



CFA news

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Consumers Hold Ground In Elections

Consumers held their ground in the 1998 congressional elections, with all of the pro-consumer incumbents endorsed by CFA's Political Action Committee retaining their seats.

On the other hand, only one of the challengers endorsed by CFA's PAC was elected, and just three of the seven open seat candidates endorsed by CFA's PAC were elected.

In an election many believed would further undermine consumer representation in Congress, however, that was seen as a victory of sorts.

"While we would obviously have liked to strengthen consumer support in these elections, we are relieved, in light of the pundits' predictions, not to have seen that support further eroded," said CFA Legislative Director Mary Rouleau.

"During this last session of Congress, we saw several major anti-consumer bills defeated by the narrowest of margins," she added. "Any further erosion of consumer support could have proved disastrous on such issues as bankruptcy, auto salvage, regulatory reform, and others.

"As it is, we will continue to face enormous challenges in fending off anti-consumer legislation, while the weakened state of consumer support that resulted from the 1994 elections continues to make it virtually impossible to press a broad pro-consumer agenda," she said.

CFA's PAC had endorsed 125 incumbents in the House, nine incumbents in the Senate, and one House member running as a challenger in the Senate.

All of those candidates were elected, including Charles Schumer (D-NY), who unseated Alfonse D'Amato in one of the most closely watched races in the nation. Schumer was the only challenger endorsed by CFA's PAC to be elected.

Of the seven candidates for open House seats endorsed by CFA's PAC, three were elected - Mark Udall (D-CO), Stephanie Tubbs Jones (D-OH), and Tammy Baldwin (D-WI).

Udall and Tubbs Jones replace retiring Reps. David Skaggs and Louis Stokes respectively, both of whom have strong pro-consumer records that their successors are expected to continue. Baldwin replaces Republican Rep. Scott Klug, whose lifetime CFA voting record of 48 percent she is expected to better.

In the four open seat races in which CFA-endorsed candidates were defeated, two were for seats previously held by members with anti-consumer records, one was for a seat held by a candidate with a moderate record, and one was for the seat formerly held by Rep. Barbara Kennelly (D-CT), whose lifetime CFA voting record of 87 percent was

among the stronger records in the House.

One apparent victory for consumers came in a race in which CFA's PAC had not endorsed any candidate. That was the defeat of Sen. Lauch Faircloth (R-NC), whose CFA voting record of just 10 percent was among the lowest in the Senate.

His replacement, John Edwards, is expected to be far more pro-consumer than Faircloth, having campaigned, for example, on the need for a Patients' Bill of

Rights and annual health and safety inspections of child care centers.

Endorsements are awarded to incumbents with a lifetime voting record of 80 percent or higher according to CFA's annual congressional voting record.

Endorsements of challengers and candidates in open races are based on an evaluation of responses to a candidate questionnaire. (CFA only endorses challengers in races in which the incumbent has a strongly anti-consumer record.)

"The American people are fortunate

to have retained a sizeable contingent of pro-consumer members to represent their interests in Congress," Rouleau said.

"And the slight Democratic gain may help to tame some of the most aggressive attacks on consumer rights and protections," she added. "However, if we are to begin to advance a pro-consumer agenda in Congress, we will need to expand the base of members in both parties who see themselves as representatives of the people, not just big money interests."

Successful CFA-Endorsed Candidates

SENATE

- CA: Sen. Barbara Boxer (D)
- FL: Sen. Bob Graham (D)
- MD: Sen. Barbara Mikulski (D)

- NV: Sen. Harry Reid (D)
- NY: Rep. Charles Schumer (D)
- OR: Sen. Ron Wyden (D)
- SD: Sen. Tom Daschle (D)

- VT: Sen. Patrick Leahy (D)
- WA: Sen. Patty Murray (D)
- WI: Sen. Russ Feingold (D)

HOUSE OF REPRESENTATIVES

- AZ: Rep. Ed Pastor (D-02)
- CA: Rep. Robert Matsui (D-05)
- Rep. Lynn Woolsey (D-06)
- Rep. George Miller (D-07)
- Rep. Nancy Pelosi (D-08)
- Rep. Ellen Tauscher (D-10)
- Rep. Tom Lantos (D-12)
- Rep. Pete Stark (D-13)
- Rep. Anna Eshoo (D-14)
- Rep. Zoe Lofgren (D-16)
- Rep. Sam Farr (D-17)
- Rep. Brad Sherman (D-24)
- Rep. Howard Berman (D-26)
- Rep. Henry Waxman (D-29)
- Rep. Xavier Becerra (D-30)
- Rep. Matthew Martinez (D-31)
- Rep. Julian Dixon (D-32)
- Rep. Lucille Roybal-Allard (D-33)
- Rep. Maxine Waters (D-35)
- Rep. Juanita Millender-McDonald (D-37)
- Rep. George Brown (D-42)
- Rep. Loretta Sanchez (D-46)
- Rep. Bob Filner (D-50)
- CO: Rep. Diana DeGette (D-01)
- Mark Udall (D-02)
- CT: Rep. Sam Gejdenson (D-02)
- Rep. Rosa DeLauro (D-03)
- Rep. Christopher Shays (R-04)
- Rep. James Maloney (D-05)
- FL: Rep. Corrine Brown (D-03)
- Rep. Carrie Meek (D-17)
- Rep. Alcee Hastings (D-23)
- GA: Rep. Cynthia McKinney (D-04)
- Rep. John Lewis (D-05)
- HI: Rep. Neil Abercrombie (D-01)
- Rep. Patsy Mink (D-02)
- IL: Rep. Bobby Rush (D-01)
- Rep. Jesse Jackson, Jr. (D-02)
- Rep. Luis Gutierrez (D-04)
- Rep. Rod Blagojevich (D-05)
- Rep. Danny Davis (D-07)
- Rep. Lane Evans (D-17)

- IN: Peter Visclosky (D-01)
- Rep. Julia Carson (D-10)
- IA: Rep. Leonard Boswell (D-03)
- LA: Rep. William Jefferson (D-02)
- MD: Rep. Benjamin Cardin (D-03)
- Rep. Albert Wynn (D-04)
- Rep. Steny Hoyer (D-05)
- Rep. Elijah Cummings (D-07)
- MA: Rep. John Olver (D-01)
- Rep. Richard Neal (D-02)
- Rep. James McGovern (D-03)
- Rep. Barney Frank (D-04)
- Rep. Marty Meehan (D-05)
- Rep. John Tierney (D-06)
- Rep. Edward Markey (D-07)
- Rep. Joe Moakley (D-09)
- Rep. William Delahunt (D-10)
- MI: Rep. Dale Kildee (D-09)
- Rep. David Bonior (D-10)
- Rep. Sander Levin (D-12)
- Rep. Lynn Rivers (D-13)
- Rep. John Conyers, Jr. (D-14)
- MN: Rep. Bruce Vento (D-04)
- Rep. Martin O. Sabo (D-05)
- Rep. Bill Luther (D-06)
- Rep. James Oberstar (D-08)
- MS: Rep. Bennie Thompson (D-02)
- MO: Rep. William Clay (D-01)
- Rep. Karen McCarthy (D-05)
- NJ: Rep. Frank Pallone, Jr. (D-06)
- Rep. William Pascrell, Jr. (D-08)
- Rep. Steven Rothman (D-09)
- Rep. Donald Payne (D-10)
- Rep. Robert Menendez (D-13)
- NY: Rep. Gary Ackerman (D-05)
- Rep. Jerrold Nadler (D-08)
- Rep. Major Owens (D-11)
- Rep. Nydia Velazquez (D-12)
- Rep. Carolyn Maloney (D-14)
- Rep. Charles Rangel (D-15)
- Rep. Jose Serrano (D-16)
- Rep. Eliot Engel (D-17)
- Rep. Nita Lowey (D-18)

- Rep. Maurice Hinchey (D-26)
- Rep. Louise Slaughter (D-28)
- Rep. John LaFalce (D-29)
- NC: Rep. Eva Clayton (D-01)
- Rep. Melvin Watt (D-12)
- OH: Rep. Ted Strickland (D-06)
- Rep. Marcy Kaptur (D-09)
- Rep. Dennis Kucinich (D-10)
- Stephanie Tubbs Jones (D-11)
- Rep. Sherrod Brown (D-13)
- Rep. Thomas Sawyer (D-14)
- Rep. James Traficant, Jr. (D-17)
- OR: Rep. Earl Blumenauer (D-03)
- Rep. Peter DeFazio (D-04)
- Rep. Darlene Hooley (D-05)
- PA: Rep. Chaka Fattah (D-02)
- Rep. Robert Borski (D-03)
- Rep. Ron Klink (D-04)
- Rep. Paul Kanjorski (D-11)
- Rep. William Coyne (D-14)
- Rep. Frank Mascara (D-20)
- RI: Rep. Patrick Kennedy (D-01)
- Rep. Robert Weygant (D-02)
- SC: Rep. James Clyburn (D-06)
- TN: Rep. Harold Ford, Jr. (D-09)
- TX: Rep. Nicholas Lampson (D-09)
- Rep. Lloyd Doggett (D-10)
- Rep. Ruben Hinojosa (D-15)
- Rep. Silvestre Reyes (D-16)
- Rep. Sheila Jackson-Lee (D-18)
- Rep. Eddie Bernice Johnson (D-30)
- VT: Rep. Bernard Sanders (I-AL)
- VA: Rep. Robert Scott (D-03)
- WA: Rep. Norman Dicks (D-06)
- Rep. Jim McDermott (D-07)
- Rep. Adam Smith (D-09)
- WV: Rep. Bob Wise, Jr. (D-02)
- Rep. Nick Rahall II (D-03)
- WI: Tammy Baldwin (D-02)
- Rep. Ronald Kind (D-03)
- Rep. Jerry Kleczka (D-04)
- Rep. Thomas Barrett (D-05)
- Rep. David Obey (D-07)

1998 Legislative Wrap-Up

Financial Services

Credit Union Access – Congress passed and the president signed legislation giving more Americans access to credit union membership (H.R. 1151, P.L. 105-219). In February, the Supreme Court overruled a 16-year-old policy that had allowed credit unions to serve more than one group, as long as each of the groups served had its own common bond. Both houses of Congress gave overwhelming approval to H.R. 1151, which allows credit unions to accept members from more than one group, as long as the groups have no more than 3,000 potential members and are located within "reasonable proximity" to the credit union. The new law also allows current members who fall outside their institution's original group to retain their memberships. As passed by the House, the bill would have imposed a new requirement, similar to the Community Reinvestment Act for banks, that credit unions serve members of "modest means." That provision was dropped from the bill before Senate passage. Just before leaving for August recess, the House agreed on unanimous consent to adopt the Senate version, and it was sent to the president for his signature.

Bankruptcy "Reform" – Legislation that would have made it substantially more difficult for financially strapped consumers to make a fresh start in bankruptcy died in the final days of the session. The House and Senate adopted bills (H.R. 3150, S. 1301) that would have placed new limits on access to Chapter 7 bankruptcy, in which debtors are able to discharge their debts and make a fresh start, but there were substantial differences in the two versions. The Senate bill would have given bankruptcy judges more discretion to determine who would be allowed access to Chapter 7 bankruptcy, and it contained important provisions that would have required court approval of some debt reaffirmation agreements; disallowed claims where the truth-in-lending act had been violated; prohibited the imposition of special fees on consumers who pay off the balance on their credit cards each month or use their cards infrequently; and required that credit card statements disclose how long it would take, and what the total cost would be, to pay off the bill making only the minimum payments. Efforts to incorporate provisions in H.R. 3150 from legislation to reign in abusive credit practices (H.R. 3146) were turned aside during committee and floor consideration. When H.R. 3150 and S. 1301 went to conference committee late in the session, House and Senate Republicans produced a final bill that closely followed the anti-consumer House bill. Although the conference report sailed through the House on a 300-125 vote in the final days of the session, a threatened veto from the president and the opposition of key Senate Democrats kept the bill from being taken up in the Senate.

Financial Modernization – Congress came closer than ever before but once again failed to pass legislation to overhaul the financial services industry (H.R. 10). The House passed its bill on a 214-213 vote in May. The Senate Banking Committee reported out its version of H.R. 10 in September. In the short time remaining, however, Sen. Phil Gramm (R-TX) was able to use a variety of delaying tactics to keep the bill off the Senate floor. Both the

House and Senate versions would have allowed joint ownership of banks, securities firms, and insurance companies, as long as those operations were segregated in separately capitalized affiliates within a financial holding company structure. Neither bill would have allowed commercial firms to purchase banks. Both bills also contained a package of consumer protections governing retail sales of securities and insurance by banks, and both would have at least partially repealed banks' exemption from securities laws. However, these provisions were somewhat stronger in the House bill. In an important victory for consumers, the House bill also would have required banks to offer low-cost basic banking accounts in order to be eligible to join in a financial services holding company. And it would have required federal regulators to review regulations governing disclosure of fees, commissions, and other compensation in the sale of investment products to determine if they are adequate. On the other hand, the House bill also contained an anti-consumer provision that would have allowed insurance companies to switch states in order to take advantage of another state's mutual holding company law. These laws enable mutual insurance companies to essentially convert to stockholder-owned companies without providing policyholders with any payout. That language was stripped from the bill in the Senate. In addition, the Senate bill fixed some troubling preemption language in the House bill. However, the Senate also stripped out the basic banking and compensation disclosure provisions. Although neither bill contained broad privacy protections, the Senate bill did incorporate legislation making it a federal crime to use fraudulent means to obtain private information from a financial institution. The provision which drew Sen. Gramm's opposition was its language extending the Community Reinvestment Act to the wholesale financial institutions. Although the Senate scaled back the provision somewhat, it was not enough to win Gramm's support.

Securities Litigation Preemption – Congress passed and the president signed legislation (H.R. 1689, S. 1260, P.L. 105-353) requiring virtually all securities fraud class action lawsuits, and some individual lawsuits, involving securities traded on a national exchange to be brought in federal court under the highly restrictive federal law. To win the administration's support, legislative history was included stating that the Private Securities Litigation Reform Act was not intended to change the standard on reckless misconduct as a basis for securities fraud lawsuits. However, House Republicans engaged in a colloquy following the bill's passage designed to undermine that language.

Private Mortgage Insurance – Congress passed and the president signed flawed legislation (H.R. 607, S. 318, P.L. 105-216) intended to shield homeowners from unnecessary and costly private mortgage insurance payments. The new law establishes rules for disclosure and automatic cancellation of private mortgage insurance once home buyers build up significant equity. However, it creates an exception to the automatic cancellation of coverage provisions for "high-risk" borrowers and assigns Fannie Mae and

Freddie Mac the task of determining which borrowers fall into this category. Furthermore, the new law fails to create a mechanism for consumers whose circumstances change to cure their high-risk status. While a few states are granted a two-year window in which to "perfect" existing laws, other states will not be allowed to enact new, stronger laws.

Off-Line Debit Cards – Bills were introduced in both the House and Senate (H.R. 2319, H.R. 2234, S. 1154, S. 1203) to protect consumers from risks associated with off-line debit cards, which allow funds to be withdrawn from an individual's accounts without any verification that the person holding the card is the owner. All the bills would have limited liability for unauthorized withdrawals on debit cards to no more than \$50. S. 1203 also contained additional protections, including a prohibition on lenders' mailing unsolicited PIN-less debit cards or replacing ATM cards with off-line debit cards for consumers who have not requested them. An effort was made to attach S. 1154 to the bank regulatory relief act, but it was not successful.

Natural Disaster Insurance – The House Banking Committee approved anti-consumer legislation (H.R. 219) in July that would have provided federal backing to the insurance industry in the event of catastrophic natural disasters. The bill would have established a federal reinsurance program for state catastrophe pools and private insurers that would have covered up to \$25 billion a year in residential property losses from hurricanes, tsunamis, and earthquakes and ensuing fires. The program would have been permitted to borrow funds from the federal treasury to cover insufficiencies. The bill was opposed by consumer groups on the grounds that it would have exposed taxpayers to potentially enormous costs without requiring insurance companies to provide consumers the coverage they need and without taking preventive steps to reduce the costs of disasters. Furthermore, although estimates of the insurance industry's capacity to cover a major disaster range from \$25 to \$40 billion, the bill could have shifted disaster losses as low as \$2 billion to the taxpayers. Before approving the bill on a 33-12 vote, the House Banking Committee rejected a pro-consumer proposal to require any insurance company benefitting from the federal program to provide insurance coverage to consumers. However, the committee did adopt an amendment to require state pools to provide adequate insurance protection for consumers, provide seats for citizen representation on the board, and ensure that building codes meeting national standards are in place in order to be eligible for federal funds. With no companion bill in the Senate, H.R. 219 was never brought to the House floor for a vote.

Bank Regulatory Relief – The House passed legislation (H.R. 4364) in October to provide banks with long-sought "relief" from certain regulatory requirements. Although the Senate Banking Committee gave voice vote approval in July to a companion bill (S. 1405), it did not give final approval to either the House or the Senate bill. Neither bill contained any provisions to benefit consumers. As introduced, the Senate bill would have seriously undermined existing protections by repealing anti-tying protections, allowing kickbacks

to mortgage brokers who steer consumers to certain lenders, rolling back requirements that lenders provide specific information to consumers about the cost of loans, and removing protections against abusive debt collection practices. All of these provisions were either removed or improved during committee mark-up. The House bill did not contain these anti-consumer provisions, but an amendment was added to it during subcommittee mark-up exempting banks with less than \$250 million in assets from the Community Reinvestment Act.

ATM Fees – Sen. Alfonse D'Amato (R-NY) introduced legislation (S. 885) to prohibit automatic teller machine owners from charging non-customers a surcharge in addition to the "foreign" fee they charge. An attempt was made to add S. 885 to the bankruptcy bill, but that attempt failed.

Health Care

Managed Care Consumer Protections

– A variety of bills were introduced to enhance protections for consumers in managed care health insurance plans, but opposition of Republican leaders kept effective legislation from being adopted. Companion "Patients' Bill of Rights" bills (H.R. 3605, S. 1890) won the support of consumer groups, including CFA, because they offered a comprehensive set of protections in managed care. These included provisions to: ensure access to necessary care covered under the plan; ban gag clauses and financial incentives to deny care; provide protection for providers who advocate on behalf of their patients; require access to prescription drugs and drug utilization programs; require understandable disclosure about health plan policies and procedures; create health insurance ombudsmen at the state level; require provision of a fair and timely appeal process, both within the plan and to an independent external body, when health plans deny care; and hold health plans legally accountable when they make medical decisions that result in



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harm to the patient. In late July, the House narrowly defeated H.R. 3605 on a 212-217 vote. The House then passed a Republican alternative (H.R. 4250) on a 216-210 vote. The Republican bill, like its companion in the Senate (S. 2330), borrowed some provisions from the Patients' Bill of Rights, but the protections offered were both fewer and weaker, and many contained major loopholes undermining patient rights. In addition, the House bill was weighted down with anti-consumer provisions to cap non-economic medical malpractice damage awards and to expand use of tax-exempt medical savings accounts. Faced with a certain presidential veto and a threatened Democratic filibuster of the Republican version, the Senate never brought managed care legislation to the floor for a vote.

Drug Patent Extension – Pharmaceutical companies attempted to attach a proposal to the omnibus spending bill that would have effectively allowed manufacturers of several prescription drugs to petition the Patent and Trademark Office for patent extensions beyond those permitted by the Hatch-Waxman Act. This was opposed by consumer groups, including CFA, on the grounds that it would have delayed competition from generic versions of these drugs and set the precedent of allowing the PTO to second guess the Food and Drug Administration. The effort was unsuccessful.

Preemption of State Insurance Regulation – House legislation to expand the portability of health insurance (H.R. 1515) included a provision to exempt association health plans from state insurance regulation, which would have jeopardized health care quality and access while undermining important state rating reforms designed to increase affordability. The legislation was approved by the House Committee on Education and the Workforce on a 24-20 vote in July of 1997, but it was never brought to the floor for a vote.

False Claims – No action was taken on anti-consumer legislation (H.R. 3523) to exempt hospitals and other medical corporations from prosecution under the False Claims Act in a broad range of circumstances.

Health and Safety

Product Liability – Congress once again failed to adopt legislation to restrict the rights of injured consumers (S. 648). In May of 1997, the Senate Commerce Committee approved a bill that was nearly identical to the bill vetoed by President Clinton in 1996. Rather than continue to pursue legislation that faced a certain presidential veto, however, sponsors began to look for a compromise that could win White House support. In June, Sens. John D. Rockefeller IV (D-WV) and Slade Gorton (R-WA) announced that they had reached a compromise that they expected the president to back. Although narrower than the original Senate bill, their version still contained a number of anti-consumer provisions, including a cap on punitive damages against small business, limitations on the availability of punitive damages, and an 18-year statute of repose for products used in the workplace. When the bill was to be brought up for a Senate vote, the Republican leadership refused to allow Democratic amendments, and Democrats withdrew their support. As a result, the bill was pulled from consideration for the year.

Furniture Flammability – The House included language in the fiscal year 1999

Consumer Product Safety Commission appropriations bill that would have significantly delayed work on the upholstered furniture flammability rulemaking. The House bill would have halted the rulemaking while a study of fire retardant chemical toxicity was conducted, despite the fact that CPSC is already working closely with EPA on such a study. The provision was not included in the Senate bill. An acceptable compromise was reached in conference committee that provides an additional \$500,000 for a 12-month study by the National Academy of Sciences of the toxicity of fire-retardant chemicals. CPSC will be allowed to continue working on the project during that time, but the commission can issue a rule only after it has studied the results of the NAS study. In addition, before CPSC issues a final rule, the General Accounting Office will have to review the regulatory process the commission uses to develop the proposed standard.

Food Safety – Rep. Nita Lowey (D-NY) offered an amendment to the FY 1999 agriculture appropriations bill in committee that would have allowed the Secretary of Agriculture to impose civil penalties for violations of meat and poultry inspections. The amendment was defeated.

Tobacco Settlement – A \$368.5 billion legal settlement between state attorneys general and the tobacco industry was scuttled when Congress failed to agree on needed legislation to create a federal tobacco policy. Legislation (S. 1415) was brought to the floor in the Senate in May that would have raised the price of cigarettes by \$1.50 a pack over three years, required tobacco companies to work to reduce youth smoking, imposed multibillion-dollar "look-back" penalties on the companies if they failed to reach youth smoking reduction targets, and capped companies' legal liability at \$6.5 billion per year if they met the bill's conditions. During floor consideration, the bill's legal liability caps were removed and the look-back penalties were increased. Key Republican opponents, however, loaded the bill with extraneous amendments then opposed it as too costly. The Senate then failed to invoke cloture. The House never produced a bill.

Energy

Electric Deregulation – Consumers scored at least a temporary reprieve when Congress failed to pass legislation to require states to restructure the electric industry. A number of bills outlining var-

ious approaches had been introduced in the House and Senate (S. 237, S. 722, S. 687, S. 621, S. 1276, S. 1401, S. 2287, H.R. 655, H.R. 1230, H.R. 1960, H.R. 338), but none contained all the basic provisions necessary to ensure that consumers benefit from deregulation. The efforts failed when members were unable to agree on the best approach. Some, primarily House Republicans, favored a broad federal mandate that states deregulate by a certain date, while others, including key senators, favored a narrower approach focused primarily on repeal of the Public Utility Holding Company Act. S. 621, which would have repealed PUHCA, was the only bill to be acted on. It was reported out of the Senate Banking Committee in June of 1997 on a voice vote, but, faced with a threatened filibuster and House opposition, it was never brought to the Senate floor for a vote.

Telecommunications

Anti-slamming – Legislation (S. 1618, H.R. 3888) to crack down on "slamming" – the unauthorized switching of a telephone customer's long-distance service – came near to passage but fell short in the final days of the session. As introduced, both the House and Senate bills would have required companies to get customers' consent before switching their long-distance provider and to notify them of the change in writing. Both bills also would have required those who send unsolicited e-mail to provide recipients with an easy means of stopping future messages. The Senate gave unanimous approval to S. 1618 in May. Just weeks before the end of the session, the House gave voice vote approval to a version of H.R. 3888 that would have given telecommunications companies a choice between complying with a voluntary standard to be developed by the FCC or face tougher FCC regulations. The bill was unacceptable to key senators, however, in part because it would have preempted stronger state laws without giving states adequate authority to allow consumers to "freeze" their choice of a long-distance carrier. With one day left in the session, Senate Commerce Committee Chairman John McCain (R-AZ) and House Commerce Committee Chairman Thomas J. Bliley (R-VA) reached a compromise that would have provided the authority to allow consumers to freeze their choice of carrier while requiring the FCC to develop rules to prevent companies from marketing freezes in an unfair or deceptive manner.

The bill died, however, when Sen. Wendell H. Ford (D-KY) tried to add an unrelated provision.

Digital Copyright – Congress passed and the president signed highly controversial legislation (H.R. 2281, P.L. 105-304) to implement new international copyright treaties. The bill creates criminal penalties for circumventing high-technology anti-piracy protections used to block illegal copying and prohibits the manufacture, import, sale, or distribution of devices or services designed to circumvent anti-piracy protections. CFA had endorsed a rival bill (H.R. 3048) on the grounds that it would have assured continued access to the latest electronic devices and would not have undermined competition in high-tech industries.

Internet Privacy – Congress incorporated legislation (S. 2326) in the omnibus spending bill that authorizes the Federal Trade Commission to develop rules to regulate data collection and commercial web sites targeted at children. Specifically, the new law requires such web sites to provide clear notice of information-collection and -use practices, to obtain verifiable parental consent in most circumstances for the collection and use of personal information from children 12 and under, and to provide parents of children 12 and under with access to the child's personal information and the opportunity to prevent further use of such information. Unfortunately, the new law does not provide protections for children in the 13 to 16 age group.

Electronic Authentication – Bills were introduced in both the House and Senate (S. 1594, H.R. 3472) to remove regulatory impediments to the development of electronic banking or commerce, but without sufficient consumer protections to win consumer group support. Hearings were held in the Senate, but no further action was taken.

Transportation

Auto Salvage – In a major victory for consumers, Congress failed to enact auto salvage legislation (H.R. 1839, S. 852). The bills would have made it more difficult for consumers to seek recourse when they unknowingly purchased vehicles that had been wrecked, refurbished to hide the prior damage, and sold without safety inspections or disclosures of their prior history. Among other things, the bills would have made safety inspections of rebuilt salvage vehicles optional, exempted sellers of most cars over six model years old from salvage title labeling requirements, created loopholes for flooded cars and cars that are so badly damaged they should never be rebuilt, and set a damage threshold for when a vehicle is declared salvage that is more lax than the standard many states now use. In addition, the bills contained no remedies for victims. Criminal penalties against salvage fraud were removed, and civil fines were limited to a mere \$2,000 per vehicle. Finally, the bills, as introduced, would have preempted stronger state laws. While states would have been free to opt out of the federal program, in so doing they would have lost important funding for participation in the National Motor Vehicle Titling Information System, which is used to combat auto theft as well as salvage fraud. Although the legislation sailed through the House in 1997 on a 336-72 vote, it became stalled in the Senate, where opponents were ulti-

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A whole host of pro-consumer bills were introduced in the 105th Congress but never acted on. These included bills to:

- prohibit banks from mailing unsolicited loan checks (H.R. 2053);
- protect consumers from predatory and unfair credit card marketing strategies (H.R. 1975);
- establish a public disclosure program to discourage redlining by the insurance industry (H.R. 4145);
- prohibit retaliation against health care workers who report unsafe conditions and practices (H.R. 3342);
- permit Medicare recipients to purchase prescription drugs at reduced prices (H.R. 4627);
- increase privacy protections for medical records (S. 1368, H.R. 52, S. 89, H.R. 306, H.R. 1815);
- require life and disability insurers to disclose to applicants the results of medical tests administered to them (H.R. 2590);
- raise the lifetime benefits in health insurance coverage to \$10 million by the year 2002 (S. 1114);
- give the U.S. Department of Agriculture expanded meat and poultry enforcement powers (S. 1264, H.R. 4266);
- upgrade safety standards for domestic produce and ensure that imported produce also meets those standards (S. 1707, H.R. 3052);
- create an independent Food Safety Administration to regulate food safety and labeling and to conduct food safety inspections (S. 1465, H.R. 2801);
- freeze cable rates and require the Federal Communications Commission to investigate cable price increases (H.R. 2757); and
- reign in abusive sweepstakes practices (S. 1214).

Legislative Wrap-Up

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mately able to force several improvements to the bill. Among the most important changes they won was removal of the provision preempting tougher state laws. Once that change was made, the bill passed the Senate on a voice vote during the final weeks of the session. When the House took up the new version, however, it restored much of the preemption language. Although Senate Majority Leader Trent Lott (R-MS) attached the bill in its weakened form to the omnibus budget bill, the White House insisted on its removal.

Highway Safety – Congress passed and the president signed a highway bill (H.R. 2400, P.L. 105-178) that contained a number of important safety initiatives. The legislation sets deadlines for the National Highway Traffic Safety Administration to issue and implement a rule on advanced air bag technology, and it includes provisions to increase spending on air bag technology research. It also provides for incentives grants to promote safety belt and child restraint use and to reward states that succeed in increasing safety belt use. The law requires states to enact and enforce tough intoxicated driver laws for repeat offenders or have some highway construction funds redirected to the traffic safety grant program and increased enforcement efforts. Similarly, states that fail to enact open container laws will have a portion of their highway construction funds redirected to highway safety programs. The law also provides incentives to encourage states to set the legal intoxication level at .08 blood alcohol content.

Government Reform

Campaign Finance Reform – The House adopted sweeping campaign finance reform legislation (H.R. 2183) in August on a 252-179 vote, but a Republican-led filibuster killed the bill in the Senate. As passed, the House bill followed closely the provisions of H.R. 3526, which was supported by CFA. It would, among other things, have prohibited "soft money" contributions to the national political parties, extended regulation of issue ads that explicitly support candidates, and tightened controls over independent expenditures that are coordinated with a particular campaign. Following the House action, Sens. John McCain (R-AZ) and Russell Feingold (D-WI) made a last-ditch effort to attach their bill (S. 25) to the Senate interior appropriations bill. That effort fell eight votes short of the 60 needed to invoke cloture and end debate.

Regulatory "Reform" – Congress once again failed to enact anti-consumer legislation to make it more difficult for federal agencies to adopt new regulations, particularly health and safety regulations. Legislation (S. 981) was approved by the Senate Government Affairs Committee in March that would have required agencies to perform a complex cost-benefit analysis for all "major" rules, including an analysis of the costs and benefits of alternative rule proposals. For rules addressing health, safety, or environmental risks, agencies would have had to prepare an extensive risk assessment, which would be subject to "peer" review by panels that would have been free to operate in secret and with no restrictions against participation by those with ties to the regulated industry. In addition, agencies would

have been required to re-review certain existing rules, putting a severe strain on limited agency resources. Finally, at virtually every step of the process, the legislation would have provided opportunities to challenge proposed rules in court, potentially tying up the rule-making process for years. In July, the White House announced that it would withdraw its opposition to S. 981 if certain improvements were made. Despite the shift in the administration's position, however, the bill was not brought to the Senate floor for a vote. Meanwhile, legislation (H.R. 1704) received committee approval in the House that would have created a new congressional office to review agency rules and perform cost-benefit analyses, providing an excuse to focus more on cost and less on public protections. The bill was reported out of committee but was never brought to the floor of the House for a vote.

Non-profit Lobbying Restrictions – Legislation (H.R. 3485) was reported out of committee in the House that would have significantly restricted the ability of non-profits to engage in public policy matters, such as commenting on federal legislation and regulations. Under the bill, non-profits would have been required to seek consent annually from their members before using their funds for "political activity." The bill was not brought to the House floor for a vote.

Miscellaneous

Identity Theft – Congress passed and the president signed legislation (H.R. 4151, P.L. 105-318) making it a federal crime to use personally identifying information for unlawful purposes. The new law pro-

vides for victim restitution. It also creates a central complaint office at the Federal Trade Commission with responsibility both for referring cases to authorities for investigation and for providing consumer information.

Legal "Reform" – The House passed broad legislation (H.R. 1252) by voice vote in April to reign in the independence of the judiciary. Among other things, the bill would have required three-judge panels to hear any constitutional challenges to state referenda. A provision that would have prohibited remedial orders or settlements that "require" increased taxes was stripped from the bill before passage. The measure was not taken up in the Senate. The House Judiciary Committee also reported out a bill (H.R. 3789) in September that would have forced many class actions into federal court, seriously eroding the ability of consumers to obtain relief from harmful products or fraudulent business practices, particularly in those cases where the claims were of a small amount. The bill was not brought to the House floor for a vote.

Baseball Antitrust – After years of trying, Congress passed and the president signed legislation (S. 53, P.L. 105-297) that partially lifts Major League Baseball's antitrust exemption.

Rural Cooperative Development Grants – Congress provided a significant funding increase to the USDA Rural Cooperative Development Grant program for fiscal year 1999. The \$2 million in funding represents an 18 percent increase but is still far less than the program merits. The program provides funding for such projects as value-added agriculture co-ops, community development credit unions, housing co-ops, and childcare co-ops.

Guide Offers Home Safety Tips For Baby

To help parents and child care givers ensure that their homes are safe for infants and toddlers, CFA, Lowe's Home Safety Council, and Johns Hopkins Center for Injury Research and Policy have produced a new consumer guide to "child proofing" the home. This free, 20-page booklet, "Protect Your Child: Simple Solutions to a Safer Home," offers a single, comprehensive source for child and home safety advice.

"Every day across America many individuals become parents or care givers for the first time. And, in most of their homes, an inquisitive, crawling baby has never roamed," said CFA General Counsel Mary Ellen Fise.

Injuries kill more children than all the childhood diseases combined, Fise noted. Furthermore, each year one in four children in this country is hurt seriously enough to require medical attention.

"Child proofing is more than just adding a safety latch or an outlet cover," Fise said. "We hope to reduce children's deaths and injuries by making it easy for parents and other care givers to eliminate some of the hidden home hazards they might otherwise overlook. Parents, grandparents, babysitters, and in-home child care providers can all benefit from this guide."

The booklet contains more than 100 safety tips to make the living room, kitchen, bathroom, child's room, parents' bedroom, laundry room, garage, basement, and back yard safe for young children. A special section on environmental hazards in the home covers lead, radon, carbon monoxide, asbestos, tobacco smoke, and household chemicals.

Holiday and special day safety tips alert care givers to risks that may be disregarded during the hubbub of birthdays and other events when usual routines are disrupted or when lots of relatives and others unfamiliar with safety precautions are visiting.

To assist parents and care givers in conducting a safety make-over of their homes, the new consumer guide contains a shopping list of items needed to get the job done, a "to do" list, and a list of items to keep in the family first aid kit. The booklet also provides a complete list of additional resources, including toll-free 800 numbers and web site addresses.

The booklet was funded by Lowe's Home Safety Council, which is also making it available for free through its toll-free number: 1-800-SAFE-HOME (1-800-723-3466). Limited requests for bulk orders should be sent to B. Leppin at CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036.

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