61	Mack Mattingly	23
MD	Barbara Mikulski	84	Charles Mathias	50
AZ	John McCain	17	Barry Goldwater	5
AL	Richard Shelby	20	Jeremiah Denton	12
CO	Tim Wirth	71	Gary Hart	65
LA	John Breaux	20	Russell Long	25

Committee	New Chair	CFA Rating	Outgoing Chair	CFA Rating
Judiciary	Joseph Biden	80	Strom Thurmond	8
Banking	William Proxmire	82	Jake Garn	12
Agriculture	Patrick Leahy	75	Jesse Helms	9
Commerce	Ernest Hollings	56	John Danforth	34

Judge Greene Warns Against Regional Diversification at CFA-TRAC Phone Conference

In a keynote address at the fourth annual Telephone Issues for the States Conference, Judge Harold H. Greene warned that "the threat to consumers from the entry [of regional phone companies] into the markets forbidden to them under the [consent] decree is as great as that presented by AT&T" before divestiture. The conference was co-sponsored by CFA and the Telecommunications Research and Action Center.

"It is not consistent with the antitrust laws. . . to reestablish a similar monopoly in the regional companies, with the same incentives and abilities as AT&T to make use of their status to disadvantage both consumers and would-be competitors," he said.

Greene also voiced skepticism about transferring authority for enforcing the decree from the courts to the Federal Communications Commission (FCC). He expressed apprehension that, following this transfer, the FCC would eliminate or relax restrictions on diversification and fail to insist that regional companies strictly separate their competitive and monopoly components. Legislation proposed by Sen. Robert Dole (R–Kan.) and supported by these companies would shift enforcement power to the FCC.

CO PUC Chairman Ron Lehr

Governor Robert Kerry

Kerrey Defends Deregulation

In another keynote speech at the conference, Nebraska Governor Robert Kerrey presented a different perspective. Speaking in more general terms than Judge Greene, Kerrey called for less, not more, regulation of communications. This approach is the only way, he suggested, our society can fully realize the benefits created by developing new communications technologies. These benefits include creating libraries of information in sound and visual form that are readily accessible to individuals.

Kerrey also urged less government regulation of prices; intervention should be restricted only to addressing specific problems, he said. With Kerrey's support, the Nebraska legislature partially deregulated telephone service by allowing phone rate increases of less than 10 percent without public service commission approval. Only with legislature and state supreme court approval can customer groups petition the PSC against rate hikes.

In a response to Kerrey's address, Colorado Public Utilities Commission Chairman Ron Lehr predicted that the Nebraska telephone statute would drive up costs because it creates uncertainty. What the law fails to recognize, Lehr said, is that the market it deregulates is controlled by an entity, the local phone company, with a 97 percent share.

As an alternative, Lehr proposed, not more or less, but a different kind of regulation. This would emerge from a new consumer-shareholder partnership that would seek to negotiate sharing the benefits of declining phone industry costs.

Cooper Reports Low-Income Findings

The conference also featured a report on current research on consumer phone usage and needs. Dr. Mark Cooper, CFA's research director, summarized research he had recently completed on the expressed needs of low-income Michigan consumers. Major findings included:

(continued on page 2)

Interstate Banking Laws: Spurring Competition or Short-Changing Consumers?

By Alan Fox, CFA Legislative Representative

In early 1985, fewer than ten states permitted any form of interstate banking. Few banks operated in more than one state; many operated in, and were close to, a single community or metropolitan area. The list of interstate bank acquisitions approved or pending fit easily on an index card.

Today, less than two years later, 36 states have adopted laws allowing their banks to be acquired by out-of-state companies. Announcements of new interstate acquisitions, once headline news, now find space only in specialized industry newsletters.

The states have long had the power to allow out-of-state acquirers to buy banks. Some interstate banking networks, primarily in the upper Midwest, have remained in operation under "grandfather" clauses in laws otherwise preventing acquisitions. But few states permitted interstate acquisitions until the Supreme Court issued a key decision in June 1985.

Regional Banking Emerges

That decision interpreted federal law as giving states flexibility in writing their interstate laws. Before the decision, it had been assumed that states had to follow an "all or nothing" policy—that is, let acquirers in from any state, or from no states. Most state legislatures, afraid their banking markets would quickly become dominated by gigantic money-center banks, were unwilling to open their doors.

But the Supreme Court ruled that the states could choose which other states they were willing to allow in. The result is a hodgepodge of state laws, no two alike, permitting varying degrees of interstate acquisitions to begin over the next few years.

Most state laws are regional in nature. Eight southern states from Mississippi to Virginia allow interstate acquisitions by companies anywhere else in the region. Some of the "regions" defined by state law are quite unusual. New Jersey, for example, has defined its region as stretching across the Mississippi River as far as Missouri—but not across the Hudson River to New York.

The rationale given for these regional laws is that they allow consolidation of each region's bank systems before the money-center giants from New York and California gain entry. After a few years, proponents argue, regional powerhouses based in Atlanta or Boston will be strong enough to compete with the big boys, and full interstate banking can begin. In some states, this transition is formalized with a "trigger date," after which the state's banks will be open to purchase by banks in any state offering reciprocal rights.

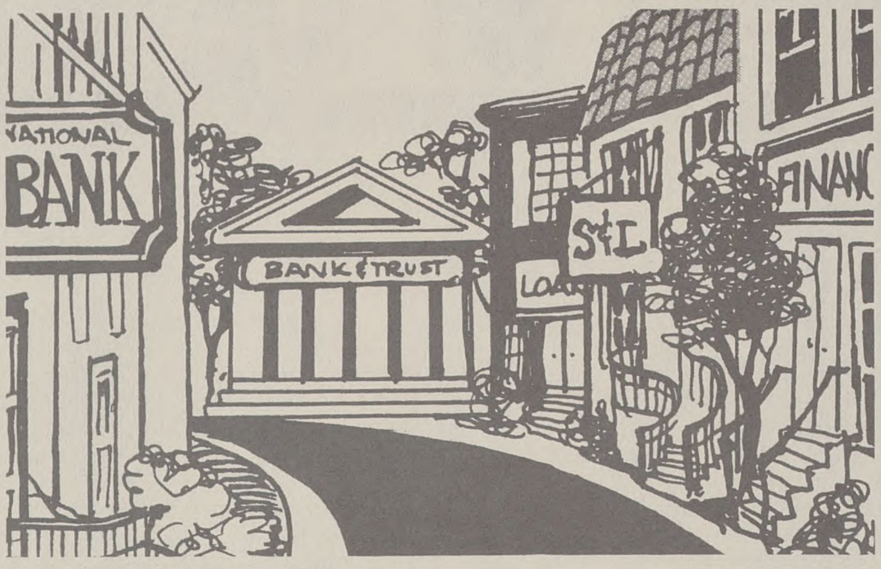
Consumer Protections Missing

Conspicuously absent from nearly every one of these state laws is any reference to the consumers of banking services. Once state legislators developed regional laws in an effort to balance the interests of their states' larger and smaller banks, they treated consumers to nothing more than platitudes about how interstate banking enhances competition.

But the most significant fact about most states' interstate banking laws is that they are interstate *acquisition* laws. Out-of-state banks are not allowed to open new banks and thus increase competition. Instead, they are required to enter other states by buying existing banks in those states. The state laws were written this way at the behest of local bankers, who benefit by being able to command premium prices for their banks.

For consumers, the result is not more competitors but, as many consumers are beginning to discover, a change of the name on the door and a shift of the headquarters out of state.

Last year several national consumer organizations prepared a proposal calling for strict community and consumer benefit standards to be applied to interstate acquisitions. This proposal would have required federal banking regulators, who must still approve any interstate bank acquisition, to find that a purchase would improve services to the community served by the bank being acquired. Benefits for low- and moderate-income consumers and neighborhoods were specifically required. This proposal died in Congress when the Supreme Court decision made further federal interstate-banking legislation unnecessary.



Cullen Clark/Urban Institute

Only a handful of states have enacted community or consumer provisions as a part of their interstate laws; a few others have enacted unrelated consumer provisions, such as check-hold limits simultaneously in order to adopt a balanced package of banking law changes. Community organizations, including several branches of the Association of Community Organizations for Reform Now (ACORN), have challenged specific acquisitions under existing federal law in order to pry commitments to community lending from acquiring banks. In general, however, the pace of interstate acquisitions has snowballed, and little attention has been paid to the implications for ordinary consumers of this dramatic restructuring of the banking market.

Holding Banks Accountable

In the short run, acquiring banks may prove sensitive to community needs. Most wish to avoid customer ill will as they enter new markets. But in the long run, consumers may face the problems already encountered by customers of two Minnesota-based interstate bank networks, First Bank System and Norwest Corp. These networks have controlled banks throughout the upper Midwest since before the enactment of interstate acquisition limits.

According to an article in the July 26, 1985 *Wall Street Journal*, First Bank System recently centralized its loan approval process in Minneapolis, slowing down the system's response to loan applications from small businesses. Meanwhile, Norwest established regional check-processing centers that reduced the information consumers could get about their accounts from their local banks.

In response, consumer and community groups have become familiar with, and use, the federal Community Reinvestment Act (CRA), which allows challenges to all bank acquisitions. Under this law, community groups across the country have forced acquiring banks to commit millions of dollars in loans to low- and moderate-income neighborhoods for mortgages, housing rehabilitation, and small-business needs. Banks have also agreed to provide deposit services at reasonable prices to low-income consumers and to establish ways to keep in touch with community needs.

CFAnews

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Judge Greene Warning

(continued from page 1)

- Virtually all low-income households consider phone service to be essential.
- Lack of affordability is the major reason some low-income households do not have a phone in their homes.
- Two-thirds of those without service report problems as a result. Most frequently cited was the inability to call doctors and hospitals.
- Those not on the network said they could afford to pay about $30 to reconnect and up to $25 in total monthly charges.
- Low-income households report an average of 116 local calls and 16 long-distance calls monthly. About half of these are considered necessary.

The eight other conference sessions included presentations by CFA Legislative Director Gene Kimmelman and by CFA member-group representatives Ken McEldowney, executive director of Consumer Action; Rich McClintock, executive director of the Missouri Public Interest Research Group; and Carol Barger, director of Consumer Union's southwestern advocacy office.

More than 200 consumer advocates, state and federal regulators, and industry representatives participated in the day and a half conference, which was planned with advice from ten phone industry groups.

Product Safety Update

Petition Seeks Saturated Fat Labeling

The Center for Science in the Public Interest (CSPI) has petitioned the Food and Drug Administration (FDA) to require that any product made with tropical vegetable oils—such as palm, coconut or palm kernel—state on its label that the oil contains saturated fat. Since saturated fats can lead to heart disease by raising blood cholesterol levels, many consumers purchase vegetable oil because they believe it is more likely to be polyunsaturated (and therefore more healthful than animal fat). However, tropical oils contain between 51 and 92 percent saturated fat, compared with lard, which has 41 percent saturated fat.

CSPI contends that more informative labels are needed, since health-conscious consumers are purchasing products labeled "Made with 100% Vegetable Shortening," while cost-conscious manufacturers are shifting to the less expensive, more highly saturated tropical oils. The petition requests that if a claim of "100 percent vegetable oil" is made on a product's front label and it contains a tropical oil, the label must also state that it is a saturated fat. CSPI also requested that when ingredients are listed on the back label, the phrase "saturated fat" should be included, if applicable.

In a letter to FDA Commissioner Frank Young, CFA supported the CSPI petition and pointed out that the requested labeling changes would enable consumers to take FDA's advice to "limit intake of foods high in saturated fats. . .and foods with palm and coconut oils."

Washington Perspective

Congress Advances Consumer Agenda

By Stephen Brobeck, Executive Director

The 99th Congress has been widely praised for passing several major pieces of legislation. But have they, in this holiday season, given consumers reason to be thankful?

Happily, the answer is yes. Tax reform, Superfund and appliance efficiency standards legislation in particular should improve the physical and financial health of most citizens. Consumer banking reforms passed the House and are likely to clear both houses in the next year. Moreover, anti-consumer bills to further deregulate energy and utilities, and to weaken liability protections, failed to pass either the House or Senate.

Advocates Take the Offensive

In the past five years, Washington-based consumer groups increasingly have moved from the defensive to the offensive. More important, even when we have been unable to find industry allies, we have succeeded in advancing consumer-oriented legislation.

This was especially true for banking. Tough legislation limiting check holds was approved by the House. So was a bill requiring new credit card disclosures and, a concept advocated without success for two decades, truth-in-savings disclosures. House Banking Committee Chairman Fernand St Germain (D–R.I.), Rep. Charles Schumer (D–N.Y.), Rep. Richard Lehman (D–Cal.), and lobbyists from CFA, Consumers Union, and Congress Watch deserve most of the credit for this progress.

Similarly, Superfund legislation was approved by both houses only through the determined efforts of a few senators, representatives, consumer groups and environmental lobbies. The most significant provision of this law levies taxes on polluters to cover the considerable expense of cleaning up toxic wastes. Sen. George Mitchell (D–Me.), Sen. Robert Stafford (R–Vt.), Rep. James Florio (D–N.J.), and Rep. James Howard (D–N.J.) are to be congratulated for their leadership on this issue.

The Superfund bill also includes provisions establishing a coordinated Environmental Protection Agency program to address threats from indoor air pollutants, especially radon. Sen. Mitchell, Sen. Frank Lautenberg (D–N.J.), Rep. Edward Boland (D–Mass.), Rep. James Scheuer (D–N.Y.), and Rep. Claudine Schneider (R–R.I.) have been the leading congressional advocates of federal action on this issue, which has been one of CFA's top priorities.

Congress approved legislation mandating federal appliance efficiency standards that would conserve resources and lower consumer electricity costs. The bill was based on a consensus reached by representatives of electric and gas utilities, appliance manufacturers, and public interest groups. Although the president refused to sign the legislation, Congress will certainly pass it again and, if necessary, override a presidential veto next year.

The administration, however, is to be applauded for its strong support of tax-reform legislation eliminating corporate and individual loopholes, and removing some six million low-income households from the tax rolls. Even though marginal rates were lowered far too much, the law will benefit most consumers and act to restore public confidence in the fairness of our tax system. Within Congress, Rep. Dan Rostenkowski (D–Ill.) and Sen. Bob Packwood (R–Ore.) have received most of the kudos for passage of this measure. Yet the legislation never would have been taken seriously without the long-term advocacy of its principal features by members such as Sen. Bill Bradley (D–N.J.).

Anti-Consumer Measures Blocked

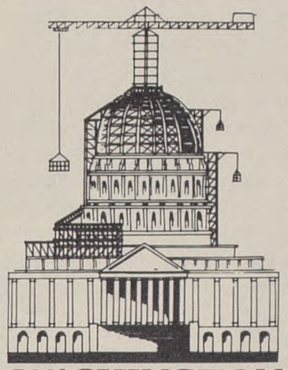
Congress also resisted efforts by the administration and special interests to pass anti-consumer measures. The greatest threat was posed by product liability legislation that would weaken consumer protections against product-related injuries without providing for speedier, more equitable dispute resolution. A bill with caps on pain and suffering awards was voted out of the Senate Commerce Committee, but a filibuster prevented it from reaching the floor of the Senate. Sen. Ernest Hollings (D–S.C.), Sen. Howard Metzenbaum (D–Ohio), and Sen. Slade Gorton (R–Wash.) led the opposition to this measure.

Though backing tort reform, the administration joined with consumer groups to fight one of the most blatantly anti-consumer measures considered by the 99th Congress: the Malt Beverage Interbrand Competition Act, or "beer bill." Supported only by beer wholesalers and manufacturers, this legislation would provide wholesalers a limited antitrust exemption that would not only hike beer prices, but also encourage other industries to seek antitrust immunity. The Federal Trade Commission and Department of Justice joined with state attorneys general, food retailers and consumer groups to keep this bill off the floor of the Senate, where Sen. Metzenbaum and Sen. Strom Thurmond (R–S.C.) provided leadership in opposition to it.

Consumer advocates worked with various utility groups to block administration efforts to push further deregulation in the energy and utilities' areas. CFA supported efforts by the American Public Power Association and National Rural Electric Cooperative Association to prevent the administration from initiating action to sell (or privatize) federal power administrations. Legislation passed both houses, and was reluctantly signed by the president, that bars the administration from spending funds even to develop proposals or prepare studies on the subject.

Consumer groups also allied themselves with gas-distribution companies in opposition to administration efforts to deregulate old natural gas prices. There was little congressional movement on a bill, backed by the Department of Energy, to raise residential gas rates substantially.

Finally, CFA joined with long-distance companies to block efforts by regional phone companies to pass legislation permitting the latter to provide competitive information services and to manufacture equipment. We do not oppose the concept of diversification *per se*—only proposals like the Senate legislation (which attracted little support) that fail to prevent residential rate increases.



WASHINGTON PERSPECTIVE

Prospects Hopeful

The congressional environment consumer advocates face has improved considerably since the early days of the Reagan administration, when we were forced to fend off attempts to shut down the Consumer Product Safety Commission and to subject all consumer regulations to unreasonable legislative vetos. Today, consumer groups can afford to devote less attention to warding off these threats, and now can use greater resources to passing important pocketbook and safety measures.

The year ahead looks even more promising than 1986. As a result of the recent election, the Senate has become more pro-consumer (see page 1 article), improving chances for passage of a variety of consumer reforms. The only sobering realization is that huge federal budget deficits limit the Congress' ability to enact costly but needed measures, ranging from the establishment of a catastrophic health insurance program to the mitigation of indoor air pollution.

An Overview of 1986 Consumer Legislation

The following summarizes the eleven major consumer bills in the 99th Congress and action taken on them.

Check Holds: Expedited Funds Availability Act (H.R. 2443). Would have restricted length of time banks could hold deposited checks before making funds available for withdrawal. Passed House in January; language of bill passed again by voice vote in House in October. Both bills died when Senate refused to consider strong check-holds legislation.

"Truth-in-Savings"/Credit Card Disclosure: Truth in Savings and Credit Card Applicants Act. Combined "Truth-in-Savings" bill (introduced earlier as H.R. 2282) with strong disclosure requirements for credit card terms. Truth-in-Savings bill required more complete disclosure to customers on terms, conditions, fees and interest applicable to deposit accounts. Developed by House Banking Committee in late September, passed full House unanimously. No action taken in Senate.

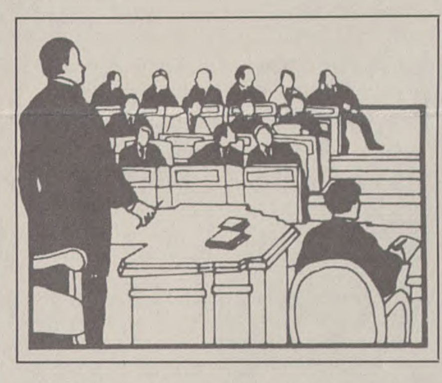
Beer Bill: Malt Beverage Interbrand Competition Act (S. 412). Would have cost consumers an estimated $1 billion annually by giving beer wholesalers territorial monopolies across the country. Did not pass Senate; will be reconsidered by Senate Judiciary Committee next year, voted on by Senate within 60 days of committee approval.

Coal Rail Rates: Coal Rail Equity Act (H.R. 4096). Would have reformed accounting and rate-making procedures at Interstate Commerce Commission. Amended version passed House Transportation Subcommittee, defeated by one vote in House Energy and Commerce Committee.

Indoor Air: Radon Gas and Indoor Air Quality Research Act (Title IV of H.R. 2005, Superfund reauthorization). Provides $5 million for FY 1987-89 to U.S. Environmental Protection Agency to conduct research, coordination and demonstration programs on indoor air pollution and radon problems. Passed by House and Senate conference as part of Superfund, signed by president.

Aviation Tort Reform: Aviation Tort Reform Act (H.R. 4142). Would have replaced state general aviation product-liability law with federal negligence-oriented standards, making it harder for victims of general aviation accidents to obtain compensation. One hearing held in House Subcommittee on Monopolies and Commercial Law; no further action.

Maritime Tort Reform: Commercial Fishing Vessel Liability and Safety Act (H.R. 5013). Would have established stronger safety procedures for maritime industry; also would have limited ship owners' liability to $500,000 per accident involving fishing vessels. Brought to floor of House under suspension of rules (thus unamendable); defeated by House.



Product Liability: Product Liability Reform Act (S. 2760). Would have limited plaintiffs' awards for pain and suffering caused by unsafe products to $250,000, if plaintiff refused to settle before trial. Approved by Senate Commerce Committee in June; pulled from Senate floor, killing measure, in September. Amendment 1814 to bill would have limited attorney contingency fees, established requirement that victim prove manufacturer negligent, eliminated joint and several liability. Rejected by Senate Commerce Committee.

Tax Reform: Tax Reform Act of 1986 (H.R. 3838). Provides substantial tax cuts to low-income consumers; simplifies tax code by reducing number of tax brackets; establishes minimum corporate and individual tax rates; eliminates excessive utility tax breaks. Passed by House-Senate conference in August, signed by president.

Telecommunications: Federal Telecommunications Policy Act (S. 2265). Would shift oversight of 1982 AT&T divestiture agreement from U.S. District Court to pro-industry Federal Communications Commission. Referred to Senate Commerce Committee; no further action.

Federal Power Authority: Measure attached to Supplemental Appropriations Bill for FY 1986 (H.R. 4515). Prohibits expenditure of funds to study or plan for sale of federal power marketing agencies or the Tennessee Valley Authority. Passed House and Senate; signed by president.

Consumers Gain Further Compensation for Past Oil Overcharges

Consumers have been confronted with enormous increases in energy prices over the past decade—partially fueled by illegal prices that oil companies have charged. As a result of the Supreme Court's decision in January not to review a lower court's decision that Exxon violated federal price-control regulations by overcharging crude oil purchasers from 1973 to 1981 (see the May/June 1986 *CFAnews*), $2.1 billion is being distributed to consumers through state governments.

Now, through the recent settlement in U.S. District Court in Kansas of litigation involving stripper (mostly depleted) wells, energy consumers stand to gain further restitution involving even larger sums than the *U.S. vs. Exxon Corporation* decision.

Funds Available to States

The case, *In Re Department of Energy Stripper Well Litigation*, concerned violations by a number of oil companies of pricing regulations in effect from 1973 to 1981 that applied to oil removed from stripper wells. In July U.S. District Court Judge Frank Theis approved a settlement of the case involving about $1.4 billion, including interest (the companies' liability was determined earlier). Several oil companies continue to challenge the amounts owed, and the settlement of stripper well violations may approach $2 billion.

Moreover, since the settlement encompasses issues beyond the *Stripper Well* case, including funds from all future settlements of alleged violations of crude oil price regulations, the final settlement will involve between $4 billion and $5 billion. Refiners will receive $300 million and major purchasers another $200 million. The federal government and the states will evenly divide the balance of monies (roughly $4.5 billion).

Though the federal government will use the funds to reduce the deficit, states are obligated to channel the benefits of their funds to the general population, which bore the burden of overcharges. States' share of funds must be used for energy-related programs and must "supplement, not supplant" current state and federal programs. The settlement also stipulates that states must notify the public of their decision-making processes for using funds, and must hold public hearings unless hearings on oil overcharge funds have been conducted within the past two years.

Ensuring Low-Income Aid

The settlement agreement specifies the types of programs for which *Stripper Well* funds may be used:

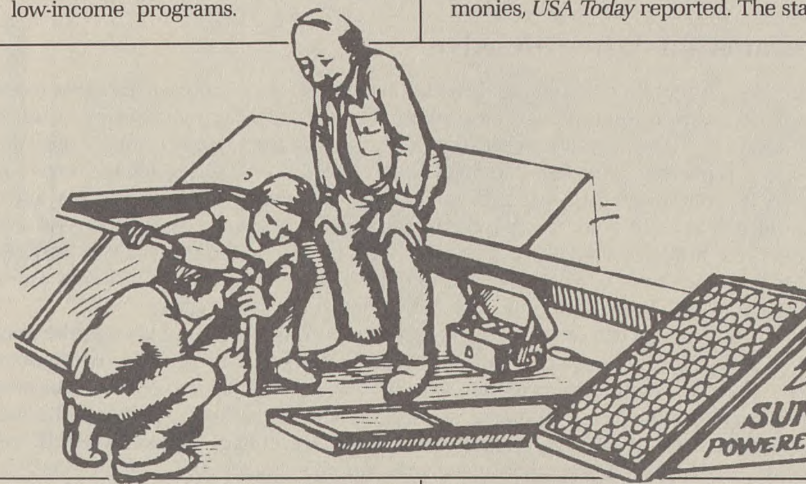
- The five Warner Amendment programs approved for the *Exxon* case (Low-Income Weatherization, the Low-Income Home Energy Assistance Program, the schools and hospitals weatherization program, the Energy Extension Service, and the State Energy Conservation Program).
- Uses for oil overcharge monies previously approved by the Department of Energy's Office of Hearings and Appeals.
- Activities adopted in 1982 for overcharge funds from a case involving Chevron.

Concern that a settlement would ignore the needs of low-income consumers lead several groups to seek intervention in the Kansas litigation. Though Judge Theis denied the motion, low-income advocates negotiated a supplemental agreement with the states requiring that an "equitable share" of each state's *Stripper Well* monies be used exclusively for low-income energy programs. In addition, states must consult with representatives of the poor prior to determining the amount of that share and the purposes of low-income programs.

In another eleven states, the legislature or the executive branch have developed specific recommendations for distributing monies. Twenty states are still in the preliminary stages of their planning processes.

Low-income consumers have demonstrated a strong interest in the program. In Maine, for example, the state was deluged by 6800 applicants for a home weatherization rebate program funded by *Exxon* monies, *USA Today* reported. The state may be forced to hold a lottery to select 2500 recipients of rebates.

Many low-income advocates continue to voice concerns that settlement of the *Stripper Well* and *Exxon* cases will spur congressional action to slash funding for federal energy programs, regardless of the principle that funds should "supplement, not supplant" current funding.



Exxon Funds Distributed

As the *Stripper Well* funds become available, state governments continue to allocate funds distributed under the *Exxon* decision. A survey of state plans by the National Consumer Law Center found that nine states have finished their planning process and have committed funds, while another ten have partially committed funds.

Superfund Law Will Protect Consumers, Expand Rights

With President Reagan's signing of the reauthorization bill for the Comprehensive Environmental Response, Compensation and Liability Act of 1980, known as Superfund, consumers will gain both short-term relief from toxic exposure and broad, long-term protection from future chemical hazards.

Most important, H.R. 2005 provides about $8 billion for cleaning up the thousands of hazardous materials dumps across the country. While the U.S. Environmental Protection Agency (EPA) has identified hundreds of sites posing dangers to communities, only a handful have been cleaned up. The new law establishes tough standards for cleaning sites—emphasizing long-term detoxification of toxics, in contrast to past practices of dumping materials in landfills—and directs EPA to initiate work at 375 sites within five years.

Consumers also will benefit from the law's extensive community right-to-know provisions and requirements for emergency planning. The governors of states are required to establish emergency planning commissions, which in turn will oversee the creation of local emergency planning committees in communities. Users, manufacturers and handlers of toxic chemicals will be required to file extensive information with these committees, including chemicals inventories, reports on individual chemicals and, following release of chemicals from sites, detailed forms on the nature and effects of the chemical release. The national right-to-know law does not pre-empt similar state and local laws already on the books.

The information reported to local planning committees will be used to develop community emergency response plans. These plans will be used to protect consumers following chemical accidents by specifying neighborhood evacuation procedures, as well as actions to be taken by police, firefighters and other first responders.

Finally, the reauthorized Superfund will ease requirements for filing toxic exposure lawsuits. Whereas many state laws in the past have required victims of toxics contamination to file compensation suits within three years of their initial *exposure* to chemicals, the revised law permits plaintiffs, in most cases, to file suits within three years of *discovering* their environmental diseases. Since many environmental illnesses have long latency periods, H.R. 2005 gives toxics victims greater access to justice.

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