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President Signs Telecommunications Bill

After a month in which the laboriously crafted deal almost collapsed, Congress passed and President Clinton signed comprehensive telecommunications legislation in February.

"There is potential for a lot of consumer benefit in this legislation, but it's not going to come easy," said CFA's Director of Telecommunications Policy Bradley Stillman. "The companies will be fighting to retain their advantage every step of the way."

Key House and Senate negotiators announced that they had reached a compromise in late December, and that compromise was quickly endorsed by the administration. House Republicans, however, balked at the deal, complaining that the bill was not sufficiently deregulatory, and Sen. Bob Dole (R-KS) criticized the proposal for allowing a free give-away of valuable spectrum to television broadcasters.

Ultimately, however, the bill which was cleared by the House and Senate February 1 and signed by the president February 8 was virtually identical to the deal announced in December. And, despite last-minute bickering, it passed both houses with even more support than the original bills, 414-16 in the House and 91-5 in the Senate.

Although the final bill was improved substantially during conference committee, serious and fundamental flaws remained that cost it the support of both CFA and Consumers Union.

"Even with the significant improvements, the bill still does not do enough to stimulate competition," said Stillman. "For every step taken to encourage competition, the bill has provisions which undermine its goals."

"Instead of promoting head-to-head competition between cable, telephone, and other communications companies, the bill allows mergers and corporate combinations that will drive up cable rates and undercut competition," agreed Co-Director of Consumers Union's Washington Office Gene Kimmelman.

To open local telephone service to competition, the new law (P.L. 104-104) preempts state and local laws that bar competition, requires the regional Bell companies and others who enter the local market to open their networks to competitors, and establishes a so-called "competitive checklist" that the local telephone monopoly must meet before entering the competitive long distance market.

Bill Deregulates Before Competition Develops

"Although the legislation takes a positive step forward by eliminating legal barriers to local telephone competition, it fails to ensure that competition actually develops before regulations are lifted," Stillman said.

"The bill makes it more difficult for state regulators to keep local telephone rates reasonable and to encourage maximum local telephone competition. It may allow federal regulators to wipe out state consumer protections even if very little competition exists," he said.

"Regulation is the second best consumer protection *after* effective competition, but this bill could leave consumers with neither, which is the worst possible outcome," he added.

Opponents and proponents alike generally agree that the new law will unleash a wave of mergers throughout the telecommunications industry, resulting in massive new concentration of ownership.

While proponents of the measure argue that this will increase the ability of U.S. firms to compete globally, opponents, including CFA and CU, have argued that these provisions will actually discourage the competition the bill purports to advance.

Bill Promotes Concentration

"We are seriously concerned that this bill will allow the telecommunications and information barons of the 20th century to consolidate their power in the next century," Stillman said. "If companies merge, rather than compete, consumers will not receive a real choice."

Specifically, the bill allows cable and telephone companies, which are in the best position to compete against one another, to collaborate instead.

In every community across the country, these two monopolies will be allowed to own up to 10 percent of each other. In communities of less than 35,000, a local monopoly telephone company will be allowed to buy out monopoly cable systems serving, in the aggregate, up to 10 percent of their local telephone customers.

"If cable and telephone companies own a piece of each other, they are not going to compete," Stillman warned.

The new law also increases broadcast ownership limits: allowing a single broadcaster to own an unlimited number of stations reaching up to 35 percent of the nation; allowing a company to own as many as eight radio stations in a single market; and allowing a broadcast network to own cable systems.

"These changes threaten the core broadcasting principles of diversity and localism," Stillman said.

The bill immediately deregulates cable television rates for services beyond the basic tier of local and educational channels for "small" systems as defined in the legislation, which covers about 20 percent of the population. Larger systems will be deregulated after three years.

Furthermore, if a telephone company begins offering video services, cable rates will be deregulated immediately, regardless of whether the telephone company has any subscribers to its service.

Cable Rates Will Rise

"These provisions will likely lead to cable rate increases of $5 to $7 per month on average across the country," Stillman said.

Finally, the law allows the Federal Communications Commission to give existing broadcasters a block of publicly owned radio spectrum at no cost. Broadcasters would be free to use this spectrum to increase their revenues by providing several free and pay-per-view channels, paging, data transmission, and other non-program services.

This was the provision which Sen. Dole had objected to, arguing that broadcasters should have to bid for the spectrum in an auction. In the end, however, he withdrew his objections in return for a promise that the spectrum issue would be dealt with in separate legislation later this year.

"Congress is giving corporate welfare to a broadcast industry which is already very healthy," Stillman said. "This 'gift' is especially outrageous at a time of proposed massive budget cuts for scores of important social programs."

With the legislation signed into law, focus will now shift to the FCC, where a number of rulemakings will be required to implement its provisions.

"Now the real work begins," Stillman said. "Regardless of whether we are happy or unhappy with the legislation, our goal now has to be the most pro-consumer, pro-competitive implementation possible."

Banks Charge Higher Fees Than Credit Unions

Banks charge more and higher fees than credit unions, according to information released in February by CFA and Credit Union National Association.

"The fee difference is striking and helps explain why consumers repeatedly rate credit unions more highly than banks," said CFA Executive Director Stephen Brobeck. "Consumers seeking lower fees should consider banking at a credit union."

The CFA/CUNA information is based on data gathered in 1995 by Sheshunoff Information Services and CUNA. The following are among the key findings of the analysis.

On economy checking accounts, only a small minority of credit unions, but a large majority of banks, charge fees.

While all credit unions and banks charge monthly fees when minimum balances are not met on regular checking accounts (credit union share draft accounts), the credit union fees are only three-fifths of the bank fees ($3.59 compared to $5.97 per month).

On interest-bearing checking accounts, less than half of credit unions (46 percent), but all banks, charge monthly fees when minimums are not met. Furthermore, the credit union fees are only three-fifths of the bank fees ($4.53 a month compared to $7.43 a month).

All credit unions and banks charge for bounced checks, and the fees do not vary much ($14.90 for credit unions compared to $16.73 for banks). On the other hand, significantly fewer credit unions than banks charge for overdrafts (69 percent compared to 93 percent), and the average credit union fee is only three-fifths that of banks ($9.55 compared to $16.26).

Only a small percentage of credit unions and banks charge ATM fees except for transactions on non-owned ATMs. Credit unions are somewhat more likely to charge such fees, and those fees charged are slightly higher at credit unions than at banks.

Finally, for most miscellaneous items (cashier's checks, money orders, certified checks, research time) fewer credit unions than banks charge fees, and the credit union fees are usually much lower than bank fees.

"Credit unions charge fewer and lower fees because they are non-profit consumer cooperatives run for the benefit of members," said CUNA Acting President Pete Crear. "When credit unions charge fees, they usually do it only to cover basic costs of providing the service, allowing members to earn higher returns on savings accounts."

Sheshunoff Information Service bank fee data was collected in the summer of 1995 by sending out a survey form to all banks and savings and loans. The CUNA survey was conducted by its Market Research Department and *Credit Union Executive Magazine* in the fall of 1995 based on a random sample of 2,000 credit unions.

1995 Legislative Update

Consumer Protections Come Under Attack

Contract with America

Securities Litigation — In the name of reducing "frivolous" litigation, Congress overrode President Clinton's veto and enacted legislation (S. 240, H.R. 1058, P.L. 104-67) that will make it easier to commit securities fraud and more difficult for the victims of that fraud to recover their losses. The bill eliminates the current requirement that corporate officials make "forward-looking statements," such as earnings projections, only in good faith and with a reasonable basis. Instead, it provides protection from liability for knowingly false statements and for statements made with a reckless disregard for their truth. In addition, the bill contains a number of provisions that would make cases more difficult to bring and less likely to result in fair compensation for victims, regardless of their merits. For example, it sets pleading standards that are all but impossible to meet, imposes loser pays sanctions for "frivolous" cases, permits judges to require plaintiffs to put up a bond to cover the other side's legal fees in order to have their case heard, and replaces the current system of joint and several liability with a system of proportionate liability for those whose reckless misconduct contributes to the fraud. In addition, key investor-protection provisions were omitted, most notably provisions lengthening the statute of limitations and restoring liability for those who aid and abet securities fraud. The president vetoed the bill December 19, stating that it would "have the effect of closing the courthouse door on investors who have legitimate claims." The House voted 319-100 December 20 to override the veto, and the Senate followed two days later on a 68-30 vote. The bulk of the new law took effect immediately on final passage, but it does not apply retroactively to cases filed before enactment. Although proponents of the legislation maintained that their goal was to limit frivolous litigation without impeding meritorious cases, House and Senate bills that were targeted narrowly at discouraging frivolous litigation (H.R. 555, S. 667) never received a hearing.

CFAnews

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Product Liability — The House and Senate both passed bills in 1995 (H.R. 956, S. 565) to restrict the ability of consumers injured by dangerous products to receive reasonable compensation for their injuries. Both bills would: limit the cases in which punitive damages can be awarded and cap those damages; abolish joint and several liability for non-economic losses, such as pain and suffering; reduce liability for product sellers; prevent recoveries in cases where the court determines the injured party was more than 50 percent responsible for the injuries as a result of drug or alcohol use; and place an outside time limit on liability. The two bills differ substantially in their approach to capping punitive damages, however, with the House imposing a cap of $250,000 or three times economic losses, whichever is greater, in all civil suits. The Senate bill would limit punitive damages in product liability cases to the greater of $250,000 or two times compensatory damages, except in cases against small businesses or organizations. In such cases, the cap would be the lesser of twice compensatory damages or $250,000. In addition to applying its punitive damages cap to all civil cases, the House bill goes beyond the Senate bill in a number of other areas. For example, it would cap pain and suffering awards in medical malpractice cases, bar punitive damages in cases involving a medical device or drug previously approved by the Food and Drug Administration, and impose loser pays rules for "frivolous" cases. Before passing its bill, the Senate failed three times to get a majority, let alone the 60 votes needed to overcome a filibuster, for legislation similar to the House bill. Although the House passed its bill in March, and the Senate followed suit in May, negotiations stalled for months over disagreements about the scope of the bill. A conference committee was formally convened in December, amid reports that House negotiators had agreed to accept a narrower bill. Negotiators failed to reach a compromise by the end of the year, however, and were expected to resume their efforts in 1996.

Medical Malpractice — The Medicare/Medicaid overhaul legislation passed by the House in late October and included in the House budget reconciliation bill (H.R. 2491) included provisions to restrict the rights of victims of medical malpractice. As passed, the bill would have reduced the statute of limitations to no more than five years after the initial injury occurred, cutting off claims for diseases with long incubation periods; preempted stronger state laws; capped "pain and suffering" awards at $250,000; shifted the burden of proving the proper allocation of damages away from the negligent defendants and onto the injured patient; and capped punitive damages at the greater of $250,000 or three times the economic losses. Faced with a Byrd Rule challenge, however, the medical malpractice provisions were not included in the Senate budget reconciliation bill (S. 1357), nor in the final bill sent to the president and later vetoed by him. Operating on a parallel track, the House adopted an amendment to its product liability bill (H.R. 956) placing a $250,000 cap on non-economic damages, such as pain and suffering, in all health care liability cases. The Senate, however, failed to include similar language in its product liability legislation (S. 565). When the conference committee to work out differences in the two bills was convened in December, House negotiators had reportedly agreed to drop the medical malpractice provisions from their bill.

Regulatory Overhaul — The House adopted legislation (H.R. 9) in March which would substantially increase the time and cost associated with the federal regulatory process, by requiring federal agencies to conduct detailed risk assessments and cost-benefit analyses to justify new regulations. Under the legislation, agencies would have to submit proposed regulations to peer review panels on which individuals with a financial interest in the regulations would be permitted to serve. The process would be subject to judicial review, allowing proposed rules to be tied up in court. House legislation (H.R. 994) requiring agencies to review existing regulations and modify or revoke those they determine to be unnecessary or overly burdensome was reported out of committee in early November. Under the bill, those regulations with an economic impact of $100 million or more would have to be reviewed over a seven-year period. A Senate bill (S. 343) containing elements of both these House bills failed to attract enough votes to overcome a filibuster after 11 days of debate in July. A more moderate substitute amendment also failed to attract sufficient support, going down on a 48-52 vote. With regulatory "relief" a top priority of industry, the legislation could be resurrected if a compromise were reached, but a crowded 1996 legislative calendar makes it doubtful that will happen.

Regulatory Moratorium — The House passed legislation (H.R. 450) in February to temporarily freeze implementation of new federal regulations. The legislation applied to rules proposed since November 20, 1994. The freeze was to extend through the end of 1995 or until the regulatory overhaul provisions in the Contract with America were enacted, whichever came first. Similar legislation (S. 291) was introduced in the Senate, but was agreed to be too controversial to pass. Before it was brought to the floor, key sponsor Sen. Don Nickles (R-OK) announced that he would offer a substitute giving Congress 45 days to overrule individual regulations before they take effect. The Senate adopted this substitute version in March. House sponsors of the regulatory moratorium attempted to meld the Senate version with a freeze of 30 specific regulations, but this approach was also considered too controversial to pass the Senate and was never taken up in that body. Differences in the House and Senate approaches remained unresolved at the end of the year.

Unfunded Mandates — Congress passed and President Clinton signed legislation (H.R. 5, S. 1, P.L. 104-4) limiting the ability of the federal government to impose new requirements on state and local governments without covering the costs of those programs. The Senate passed its bill in late January, and the House followed suit February 1. Under the new law, which is more moderate than the original proposal contained in the Contract with America, each house of Congress must take a separate vote on any bill or amendment that the Congressional Budget Office estimates would impose an unfunded mandate of more than $50 million on state and local governments. A simple majority is enough to pass the bill. In addition, agencies must conduct a cost-benefit analysis of any new regulation that would impose significant costs on state and local governments or private businesses. Although the law does not apply to existing mandates, it does require the Advisory Commission on Intergovernmental Relations to recommend reductions in existing mandates. The final bill struck a compromise between the House, which provided for judicial review of agency cost-benefit analyses, and the Senate, which did not. The law allows judicial review of whether the analysis was conducted, but not of the quality or conclusions of the review. It also clarifies that the cost-benefit analysis requirement can be waived in certain emergencies.

Takings — The House passed legislation (H.R. 925) in March which would require the federal government to compensate landowners if certain federal regulatory restrictions, particularly the Endangered Species Act and wetlands protections, caused a decrease of 20 percent or more in the value of the property. Under current law, a near total loss in property value is required before the federal government is required to provide "just compensation." The Senate Judiciary Committee approved a broader bill (S. 605) in December. While the House bill applies to land and water use, the Senate bill applies to a much broader definition of property, including not only buildings and fixtures, but also intellectual property, securities and business profits, and property defined by contract. In addition, the Senate bill applies to all federal regulatory actions that cause a decrease of 33 percent or more in property value. Federal agencies would be required both to prepare a taking impact analysis for new regulations and policies and to review existing rules and repromulgate those that represent a taking under the bill. Senate Democrats are expected to mount a filibuster in opposition to the bill if it is taken up in 1996.

Telecommunications

Comprehensive Telecommunications Overhaul — The House and Senate both gave overwhelming support to legislation (H.R. 1555, S. 652) that would deregulate local telephone and cable companies before competition exists, thus exposing consumers to excessive rate increases and other monopoly abuses. The Senate passed its bill in June on an 82-13 vote. The House followed in August on a 305-117 vote. Shortly before the end of the 1995 session, the key House and Senate negotiators announced that they had reached a compromise, which was quickly endorsed by the administration. (See related article, page 1.)

Financial Services

Glass-Steagall Repeal — Bills were introduced in the House and Senate to rewrite the rules governing affiliations between financial services firms. H.R.

1062, introduced by House Banking Chairman Jim Leach (R-IA), is the narrowest and farthest along in the process of the three major alternatives. Passed out of the House Banking Committee in May, it would allow affiliations between banks and securities firms through separately capitalized subsidiaries of a financial services holding company. It would not allow affiliations with insurance companies. Although it was considered the most likely bill to pass, H.R. 1062 became bogged down in the same controversy over insurance powers that has killed previous Glass-Steagall repeal efforts. In June, the House Banking Committee approved a bill (H.R. 1858) to scale back bank regulations that included a provision allowing banks and insurance companies to affiliate subject to state law. After lengthy negotiations, House leaders believed they had worked out a compromise that could be brought to the floor for a vote in late October, but at the last minute the banks withdrew their support and the vote was postponed indefinitely. The compromise bill would have combined H.R. 1062 and most of the provisions of the regulatory relief bill, but without the provision allowing insurance affiliations. Instead, it would prohibit the Office of the Comptroller of the Currency from expanding national banks' power to sell insurance for five years. It was unclear at the end of the year whether the stalemate would be broken, allowing the bill to be brought to the floor in 1996. Meanwhile, Sen. Alphonse D'Amato (R-NY) introduced legislation (S. 337) that would allow virtually unlimited powers of affiliation between banks, securities firms, insurance companies, and commercial firms. Similar legislation introduced by Sen. D'Amato in the past has failed to attract significant support. The administration has announced its support for allowing banks, insurance companies, and securities firms, but not commercial firms, to affiliate within a financial services holding company structure.

Banking Regulatory Relief — Both the House and Senate banking committees voted out legislation (H.R. 1858, S. 650) to scale back federal banking regulations, including a number of the most important consumer banking protections. Approved by the banking committee in June, the House bill would: eliminate Truth-in-Savings Act requirements that banks report interest rates on customer accounts in uniform, easy to compare terms; eliminate the three-day "cooling off" period for most mortgage refinancings; exempt small banks from the Community Reinvestment Act, allow medium-sized banks to self-certify their compliance, and limit regulators' enforcement powers; give banks virtually unlimited authority to share customer information with corporate affiliates without first getting their customers' consent; and allow diversified bank holding companies to aggregate information on customers across all their businesses and use the information as an in-house credit bureau without complying with the consumer protections of the Fair Credit Reporting Act. The bill would also undermine safety and soundness protections, many of which were enacted in the wake of the savings and loan debacle. House leaders had planned to fold all but the bill's CRA provisions into the Glass-Steagall legislation (see above) and bring it to the House floor in October, but the compromise fell apart at the last minute when the banks withdrew their support because of the bill's restrictions on expanding banks' insurance powers. The Senate committee passed its bill (S. 650) in September on a voice vote after dropping a CRA provision similar to the one in the House bill. Although more moderate than the House bill, the Senate bill also would weaken enforcement of the Truth-in-Savings Act, eliminate certain disclosure requirements under the Truth-in-Lending Act and the Real Estate Settlement Procedures Act, and weaken safety and soundness protections. In a positive move for consumers, the committee attached legislation to overhaul the Fair Credit Reporting Act to the bill before passing it (see below). It was unclear at the end of 1995 whether the deregulatory bills would move separately or continue to be attached to the stalled Glass-Steagall legislation.

Fair Credit Reporting Act Overhaul — Legislation to overhaul the Fair Credit Reporting Act (S. 709) was included in the regulatory relief legislation reported out of the Senate Banking Committee in September (see above). The measure, which was weakened somewhat before being attached to the bill, would make it easier for consumers to correct errors in their credit reports. Banks, retailers, and others who provide information to credit bureaus would have to set up procedures to ensure that they do not repeatedly provide erroneous information. A slightly stronger bill (H.R. 561) was introduced but not acted on in the House. Although the bill is virtually identical to legislation that passed the House unanimously last Congress, Rep. Marge Roukema (R-NJ), Chair of the House Financial Institutions and Consumer Credit Subcommittee, has said she plans to hold hearings on this "contentious" issue.

Capital Markets Deregulation — Rep. Jack Fields (R-TX) introduced legislation (H.R. 2131) in July to radically rewrite, and weaken, the nation's securities laws. Among the many anti-investor provisions of the bill are measures to preempt state securities laws; eliminate the requirement that brokers make only reasonable recommendations to their institutional clients, including pensions funds, charities, and state and local governments; eliminate existing margin requirements for institutional investors, allowing them to invest unlimited amounts of borrowed money; eliminate the requirement that written disclosure about securities be provided to investors; dilute the SEC's investor protection mandate; restrict public access to securities filings by requiring the agency to privatize its computerized filing system; and eliminate protections against conflicts of interest in the sale of corporate bonds. The state preemption provisions are particularly troubling, since they would take state regulators entirely out of the business of policing investment advisers; eliminate the power of states to offer more extensive protections against abusive brokers and securities offerings than those provided under federal law; eliminate some of the most effective enforcement tools available to states; and reduce fee income that funds state regulation. Although Rep. Fields initially announced that he hoped to have the bill out of committee by Thanksgiving and on the floor of the House in early 1996, he was forced to adopt a more measured approach when the bill attracted few cosponsors and widespread opposition. Instead, Rep. Fields held a series of hearings on the bill in late 1995 and began negotiating changes in the bill with others on the Commerce Committee. A new version of the bill was expected to be introduced early in 1996. No Senate companion measure had been introduced to the bill, which is in direct conflict with Sen. Gramm's proposal on investment advisers (see below).

Investment Adviser Regulation — Sen. Phil Gramm introduced legislation (S. 148) to target specific portions of the Securities and Exchange Commission's budget to oversight of investment advisers. The bill authorizes $10 million for fiscal year 1996 and $12 million for fiscal year 1997 for enforcement of the Investment Advisers Act. The SEC would focus its resources on investment advisers who manage more than $5 million in assets, while those advisers who manage less than $5 million and who are registered at the state level would be exempt from federal registration. The SEC would retain authority to investigate any adviser in response to allegations of fraud. Any individual with a felony conviction over the past ten years would be prohibited from registering with the SEC. Although no action was taken on the bill in 1995, Sen. Gramm has said he plans to include the legislation in an "omnibus" securities bill to be introduced in 1996.

National Disaster Insurance Plan — Bills were introduced in both the House and Senate (H.R. 1856, S. 1943) to establish a private, nationally based all-hazard disaster insurance program for residential and commercial property. Both bills would create an industry-controlled Natural Disaster Insurance Corporation that would provide reinsurance to participating insurers and that could borrow from the U.S. Treasury in cases of excess claims. Homeowners in disaster-prone areas whose mortgages are backed by the federal government would be required to purchase the insurance. The bills were introduced with extensive bi-partisan support but have been criticized by consumer advocates and the administration for putting too much power in the hands of an industry-controlled corporation. Hearings were held in both the House and the Senate, but no further action was taken in 1995.

Health and Safety

Clinical Laboratories Improvement Act Restrictions — The House included Medicare and Medicaid overhaul legislation in their budget reconciliation bill (H.R. 2491) that would have exempted clinical laboratories in physicians' offices from the uniform quality standards required under the Clinical Laboratory Improvements Act of 1988, except in the case of pap smears. Faced with a Byrd Rule challenge, however, the CLIA provisions were stripped from the bill in the Senate and were not included in the version of the budget reconciliation bill sent to the president in December and vetoed by him.

Physician Self-Referral — The budget reconciliation bill sent to the president in December and vetoed by him would have abolished the prohibition on doctors' referring Medicare patients to clinical laboratories in which the physician holds a financial interest. Research, including a 1991 CFA study, clearly indicates that self-referral leads to excessive utilization and drives up costs.

Nursing Home Standards — In the name of restoring states' flexibility to design their own programs, the budget reconciliation bill (H.R. 2491, S. 1357) sent to the president in December and vetoed by him would have eliminated a number of important federal nursing home standards adopted in response to widespread evidence of abuse. The bill would have: eliminated the requirement that facilities provide care and services that afford residents the "highest practical" physical and emotional well-being; repealed the requirement that nurses aides have at least 75 hours of training; weakened the protection against eviction; repealed the prohibition on forcing residents to waive their rights to Medicaid and on charging separately for basic items and services which should be included in the basic Medicaid daily rate; eliminated the guarantee of individual rights to necessary treatment and services; eliminated the uniform federal system for assessing residents' individual needs; and weakened federal oversight. This "compromise" bill was somewhat less extreme than the version passed by the House, which would have repealed all federal nursing home standards and eliminated the protection against impoverishment for spouses and adult children of nursing home residents.

Indoor Air Quality Research Authorization — The House approved legislation (H.R. 2405) in October that would cut off federal funding for indoor air quality research. The Omnibus Civilian Science Authorization Act combines all government research from seven federal agencies, including the Environmental Protection Agency, in one piece of legislation setting the authorization levels for fiscal year 1996. Although both the House and Senate passed EPA appropriations bills in 1995 that left indoor air quality research funding essentially intact, efforts by Rep. Joseph P. Kennedy II (D-MA) to amend the omnibus bill to protect indoor air research funding were unsuccessful. The Senate did not act on the bill in 1995. Federal indoor air quality research helps to determine causes of and effective remedies for poor indoor air quality and supports prevention programs that can eliminate the need for regulation.

Automatic Weapons Ban — Although House and Senate leaders had pledged to hold a vote in 1995 on repeal of the assault weapons ban, no such vote was taken. Leaders had said they would bring up the issue following passage of anti-terrorism legislation, which is supported by the administration and congressional leaders but opposed by many of the same members who wish to repeal the assault weapons ban. Although a repeal of the ban could probably pass the House, it is considered highly unlikely that it could pass the Senate with enough support to overcome a presidential veto.

Highway Safety — The National Highway System legislation (H.R. 2274, S. 440, P.L. 104-59) passed by Congress and signed into law by the president contained several rollbacks of highway safety programs. For example, the bill: repeals the federal speed limit of 55 mph in urban areas and 65 mph in rural areas, leaving states free to set their own speed limits; eliminates the federal program that encourages states to pass all-rider motorcycle helmet mandatory use laws and exempts New Hampshire and Maine from enacting safety belt use laws; and creates a pilot program to exempt companies from federal truck safety regulations for trucks between 10,000 and 26,000 pounds. The bill exempts delivery trucks from all safety rules, and it exempts truck drivers moving agricultural or farm commodities, operating water well drilling rigs, transporting construction materials and equipment, delivering heating oil, and driving utility service vehicles from hours of service safety rules. On the positive side, the new law encourages states to enact maximum blood alcohol concentration levels of .02 percent for drivers under the age of 21.

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1995 Legislative Update

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Safe Drinking Water Reauthorization — The Senate gave unanimous approval in November to consensus legislation (S. 1316) to overhaul the Safe Drinking Water Act. The legislation would provide a $1 billion a year authorization through 2003 to establish a state revolving loan fund for state and local drinking water improvement projects. In a victory for consumers, the bill would require the Environmental Protection Agency to take into account the effects of contaminants on vulnerable populations, and it would subject bottled water to the same contaminant standards as tap water. The bill also contains a number of provisions to reduce regulation of public drinking water suppliers, but many of the more extreme deregulatory proposals were omitted. Legislation was introduced in the House at the end of the year (H.R. 2747) authorizing $2.3 billion over three years for a state revolving loan fund similar to that in the Senate bill. The regulatory overhaul language is not included in the House bill. Despite widespread agreement on the need for a revolving loan fund, Congress appropriated only $500 million for the fund in 1996, and that appropriation was tied up in the deadlock over the EPA budget.

Antitrust

Baseball Antitrust — The Senate Judiciary Committee narrowly approved legislation (S. 627) in August to partially lift Major League Baseball's antitrust exemption. This is the first time the committee has approved such legislation, which would subject team owners and the players' union to antitrust suits if they colluded to interfere with normal marketplace conditions, including capping players' salaries. However, the antitrust exemption would be retained in a number of areas, including minor league operations, negotiations over broadcast rights, and decisions about relocating major league franchises. It was unclear when or if the legislation would be brought to the Senate floor. House Judiciary Committee Chairman Henry Hyde (R-IL), who has opposed such legislation in the past, has said his committee will not consider the legislation until it passes the Senate.

Health Care Antitrust — The House budget reconciliation bill (H.R. 2491) included a provision as part of its overhaul of Medicare and Medicaid programs to weaken antitrust laws for health plans operated by hospitals, physicians, and other medical providers. In reviewing the bill, the Department of Justice and the Federal Trade Commission concluded that it would allow plainly anti-competitive conduct that is harmful to consumers, would remove incentives to provide health care service more efficiently because it contains no risk-sharing requirement for provider service networks, and is unnecessary to protect legitimate activity. Faced with a Byrd Rule challenge, these provisions were not included in the Senate bill or in the version of the bill that was sent to the president in December and vetoed by him.

Energy

Power Marketing Administration Sale — Looking for a one-time fix for the budget deficit, the administration and certain members of Congress proposed selling some or all of the nation's power marketing administrations (PMAs). PMAs provide power from federal dams at cost-based rates to approximately 1,100 community- and consumer-owned electric utilities in 34 states. Selling the PMAs would raise electric rates without providing any longterm deficit reduction benefits. Ultimately, plans to sell the PMAs were put on hold, at least temporarily, and were not included in either the House or Senate budget reconciliation bills.

Political Reform

Lobbying Reform — Congress passed and the president signed legislation (H.R. 2564, S. 1060, P.L. 104-65) requiring professional lobbyists to register with Congress. In registering, the lobbyists must disclose their clients, the issues they are working on, and the amount of money being spent on their efforts. On the other hand, the bill includes a provision limiting the lobbying ability of tax-exempt groups that receive federal funds.

Congressional Gift Ban — Both the House and Senate amended their rules to place limits on official gifts to members and their staffs from lobbyists and others. Both would limit such gifts to an aggregate value of no more than $100 from a single source in a year without a special waiver from the appropriate ethics committee. Gifts valued at less than $10 would not count toward the total.

Campaign Finance Reform — Legislation was introduced in the House and Senate (H.R. 2566, S. 1219) to reform the congressional campaign finance system. The bills would: restrict special interest money in federal campaigns; set campaign spending limits for House and Senate candidates who accept campaign benefits, such as reduced cost television time; limit out-of-state contributions; strengthen Federal Election Commission enforcement, and close a number of campaign loopholes, by, for example, banning bundling, leadership PACs, use by members of the frank to send mass mailings in election years, and use of campaign funds for personal purposes. The House Oversight Committee began a series of hearings on the issue late in the year, but no further action was taken.

Brochures Released On Clean Air, Finances

Three brochures — on lowering radon levels in the home, on auto emissions inspection and maintenance programs, and on managing debts — have recently been released by CFA.

"Lowering Radon Levels: Help for Consumers" discusses the importance of testing for radon and what consumers can do if their home has an elevated radon level. In particular, the brochure discusses the benefits of testing before buying or selling a home and the role of professional home inspectors in detecting radon problems. It also provides a detailed description of CFA's toll-free Radon Fix-It Line, which consumers can call for free publications, referrals, or lists of testers and mitigators.

To order a single copy of the radon brochure, send a self-addressed, stamped envelope to Radon Brochure, CFA, 1424 16th Street, N.W., Suite 604, Washington, D.C. 20036. To arrange a larger order, call Jodi Shulimson at 202-797-8551.

"Clean Cars, Clean Air" provides a consumer guide to auto emission inspection and maintenance programs, which require the testing of motor vehicles in parts of the country with unhealthy air to identify vehicles that do not meet standards. The brochure discusses the benefits, beyond the substantial benefits from cleaner air, that consumers receive from these programs, and answers such common consumer questions as: Why does every car have to be tested? Aren't the clunkers really to blame for smog? and How can I avoid testing ripoffs?

To obtain a free copy of the brochure, send a self-addressed, stamped envelope to: CFA Clean Cars, Clean Air, P.O. Box 12099, Washington, D.C. 20005-0999.

CFA has also re-released "Managing Your Debts: How to Regain Financial Health," which helps consumers determine whether they are in financial trouble, provides guidance on actions they can take to reduce debt, describes credit counseling and bankruptcy options, and cautions against several common pitfalls. Since its introduction in January, 1995, more than 200,000 copies have been distributed through CFA, Consumer Credit Counseling Services, and the U.S. Consumer Information Center.

Copies are available free by sending a self-addressed, stamped envelope to CFA Financial Health, P.O. Box 12099, Washington, D.C. 20005-0999. The brochure is also available for a 50-cent handling fee from the U.S. Consumer Information Center, Dept. 386B, Pueblo, CO 81009. (Please do not send cash.) Those who wish to access the brochure on-line can visit Visa's web site at http://www/visa.com.

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