



## Legislative Bulletin.....April 1, 2003

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### H.R. 1412 — The Higher Education Relief Opportunities for Students (HEROES) Act of 2003 (Kline)

**Order of Business:** The bill is scheduled for consideration on Tuesday, April 1<sup>st</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 1412 allows the Secretary of Education to waive or modify any statutory or regulatory provision related to higher education financial assistance programs in connection with a war, military operation, or national emergency. Specifically, the bill allows the Secretary to make changes necessary to ensure that:

- Individuals are not placed in a worse financial position because they have been affected by war, military action, or national emergency (including members of the Reserves and National Guard);
- Administrative requirements are minimized for affected individuals; and
- Higher education institutions, lenders, and guarantee agencies located in areas that are declared disaster areas may receive temporary relief from administrative requirements.

In addition, the bill includes a Sense of the Congress that “all institutions offering postsecondary education” should provide a full refund to students who were unable to complete or receive credit for a period of instruction because they were called up for active duty and should minimize administrative requirements for individuals who withdraw from a course of study.

**Committee Action:** H.R. 1412 was referred to the Education and the Workforce Committee on March 25, 2003, but was not considered.

**Cost to Taxpayers:** The Budget Committee expects that this bill will increase direct spending by about \$15 million in 2003.

**Does the Bill Create New Federal Programs or Rules?:** The bill gives the Secretary of Education flexibility authority with regard to financial assistance programs affecting individuals involved in a war, military operation, or national emergency.

**Constitutional Authority:** A committee report citing constitutional authority is unavailable.

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## **H.R. 758 — Business Checking Freedom Act of 2003 (Kelly)**

**Order of Business:** The bill is scheduled for consideration on Tuesday, April 1<sup>st</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 758 amends the Federal Reserve Act, the Home Owners' Loan Act, and the Federal Deposit Insurance Act to repeal the current ban on paying interest on corporate checking accounts, with a two-year phase-in period.

The bill also eliminates the minimum statutory ratios that currently apply to reserve balances, giving the Federal Reserve Board greater flexibility in setting reserve requirements, and permits the payment of interest on reserve balances that depository institutions maintain at Federal Reserve Banks. To offset the revenue loss associated with allowing interest payments on reserve balances, the bill requires that the Federal Reserve pay to the Treasury from its surplus fund an amount equal to the estimated annual revenue loss. The bill also increases the number of allowable transfers from money market deposit accounts to 24 per month, from the current limit of six, enabling banks to move funds between non-interest bearing commercial checking accounts and interest bearing accounts on a daily basis.

The legislation also includes provisions clarifying that interest-bearing commercial accounts are subject to reserve requirements, giving the Fed more flexibility in setting cash amounts that member banks are required to set aside in reserve, and ensuring equitable treatment under the bill for other financial institutions, including branches of foreign banks.

**Additional Background:** H.R. 758 is similar to H.R. 1009, passed by the House by voice vote on April 9, 2002. The Senate did not consider the bill.

**Committee Action:** H.R. 758 was reported by the Committee on Financial Services by voice vote on March 13, 2003.

**Bush Administration Position:** The Treasury Department testified on March 5, 2003 that it “supports permitting banks and thrifts to pay interest on business checking accounts. We are also sympathetic to the arguments in favor of permitting the Federal Reserve to pay interest

on reserve balances and support the goals of the legislation; however, inasmuch as the potential budget impact of the provision is not included in the President's Budget, we are not prepared to endorse the proposal at this time."

**Cost to Taxpayers:** The Congressional Budget Office has previously estimated that paying interest on reserves held at Federal Reserve banks would reduce the profits of the Federal Reserve by on average \$100 million a year. Since the Federal Reserve remits its profits to the U.S. Treasury, any reduction in Federal Reserve profits would translate into a reduction in federal revenue. The bill, however, requires the Federal Reserve to offset any reduction in revenue to the federal government through the transfer of Federal Reserve surpluses to the Treasury for the next five years. CBO has estimated that at the end of five years, the Federal Reserve will seek to replenish its reserves and continue to operate at a lower profit.

A CBO estimate of H.R. 924 (similar legislation in the 106<sup>th</sup> Congress) stated that over ten years, the bill would reduce federal revenues by \$1.1 billion. **However, the payment of interest on reserves will result in higher profits for depository institutions, which in turn may result in higher interest rates paid to bank customers on their deposits or the lowering of interest rates for loans.** A more recent cost update is unavailable.

**Does the Bill Create New Federal Programs or Rules?:** No, the bill repeals current restrictions related to the payment of interest for demand accounts held by banks and reserves held by the Federal Reserve.

**Constitutional Authority:** A committee report citing constitutional authority is unavailable.

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## **H.R. 622 — Coconino/Tonto National Forest Land Exchange Act (Renzi)**

**Order of Business:** The bill is scheduled for consideration on Tuesday, April 1<sup>st</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 622 requires 157 acres of non-federal land adjacent to the Montezuma Castle Monument and 108 acres of private land in the Coconino National Forest to be exchanged for 222 acres of federal land in the Tonto National Forest. The land to be exchanged must be of equal value or equalized as determined by the Secretary of the Interior.

In addition, the bill requires 495 acres of non-federal land within the Tonto National Forest to be exchanged for 108 acres of federal land known as "Diamond Point Exchange – Federal Land." The land to be exchanged must be of equal value or equalized, as determined by the Secretary of the Interior. Once the land is exchanged, all special-use cabin permits on the federal land are to be terminated.

The land exchanges must take place subject to valid existing rights, including easements, rights-of-way, and utility lines. The land will become part of either the Tonto or Coconino National Forests.

**Additional Background:** According to the bill, the lands to be acquired are “desirable for Federal acquisition to protect important riparian values along Beaver Creek and the scenic backdrop” for the Montezuma Castle National Monument in Yavapai County, Arizona and to “protect important public values near Double Cabin Park” and “increase National Forest Management efficiency and promote public access, use, and enjoyment of the area.”

Legislation similar to H.R. 622 (H.R. 4919) passed the House in the 107<sup>th</sup> Congress on September 24, 2002, by voice vote. The Senate did not consider the bill.

**Committee Action:** The bill was referred to the Committee on Resources on February 5, 2003, but was not considered.

**Cost to Taxpayers:** CBO estimated that similar legislation in the 107<sup>th</sup> Congress, H.R. 4919, would not significantly affect the federal budget.

**Does the Bill Create New Federal Programs or Rules?:** The bill authorizes several land exchanges, as described above.

**Constitutional Authority:** A committee report citing constitutional authority is not available.

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## **H.R. 762—Reasonable Right-of-Way Fees Act (Cubin)**

**Order of Business:** The bill is scheduled to be considered on Tuesday, April 1<sup>st</sup>, under a motion to suspend the rules and pass the bill.

An identical bill in the 107<sup>th</sup> Congress, H.R. 3258, passed the House by voice vote on July 22, 2002.

**Summary:** H.R. 762 would codify current regulations concerning the fair market value of rights-of-way (grants conveying the right to construct, operate, maintain, etc. certain electric and communications facilities or oil and gas lines crossing federal lands), which are determined using a linear method (i.e. based on the acreage of the right-of-way). Under the bill, the Secretary of Agriculture and the Secretary of the Interior are also required to develop a revised fee schedule for linear rights-of-way and annually update land values for inflation. The value of the land determines the fees that are collected by the federal government for the rights-of-way.

**Additional Background:** Under the Federal Land Policy and Management Act, the Bureau of Land Management (BLM) is authorized to issue rights-of-way through lands under its jurisdiction and recover the “reasonable costs” of processing and monitoring the rights-of-way. Various methods have been used over the years to determine the fair market value of land in order to determine “reasonable costs.” However, studies have led to concerns that these methods are not accurately reflecting the true market value.

Recently, BLM and Interior announced the development of a revised method to determine fair market value (based on the value of the throughput) that has raised concerns, given the expansion of telecommunications in rural areas. To address these concerns, language was included in the 2001 Interior and Related Agencies Appropriations Act requiring any changes in rights-of-way rent policies be completed through formal rulemaking. H.R. 762 would eliminate the need for rulemaking and maintain the use of the linear fee rent method (rents based on acreage), used since 1986, with some revisions as authorized by the bill.

**Committee Action:** On February 13, 2003, H.R. 762 was referred to the Committee on Resources but was not considered. The Committee extensively considered H.R. 3258 during the previous Congress.

**Cost to Taxpayers:** Though no cost estimate is available for H.R. 762, CBO estimated that last year’s H.R. 3258 would increase rights-of-way fees paid to the federal government, thereby reducing direct spending by \$14 million in 2005. The Budget Committee, however, has stated that they believe that the policies in the bill have been largely instituted by the affected agencies and that therefore the bill is not expected to produce any savings.

**Does the Bill Create New Federal Programs or Rules?:** The bill would codify existing federal regulations.

**Constitutional Authority:** Though no committee report for H.R. 762 is available, for last year’s H.R. 3258, the Resources Committee (in House Report #107-563) cites Article I, Section 8, and Article IV, Section 3, but fails to cite specific clauses.

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## **H.R. 289—Ottawa National Wildlife Refuge Complex Expansion and Detroit River International Wildlife Refuge Expansion Act (*Kaptur*)**

**Order of Business:** The bill is scheduled to be considered on Tuesday, April 1<sup>st</sup>, under a motion to suspend the rules and pass the bill.

An identical bill in the 107<sup>th</sup> Congress, H.R. 5535, was referred to the Committee on Resources on October 2, 2002, but was never considered. The text of H.R. 5535 was attached to S. 990 on November 15, 2002, as it passed the House. This amended version of S. 990 never passed the Senate.

**Summary:** H.R. 289 would expand the Ottawa National Wildlife Refuge Complex to include specified land and water in the State of Ohio. The Secretary of the Interior could acquire lands and water interests by donation, purchase, or exchange (as long as the landowners consent). The Director of the United States Fish and Wildlife Service would have to study and report to Congress on fish and wildlife habitat and aquatic and terrestrial communities in and around two specified sites in Toledo Harbor.

Additionally, the bill would expand the southern boundary of the Detroit River International Wildlife Refuge to include additional land and water located in the State of Michigan east of Interstate Route 75. Hunting, trapping, fishing, wildlife observation and photography, and environmental education and interpretation would have to be the priority public uses of the Refuge. The bill would encourage federal authorities to enter into cooperative agreements with Ohio, Michigan, and any relevant subdivisions to encourage public awareness of the Refuge and its resources. The Secretary of the Interior would be directed to encourage the State of Ohio to use authority under the recreational trails program under Federal law to provide funding for the acquisition and development of trails within the boundaries of the Refuge.

The bill would authorize “such sums as may be necessary” for the bill’s provisions.

**Committee Action:** H.R. 289 was referred to the Resources Committee on January 8, 2003. The Committee requested Executive Comment from the Interior Department on February 12, 2003. The Committee has considered neither H.R. 289 this Congress nor H.R. 5535 last Congress.

**Administration Position:** Executive Comment has not yet been received from Interior.

**Cost to Taxpayers:** An informal CBO cost estimate prepared for the RSC (for H.R. 5535 from last Congress) put the cost of this legislation at \$25 million.

**Does the Bill Create New Federal Programs or Rules?:** The bill would expand federal land-holdings. More than 28% of the land in the United States is already owned by the federal government.

**Constitutional Authority:** A committee report citing constitutional authority is unavailable.

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## **H.Con.Res. 109—Expressing the sense of the Congress regarding the Blue Star Banner and the Gold Star (Shadegg)**

**Order of Business:** The resolution is scheduled to be considered on Tuesday, April 1<sup>st</sup>, under a motion to suspend the rules and pass the bill.

**Summary:** H.Con.Res. 109 would resolve that Congress:

- “calls on all Americans to honor the men and women of the United States Armed Forces and their families;
- “honors the men and women of the United States Armed Forces and their families;
- “encourages these families to proudly display the Blue Star Banner or, if their loved one has made the ultimate sacrifice, the Gold Star; and
- “calls on the media to recognize the importance of the Blue Star Banner and its symbolism of the devotion and service of the men and women of the United States Armed Forces.”

**Additional Background:** The Blue Star Banner was patented and designed in 1917, during the height of the First World War, by Army Captain Robert L. Queissner of the 5th Ohio Infantry, who had two sons serving on the front lines. The banner quickly became the symbol for a family member serving the nation, and families began displaying these banners in their front windows. Beginning in 1918, the Blue Star would signify the living, and a smaller Gold Star would be placed on top of the Blue Star, forming a blue border, if the family member was killed or died while on active duty, to symbolize his or her sacrifice for the cause of freedom.

Currently, the Blue Star Banner is the official banner authorized by law to be displayed in honor of a family member serving the United States, while the Gold Star may be displayed in honor of a family member who has made the ultimate sacrifice for the nation.

To view an image of the Blue Star Banner, visit this webpage:  
<http://www.house.gov/burton/RSC/word/Shadegg32403.pdf>

**Committee Action:** On March 20, 2003, the resolution was referred to the Committee on Armed Services but was not considered.

**Cost to Taxpayers:** The resolution would authorize no expenditure.

**Does the Bill Create New Federal Programs or Rules?:** No.

**Constitutional Authority:** Section Two of the resolution states that, “The authority on which this resolution rests is the authority of Congress to make all laws which shall be necessary and proper as provided in Article I, section 8 of the United States Constitution.”

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