RSC
Republican Study Committee
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Legislative Bulletin……..……January 23, 2007

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Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: 0

Total Cost of Discretionary Authorizations: $0

Effect on Revenue: $0

Total Change in Mandatory Spending: $0

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

Number of *Bills* Without Committee Reports: 3

Number of *Reported* Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

H.R. 599 — To direct the Secretary of Homeland Security to streamline the SAFETY Act and anti-terrorism technology procurement process (*Langevin, D-RI*)

Order of Business: The bill is scheduled for consideration on Tuesday, January 23, 2007, under a motion to suspend the rules and pass the bill.

Summary: H.R. 599 would require the Department of Homeland Security (DHS) to "streamline" the SAFETY Act, among other things. Specifically, the bill requires the following:

- Requires DHS to ensure that a "sufficient number" of qualified personnel are involved in the review and prioritization of anti-terrorism technologies, to determine whether these

technologies can be designated as "qualified anti-terrorism technologies" under 862(b) of the SAFETY Act (6 USC 441(b)); this would necessarily include an analysis of the legal, economic, and risk implications of utilizing such technologies;

- Requires DHS to:
  1) establish a formal coordination process (to include various key DHS personnel) to ensure the maximum application of the litigation and risk management provisions of the SAFETY Act to anti-terrorism technologies procured by DHS;
  2) promote awareness and utilization of the litigation and risk management provisions of the SAFETY Act in the procurement of anti-terrorism technologies.

  Note: According to the Homeland Security Committee, these provisions are intended to limit the liability of sellers of pertinent technologies from third party claims arising out of an act of terrorism, where the particular technology has been utilized to prevent such an act of terrorism.

- Requires DHS to issue a departmental directive providing for coordination between DHS procurement officials and any other DHS official that is responsible for implementing the SAFETY Act in advance of any DHS procurement of an anti-terrorism technology.

Additional Information: The SAFETY Act was passed as part of the Homeland Security Act of 2002 (P.L. 107-296). According to DHS, it was enacted to provide "risk management" and "litigation management" protections for sellers of qualified anti-terrorism technologies and others in the supply and distribution chain. As such, the Act provides for certain liability limitations for claims arising out of an act of terrorism. There is a formal application and approval process required for sellers who wish to be protected under the SAFETY Act.

For additional information regarding the SAFETY Act, please visit: https://www.safetyact.gov/.

Committee Action: H.R. 599 was introduced on January 22, 2007, and referred to the Committee on Homeland Security, which took no official action.

Cost to Taxpayers: A CBO score of H.R. 599 is unavailable

Does the Bill Expand the Size and Scope of the Federal Government?: As noted above, the bill requires increased coordination and risk assessment when utilizing anti-terrorism technologies.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

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

House Rule XIII, Section 3(d)(1), requires that all committee reports contain "a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution." *[emphasis added]*

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H.R. 323—Seasoned Customer CTR Exemption Act (Bachus, R-AL)

Order of Business: The bill is scheduled to be considered on Tuesday, January 23, 2007, under a motion to suspend the rules and pass the bill.

Summary: H.R. 323 would direct the Secretary of the Treasury to promulgate revised rules for allowing financial institutions to acquire exemptions from filing Currency Transaction Reports (CTR) on certain transactions by seasoned (i.e. qualified) customers. Currently, the Bank Secrecy Act requires CTRs to be filed for cash transactions in excess of $10,000.

H.R. 323 defines a qualified customer as any individual that:

- "is incorporated or organized under federal or state law, including a sole proprietorship, or is registered and eligible to do business within the United States or a state;
- "has maintained a deposit account with the depository institution for at least 12 months; and
- "has engaged, using such account, in multiple currency transactions subject to federal CTR requirements."

The bill would also authorize the Secretary to:

- "suspend, reject, or revoke any qualified customer exemption notice, in accordance with certain criteria; and
- "establish conditions under which exempt qualified customers of an insured depository institution merged with or acquired by another insured depository institution will continue to be treated as designated exempt qualified customers of the surviving or acquiring institution."

H.R. 323 would direct the Secretary to submit to Congress, a three-year review and report evaluating the operations and effect of the provisions in this Act and also make recommendations to Congress as to legislative action with respect to the Act.

The bill lists the following findings:

- "The completion of and filing of currency transaction reports under section 5313 of title 31, United States Code, poses a compliance burden on the financial industry;
- "Due to the nature of the transactions or the persons and entities conducting such transactions, some reports as currently filed may not be relevant to the detection, deterrence, or investigation of financial crimes, including money laundering and the financing of terrorism;
- "However, the data contained in such reports can provide valuable context for the analysis of other data derived pursuant to subchapter II of chapter 53 of title 31, United States Code, as well as investigative data, which provide invaluable and indispensable information supporting efforts to combat money laundering and other financial crimes;

- "An appropriate exemption process from the reporting requirements for certain currency transactions that are of little or no value to ongoing efforts of law enforcement agencies, financial regulatory agencies, and the financial services industry to investigate, detect, or deter financial crimes would continue to fulfill the compelling need to produce and provide meaningful information to policy-makers, financial regulators, law enforcement, and intelligence agencies, while potentially lowering the compliance burden placed on financial institutions by the need to file such reports;
- "The Secretary of the Treasury has by regulation, and in accordance with section 5313 of title 31, United States Code, implemented a process by which institutions may seek exemptions from filing certain currency transaction reports based on appropriate circumstances; however, the financial industry has not taken full advantage of these provisions and has contended that they are unduly burdensome;
- "The act of providing notice to the Secretary of the Treasury of designations of exemption--
    - "provides meaningful information to law enforcement officials on exempt customers and enables law enforcement to obtain account information through appropriate legal process; and
    - "complements other sections of title 31, United States Code, whereby law enforcement can locate financial institutions with relevant records relating to a person of investigative interest, such as information requests made pursuant to regulations implementing section 314(a) of the USA PATRIOT Act of 2001.
- "A designation of exemption has no effect on requirements for depository institutions to apply the full range of anti-money laundering controls required under subchapter II of chapter 53 of title 31, United States Code, and related provisions of law, including the requirement to apply the customer identification program pursuant to section 5326 of such title, and the requirement to identify, monitor, and, if appropriate, report suspicious activity in accordance with section 5318(g) of such title; and
- "The Federal banking agencies and the Financial Crimes Enforcement Network have recently provided guidance through the Federal Financial Institutions Examination Council Bank Secrecy Act/Anti-Money Laundering Examination Manual on applying appropriate levels of due diligence and identifying suspicious activity by the types of cash-intensive businesses that generally will be subject to exemption."

Committee Action: H.R. 323 was introduced on January 9, 2007, and referred to the Committee on Financial Services, which took no official action.

Cost to Taxpayers: There is no CBO estimate available for H.R. 323. However, CBO's estimate of a similar bill last Congress stated that implementing the bill would have no significant effect on the budget. The cost for completing the reports is estimated at less than $500,000 and would be subject to appropriations. The bill would not affect direct spending or revenues.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: There is no committee report available for H.R. 323.

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H.R. 392—District of Columbia and United States Territories Circulating Quarter Dollar Program Act *(Delegate Norton, D-DC)*

Order of Business: The bill is scheduled to be considered on Tuesday, January 23, 2007, under a motion to suspend the rules and pass the bill.

Summary: H.R. 392 would provide for the issuance in 2009 of circulating quarter-dollar coins that are (separately) emblematic of the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The coins would have to be issued in equal sequential intervals during 2009 in the order just listed. Each of the six designs for quarter-dollars required under this bill would have to be selected by the Secretary of the Treasury after consultation with the chief executive (or his or her designee) of the District of Columbia or the territory being honored and with the Commission of Fine Arts. The Secretary could not select any "frivolous or inappropriate" design or a design that includes a head-and-shoulders portrait or bust of any person, living or dead, or portrait of a living person. The selected designs would have to be reviewed by the Citizens Coinage Advisory Committee.

RSC Bonus Fact: The core of a quarter is comprised entirely of copper, while the coin's face is made of 75 percent copper and the 25 percent nickel. In addition, if you look closely at the edge of a quarter, you can see the copper core! (Source: www.ustreas.gov/education/)

Committee Action: H.R. 392 was introduced in the House on January 10, 2007, and referred to the House Committee on Financial Services, which took no official action.

Cost to Taxpayers: There is no CBO cost estimate available for H.R. 392. However, previous estimates of similar legislation stated that the bill would have no net cost.

Does the Bill Create New Federal Programs or Rules?: The bill would expand the current quarter-dollar program that honors the 50 states to honor the District of Columbia and the U.S. territories as well.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: Although, the Financial Services Committee has not produced a committee report citing constitutional authority, Article I, Section 8, Clause 5 grants Congress the power "to coin Money, regulate the Value thereof, and of foreign Coin…."

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